

COLUMBUS FINANCIAL ADVISERS LIMITED

Company number 2355062

Financial Statements

for the year ended 31 March 2003



COLUMBUS FINANCIAL ADVISERS LIMITED
DIRECTORS AND OFFICERS

DIRECTORS

C C Walker
M R A Carlton

SECRETARY

H Fleming

REGISTERED OFFICE

Hanover Place
8 Church Road
Tunbridge Wells
Kent TN1 1JP

BANKERS

Barclays Bank plc
PO Box 2165
Crawley
West Sussex
RH10 1YX

AUDITORS

Kingston Smith
Chartered Accountants
Devonshire House
60 Goswell Road
London
EC1M 7AD

COLUMBUS FINANCIAL ADVISERS LIMITED REPORT OF THE DIRECTORS

The directors present their report and financial statements for the year ended 31 March 2003.

RESULTS AND DIVIDENDS

The profit for the year after taxation and dividends amounted to £50,528 (2002: £6,306), which is to be transferred to accumulated reserves.

The results of the company for the year are set out on page 6.

The directors recommend that a final dividend of £59,000 be paid for the year under review.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The Company's principal activity during the year was the provision of financial services. It was regulated by the FSA (Financial Services Authority). The directors are satisfied with the performance of the company during the year.

The directors do not anticipate any major changes to the nature of the business during the coming year.

Charitable donations of £276 (2002: £350) were made during the year.

DIRECTORS AND THEIR INTERESTS

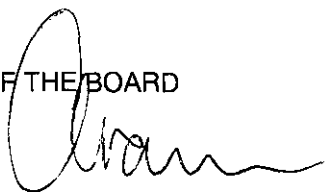
The directors during the year and their interests (including family interests) in the share capital of the company, at the beginning and end of the year, were as follows:

	<u>At 31 March 2003</u>	<u>At 31 March 2002</u>
	Ordinary Shares	Ordinary Shares
L C Seely (resigned 8 October 2002)	-	385,000
C C Walker	776,470	275,000
M R A Carlton	258,824	155,295
M W Delmar-Morgan (resigned 8 October 2002)	-	-

AUDITORS

Kingston Smith have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act 1985 it is proposed that they be reappointed auditors to the company for the ensuing year.

ON BEHALF OF THE BOARD



C.C.WALKER
SECRETARY

26th March 2004

Hanover place, 8 Church Road, Tunbridge Wells,
Kent, TN1 1JP.

COLUMBUS FINANCIAL ADVISERS LIMITED
DIRECTORS' RESPONSIBILITIES AND REPORT OF THE AUDITORS

Statement of directors' responsibilities

Company Law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; and prepare the financial statements on a going concern basis unless it is inappropriate to assume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the shareholders of Columbus Financial Advisers Limited

We have audited the financial statements of Columbus Financial Advisers Limited for the year ended 31 March 2003 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. *These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.*

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

COLUMBUS FINANCIAL ADVISERS LIMITED
DIRECTORS' RESPONSIBILITIES AND REPORT OF THE AUDITORS (continued)

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the the company's affairs as at 31 March 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Kingston Smith
Kingston Smith
Chartered Accountants
and Registered Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

29th March 2004

COLUMBUS FINANCIAL ADVISERS LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2003

	Note	2003 £	2002 £
TURNOVER-Continuing activities	2	1,680,728	1,649,851
Cost of sales		(670,877)	(941,744)
Gross profit		1,009,851	708,107
Administrative expenses		(879,293)	(714,685)
OPERATING PROFIT /(LOSS)	3	130,558	(6,578)
Other interest receivable and similar income		6,698	11,570
Interest payable and similar charges		(34)	(16)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		137,222	4,976
TAXATION (CHARGE) / CREDIT	5	(27,694)	1,330
DIVIDEND ON EQUITY SHARES	6	(59,000)	-
PROFIT AFTER TAX AND DIVIDENDS		50,528	6,306
ACCUMULATED PROFITS /(LOSSES)			
At 1 April 2002		(48,002)	(54,308)
Profit for the financial year		50,528	6,306
At 31 March 2003		2,526	(48,002)

There are no realised gains or losses other than those included in the profit and loss account.

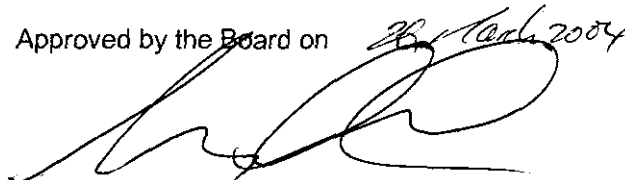
Notes 1-19 form part of these financial statements.

COLUMBUS FINANCIAL ADVISERS LIMITED
BALANCE SHEET AT 31 MARCH 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Tangible assets	7	5,206	19,826
Investments	8	10,288	10,225
		<u>15,494</u>	<u>30,051</u>
CURRENT ASSETS			
Debtors	9	74,367	166,266
Cash at bank and in hand		583,493	245,631
		<u>657,860</u>	<u>411,897</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	10	(393,129)	(151,714)
NET CURRENT ASSETS		<u>264,731</u>	<u>260,183</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		280,225	290,234
PROVISIONS FOR LIABILITIES AND CHARGES	11	(49,546)	(110,083)
NET ASSETS		<u>230,679</u>	<u>180,151</u>
CAPITAL AND RESERVES			
Called Up Share Capital	12	228,153	228,153
Profit and Loss Account		2,526	(48,002)
Equity Shareholders' Funds		<u>230,679</u>	<u>180,151</u>

Approved by the Board on

26 April 2004



M.R.C. CARLTON
DIRECTOR

Notes 1-19 form part of these financial statements.

COLUMBUS FINANCIAL ADVISERS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2003

	Note	2003 £	2002 £
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	18	329,404	(112,142)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid	(34)	(16)	
Interest received	<u>6,698</u>	<u>11,570</u>	
Net cash inflow from returns on investments and servicing of finance		6,664	11,554
TAXATION RECEIVED / (PAID)		1,553	(5,993)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets	7 (2,422)	(9,960)	
Purchase of investment securities	8 (63)	(10,150)	
Receipts from sale of tangible fixed assets	<u>2,726</u>	<u>-</u>	
Net cash inflow / (outflow) from investing activities		241	(20,110)
Net cash inflow / (outflow) before financing		<u>337,862</u>	<u>(126,691)</u>
FINANCING		-	-
INCREASE / (DECREASE) IN CASH IN THE YEAR	19	<u>337,862</u>	<u>(126,691)</u>
RECONCILIATION OF NET CASH INFLOW / (OUTFLOW) TO MOVEMENT IN NET FUNDS			
Increase / (decrease) in cash in the year	19	<u>337,862</u>	<u>(126,691)</u>
Movement in net funds		337,862	(126,691)
Net funds at 1 April 2002		245,631	372,322
Net funds at 31 March 2003		<u>583,493</u>	<u>245,631</u>

Notes 1-19 form part of these financial statements.

COLUMBUS FINANCIAL ADVISERS LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2003

1 ACCOUNTING POLICIES

(a) Accounting basis and standards

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value of each asset over its expected economic useful life, as follows:

Computer systems	-	over two-three years
Office furniture	-	over four years
Fixtures and fittings	-	over four years
Office equipment	-	over four years

(c) Leasing commitments

Rentals paid under operating leases have been charged to the profit and loss account on a straight-line basis over the lease term.

(d) Deferred taxation

The company has adopted the Financial Reporting Standard 19. Deferred tax is now recognised as a liability or asset if transactions or events that give the company the obligation to pay more tax in future or a right to pay less tax in future have occurred by the balance sheet date.

(e) Pension scheme arrangements

The company makes contributions to the personal pension schemes of directors and other employees. The assets of these schemes are held separately from the assets of the company. The charge to the profit and loss account represents contributions payable to the schemes, which are defined contribution schemes.

2 TURNOVER

Turnover represents the commissions earned from the one principal activity of providing financial services. Full credit is taken for initial commissions due on all business debited in the year irrespective of the period of the policy. Renewal commission is accounted for when received. Provision is made for commissions on indemnity terms which are repayable in the year together with further provision based on previous experience.

Turnover is attributable to the one principal activity of the company which arose wholly in the United Kingdom.

Turnover is reported net of VAT.

3 OPERATING PROFIT / (LOSS)

	2003	2002
	£	£
This is stated after charging:		
Auditors' remuneration	7,500	7,500
Depreciation - owned assets	11,693	18,820
Operating leases		
- land and buildings	-	32,592
- other	3,023	5,907

COLUMBUS FINANCIAL ADVISERS LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2003 (continued)
4 EMPLOYEES

	2003 £	2002 £
Directors' Emoluments		
Emoluments	442,823	518,764
Pension contributions	27,360	20,642
	<u>470,183</u>	<u>539,406</u>

The company made contributions to money purchase pension schemes during the year on behalf of 3 directors (2002: 3).

The emoluments of the highest paid director amounted to £269,046 (2002: £208,409). The pension contributions made by the company to money purchase schemes for that director amounted to £16,167 (2002: £5,758)

Staff costs (including Directors)

Wages and salaries	761,707	962,312
Social security costs	80,283	105,671
Pension contributions	39,021	36,546
	<u>881,011</u>	<u>1,104,529</u>

The average weekly number of employees during the year was made up as follows:-

Technical	4	3
Administration	10	12
	<u>14</u>	<u>15</u>

5 TAXATION

	2003 £	2002 £
(a) Analysis of charge for the year:		
Current tax		
UK corporation tax charge on profit for the year	27,937	705
Adjustments in respect of prior years	(243)	(2,035)
Tax charge / (credit) on profit on ordinary activities (Note 5(b))	<u>27,694</u>	<u>(1,330)</u>

(b) Factors affecting the tax charge for the year:

The tax assessed for the year is higher / lower than the small / starting rate of corporation tax in the U.K. of 19% / 10%. The differences are explained below:

Profit on ordinary activities before tax	137,222	4,976
Profit on ordinary activities multiplied by the small / starting rate in the U.K. of 19% / 10%	26,072	498
Effects of:		
Expenses not deductible for tax purposes	1,166	176
Depreciation in excess of capital allowances	699	31
Small companies marginal rate relief	-	-
Adjustments to the tax charge in respect of previous years	(243)	(2,035)
Current tax charge / (credit) for the year (Note 5(a))	<u>27,694</u>	<u>(1,330)</u>

COLUMBUS FINANCIAL ADVISERS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2003 (continued)

6	DIVIDENDS	2003 £	2002 £
	Proposed	59,000	-
		<u>59,000</u>	<u>-</u>

7 TANGIBLE FIXED ASSETS

	Computer and Office Equipment £	Office Furniture Fixtures & Fittings £	Total £
Cost:			
At 1 April 2002	75,885	24,136	100,021
Additions	2,422	-	2,422
Disposals	<u>(63,645)</u>	<u>(19,842)</u>	<u>(83,487)</u>
At 31 March 2003	<u>14,662</u>	<u>4,294</u>	<u>18,956</u>
Depreciation:			
At 1 April 2002	58,531	21,664	80,195
Charge for year	9,221	2,472	11,693
Eliminated on disposal	<u>(58,296)</u>	<u>(19,842)</u>	<u>(78,138)</u>
At 31 March 2003	<u>9,456</u>	<u>4,294</u>	<u>13,750</u>
Net book value:			
At 31 March 2003	<u>5,206</u>	<u>-</u>	<u>5,206</u>
At 31 March 2002	<u>17,354</u>	<u>2,472</u>	<u>19,826</u>

8 UNLISTED INVESTMENTS

	Total £
Cost	
At 1 April 2002	10,225
Additions	63
At 31 March 2003	<u>10,288</u>

The company holds 4500 options to purchase class C shares in Integrated Financial Arrangements PLC at £0.05 per option. The option may be exercised 10 business days following the earlier of 5 January 2005, the date of floatation or the date of the sale of the company. The exercise price is £1 per option.

The company owns 1,053 ordinary shares in Integrated Financial Arrangements PLC with a carrying value of £10,000.

9	DEBTORS	2003 £	2002 £
	Trade debtors	26,153	119,285
	Prepayments	10,902	20,299
	Other debtors	29,974	19,344
	Share capital called up but unpaid	<u>7,338</u>	<u>7,338</u>
		<u>74,367</u>	<u>166,266</u>

COLUMBUS FINANCIAL ADVISERS LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2003 (continued)

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2003	2002
	£	£
Trade creditors	32,425	106,538
Corporation Tax	27,937	705
Social Security and other taxes	73,823	6,558
Other creditors	95,113	24,586
Accruals	104,831	13,327
Proposed dividends	59,000	-
	<u>393,129</u>	<u>151,714</u>

11 PROVISIONS FOR LIABILITIES AND CHARGES	2003	2002
	£	£
Cost		
At 1 April 2002	110,083	97,000
Movement in the year	(60,537)	13,083
At 31 March 2003	<u>49,546</u>	<u>110,083</u>

The provisions for liabilities and charges represent individual cases where claims for redress have been made. Full provision for the professional Indemnity Insurance excess has been made. As at the balance sheet date 5 cases were still to be settled.

12 SHARE CAPITAL	2003	2002
	£	£
Authorised:		
Ordinary Shares of 1p each	41,024	41,024
Deferred Shares of 1p each	217,800	217,800
	<u>258,824</u>	<u>258,824</u>
Allotted, Called-up and Fully Paid		
Ordinary Shares of 1p each	2,200	2,200
Deferred Shares of 1p each	217,800	217,800
Allotted, Called-Up and Partly Paid		
Ordinary Shares of 1p each	8,153	8,153
	<u>228,153</u>	<u>228,153</u>

The Deferred shares of 1p each are entitled, on liquidation, to return of an amount equivalent to nominal value and have no other participation right. Such right is subject to a minimum return to Ordinary shareholders on liquidation of £1,000 per share. Accordingly, the holders of Deferred 1p shares have no participation in existing shareholders' funds.

The movement in equity shareholders' funds during the year is represented by:

Opening shareholders' funds	180,151	173,845
Retained profit for year	50,528	6,306
Closing shareholders' funds	<u>230,679</u>	<u>180,151</u>

13 PENSIONS

The company has made payments to money purchase schemes on behalf of directors and employees amounting to £39,021 (2002: £36,546).

COLUMBUS FINANCIAL ADVISERS LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2003 (continued)

14 OPERATING LEASES

The company has the following commitments under operating leases which expire:

	Land and Buildings	Other Equipment	Total
	£	£	£
In two to five years	-	3,023	3,023

15 CONTINGENT LIABILITIES

At 31 March 2003 the Company had no contingent liabilities that require disclosure (2002 - Nil).

16 TRANSACTIONS WITH DIRECTORS AND RELATED PARTIES

During the year policies were negotiated for directors and their connected persons in accordance with normal trading terms, together with commission participation arrangements.

During the year introducer commissions of £734,300 (2002: £53,022) were receivable from Columbus Consulting Limited, a company controlled by C.C. Walker. The amount receivable at the end of the year was £19,985 (2002: £ 22,140).

During the year introducer commissions of £15,275 (2002: nil) was paid to G. Walker Associates, a business controlled by Mrs G Walker, wife of C.C. Walker. The amount outstanding at the year end was £2,393 (2002: nil).

During the year consultant commission of £61,582 (2002: £62,981) was paid to Mrs M E Carlton, wife of M R Carlton. The amount outstanding at the year end was £44 (2002: £3,640).

17 ULTIMATE CONTROLLING PARTY

The ultimate controlling party is C.C. Walker, a director of the company, by virtue of his current shareholding.

**18 RECONCILIATION OF OPERATING LOSS
TO OPERATING CASH FLOW**

	2003 £	2002 £
Operating profit / (loss)	130,558	(6,578)
Depreciation charges	11,693	18,820
Decrease in debtors	89,864	302,394
Increase) / (decrease) in creditors	94,666	(426,778)
loss on disposal of tangible fixed assets	2,623	-
Net cash inflow / (outflow) from operating activities	329,404	(112,142)

19 ANALYSIS OF FUNDS

		£
Cash at bank and net funds	at 1 April 2002	245,631
Cash Flow during the year		337,862
Cash at bank and net funds	at 31 March 2003	583,493