

**SMITH & WILLIAMSON
PENSION CONSULTANCY LIMITED**

REPORT AND FINANCIAL STATEMENTS

for the year ended

30 April 2005



A20
COMPANIES HOUSE

A3GZ2CLR

736
02/02/2006

SMITH & WILLIAMSON PENSION CONSULTANCY LIMITED

REPORT AND FINANCIAL STATEMENTS for the year ended 30 April 2005

CONTENTS	Page
Directors' report	1 - 2
Statement of directors' responsibilities	3
Report of the independent auditors	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 11

SMITH & WILLIAMSON PENSION CONSULTANCY LIMITED

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 30 April 2005.

Activities

The company's principal activity is the provision of pensions, insurance and investment advice and services. The company is authorised and regulated by the Financial Services Authority ("FSA").

Review of business and results and dividends

The results for the year are shown in the profit and loss account on page 5. The company's trading was below expectation but the directors are confident about the level of future business, subject to market conditions.

The directors do not recommend payment of a dividend (2004: £Nil).

Directors and their interests in shares

None of the directors held shares directly in the company or any group company other than the ultimate parent company. The directors who served throughout the year, except as noted, and their interests in the share capital of the ultimate parent company, Smith & Williamson Holdings Limited were as follows:

	Ordinary "B" shares of 10p each	
	At 30 April 2005	At 1 May 2004 or date of appointment
G D Pearce	1,572,774	1,572,774
J T Boadle	1,042,599	1,033,490
W A Fullerton-Batten	916,930	916,930
R D Boycott	1,099,822	1,099,822
A R Champion	176,367	169,052
J A Chandler	204,386	204,386
M P Fosberry	1,042,741	1,033,630
P Garwood	46,107	42,166
J M Goodfellow	55,256	55,256
D Horne	332,466	329,466
M M Lowe	41,221	40,754
I M Luck (appointed 1 November 2004)	3,081	2,179
C R Lynas	290,392	290,392
S J Mabey	1,369,352	1,369,352
P D Maher	60,445	57,840
M J Rose	468,874	468,874
A E Thomas	14,997	13,875

	Options to subscribe for ordinary "A" shares of 10p each			
	At 30 April 2005			
	(i)	(ii)	(iii)	(iv)
G D Pearce	30,000	30,864	-	6,522
J T Boadle	30,000	30,864	-	-
W A Fullerton-Batten	20,000	20,578	-	3,796
R D Boycott	-	10,288	-	-
A R Champion	15,000	10,288	-	6,522
J A Chandler	10,000	10,288	3,050	2,609
M P Fosberry	10,000	10,288	-	6,522
P Garwood	10,000	10,288	-	3,796
J M Goodfellow	-	-	-	-
D Horne	15,000	15,432	-	3,796
M M Lowe	5,000	10,288	-	6,522
I M Luck	10,000	2,058	-	1,138
C R Lynas	20,000	20,578	-	-
S J Mabey	20,000	20,578	-	6,522
P D Maher	20,000	10,288	-	3,913
M J Rose	10,000	10,288	-	-
A E Thomas	5,000	10,288	-	2,609

There were no share options exercised by directors during the year.

SMITH & WILLIAMSON PENSION CONSULTANCY LIMITED

DIRECTORS' REPORT

Options to subscribe for ordinary "A" shares of 10p each At 30 April 2004

	(ii)	(iv)
G D Pearce	30,864	6,522
J T Boadle	30,864	-
W A Fullerton-Batten	20,578	3,796
R D Boycott	10,288	-
A R Champion	10,288	6,522
J A Chandler	10,288	2,609
M P Fosberry	10,288	6,522
P Garwood	10,288	3,796
J M Goodfellow	-	-
D Horne	15,432	3,796
M M Lowe	10,288	6,522
I M Luck	2,058	1,138
C R Lynas	20,578	-
S J Mabey	20,578	6,522
P D Maher	10,288	3,913
M J Rose	10,288	-
A E Thomas	10,288	2,609

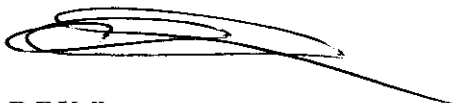
Notes:

- (i) Options granted by the Smith & Williamson Holdings Limited Employee Benefit Trust to acquire "A" ordinary shares at a price of £3.25 per share, exercisable from 6 October 2007 to 6 October 2011, under the Smith & Williamson Company Share Option Plan. All these options were granted during the year.
- (ii) Options granted by the Smith & Williamson Holdings Limited Employee Benefit Trust to acquire "A" ordinary shares at a price of £2.43 per share, exercisable from 10 September 2006 to 10 September 2010, under the Smith & Williamson Company Share Option Plan.
- (iii) Options granted by the Smith & Williamson Holdings Limited Employee Benefit Trust to acquire "A" ordinary shares at a price of £3.25 per share, under the Smith & Williamson Sharesave Scheme.
- (iv) Options granted by the Smith & Williamson Holdings Limited Employee Benefit Trust to acquire "A" ordinary shares at a price of £2.43 per share, under the Smith & Williamson Sharesave Scheme.

Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board



R F Vallance
Company Secretary
25 Moorgate
London EC2R 6AY

27 July 2005

SMITH & WILLIAMSON PENSION CONSULTANCY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial period 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 judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SMITH & WILLIAMSON PENSION CONSULTANCY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF SMITH & WILLIAMSON PENSION CONSULTANCY LIMITED

We have audited the financial statements of Smith & Williamson Pension Consultancy Limited for the year ended 30 April 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. The financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's member, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member 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 United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

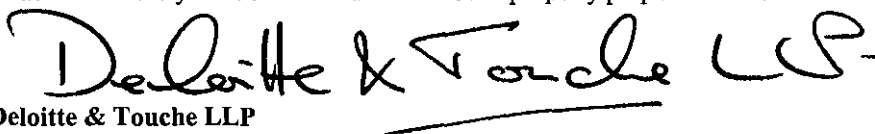
Basis of audit opinion

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 state of the company's affairs as at 30 April 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Deloitte & Touche LLP
Chartered Accountants and
Registered Auditors
London

27 July 2005

SMITH & WILLIAMSON PENSION CONSULTANCY LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 30 April 2005

	Note	2005 £	2004 £
Turnover	2	4,433,614	4,617,241
Net operating expenses	3	(4,734,328)	(4,605,665)
Operating (loss)/profit		(300,714)	11,576
Interest receivable		45,596	24,406
Interest payable	4	(15,004)	(3,229)
(Loss)/profit on ordinary activities before taxation		(270,122)	32,753
Tax on profit on ordinary activities	6	30,400	(20,064)
(Loss)/profit after taxation for the financial year		(239,722)	12,689
Retained profit brought forward		607,354	594,665
Retained profit carried forward		367,632	607,354

All of the results for the current and preceding year are generated from continuing operations.

There were no recognised gains or losses in either year other than those included in the above profit and loss account.

Consequently, a statement of recognised gains and losses has not been prepared. The notes 1 to 14 form an integral part of the financial statements.

SMITH & WILLIAMSON PENSION CONSULTANCY LIMITED

BALANCE SHEET as at 30 April 2005

	Note	2005 £	2004 £
Current assets			
Work in progress		531,993	551,240
Debtors	7	974,363	724,569
Cash at bank		2,395,738	1,564,288
		<hr/>	<hr/>
		3,902,094	2,840,097
		<hr/>	<hr/>
Creditors: Amounts falling due within one year	8	(2,634,462)	(1,632,743)
		<hr/>	<hr/>
Net current assets		1,267,632	1,207,354
		<hr/>	<hr/>
Creditors: Amounts falling due after one year	9	(300,000)	(200,000)
		<hr/>	<hr/>
Net assets		967,632	1,007,354
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	10	600,000	400,000
Profit and loss account		367,632	607,354
		<hr/>	<hr/>
Equity shareholder's funds	11	967,632	1,007,354
		<hr/>	<hr/>

The notes 1 to 14 form an integral part of the financial statements.

These financial statements were approved by the Board of Directors on 27 July 2005.

A R Champion Director



SMITH & WILLIAMSON PENSION CONSULTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2005

1. Accounting policies

a) Basis of preparation

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

b) Current taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

c) Deferred taxation

Deferred taxation is provided in full on the timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from differences between the taxable profits and the results stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

d) Work in progress and deferred income

Work in progress comprises work undertaken on behalf of clients which has not yet been billed or for which commissions have not yet been received. Where the value of commission received and work billed is in excess of the work undertaken to the balance sheet date, this is carried forward as deferred income. Work unbilled at the balance sheet date is stated at the lower of cost, comprising salary costs plus directly attributable overheads, and net realisable value.

2. Turnover

Turnover comprises the invoiced and accrued value of services net of value added tax. It is wholly derived from United Kingdom operations.

3. Net operating expenses

	2005 £	2004 £
Net movement in work in progress and deferred income	146,834	101,483
Other operating income	(22,301)	(56,991)
Service charge for staff from related companies	3,235,983	3,241,475
Administrative expenses	1,373,812	1,319,698
	<hr/>	<hr/>
	4,734,328	4,605,665
	<hr/>	<hr/>

SMITH & WILLIAMSON PENSION CONSULTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2005

3. Net operating expenses (continued)

	2005 £	2004 £
Administrative expenses include:		
Auditors' remuneration for:		
Audit services	6,000	3,500
Other services	2,500	3,500
	<hr/>	<hr/>

The company did not have any contractual employees during the year (2004: Nil). Staff are provided to the company by a service company, Smith & Williamson Corporate Services Limited, under service agreements.

4. Interest payable

	2005 £	2004 £
Bank overdraft	1,449	-
Subordinated loans	13,555	3,229
	<hr/>	<hr/>
	15,004	3,229
	<hr/>	<hr/>

5. Directors' remuneration

The emoluments of those directors whose services are provided solely to Smith & Williamson Pension Consultancy Limited for the year ended 30 April 2005 were as follows:

	2005 £	2004 £
Salaries and other emoluments	349,045	333,564
Pension scheme contributions	22,257	27,633
	<hr/>	<hr/>
Total emoluments	371,302	361,197
	<hr/>	<hr/>

	2005 £	2004 £
Remuneration of the highest paid director (excluding pension contributions)	100,997	104,319
	<hr/>	<hr/>

Contributions to the group's defined contribution pension schemes were made on behalf of 4 (2004: 4) directors. The pension contributions for the highest paid director were £5,960 (2004: £5,731).

Of the remainder of the directors, who are directors of other companies within the Smith & Williamson group, it is not practicable to allocate their remuneration between their services to Smith & Williamson Pension Consultancy Limited and the other companies of which they are directors. These directors received total emoluments of £2,309,025 (2004: £2,131,938) during the year. In addition pension contributions of £489,784 (2004: £604,212) were made on behalf of 12 (2004: 12) directors.

SMITH & WILLIAMSON PENSION CONSULTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2005

6. Tax on profit on ordinary activities

	2005 £	2004 £
a) Analysis of charge in year		
Corporation tax charge for the year	-	20,064
Under provision in prior year	30,400	-
	<hr/> 30,400	<hr/> 20,064

b) Factors affecting tax charge for year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2005 £	2004 £
(Loss)/profit on ordinary activities before taxation	(270,122)	32,753
	<hr/> (270,122)	<hr/> 32,753
Tax on profit on ordinary activities at 30% (2004: 30%)	(81,036)	9,826
Factors affecting charge:		
Disallowable expenses	10,948	10,238
Group relief surrendered for no consideration	70,088	-
Under provision in prior year	30,400	-
	<hr/> 111,436	<hr/> 10,238
Current tax charge for the year	<hr/> 30,400	<hr/> 20,064

There are no unprovided deferred tax liabilities as at 30 April 2005 (2004: £Nil).

7. Debtors

	2005 £	2004 £
Trade debtors	697,640	561,706
Amounts owed by group undertakings	110,796	25,144
Other debtors	2,253	220
Prepayments and accrued income	163,674	137,499
	<hr/> 974,363	<hr/> 724,569

SMITH & WILLIAMSON PENSION CONSULTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2005

8. Creditors: amounts falling due within one year

	2005 £	2004 £
Bank overdraft	-	1,835
Amounts owed to group undertakings	1,180,794	835,755
Corporation tax	-	21,377
Social security and other taxes	146,586	122,772
Other creditors	640,574	114,073
Accruals and deferred income	666,508	536,931
	<hr/>	<hr/>
	2,634,462	1,632,743
	<hr/>	<hr/>

9. Creditors – Amounts falling after more than one year

	2005 £	2004 £
Amount due to group undertaking		
Loan:		
Amounts due after more than one year	300,000	200,000
	<hr/>	<hr/>
Loan amounts falling due:		
Between two and five years	300,000	200,000
	<hr/>	<hr/>

On 31 October 2003, the company entered into a subordinated loan agreement with a fellow subsidiary company, Smith & Williamson Investment Management (Ireland) Limited. This was for a principal amount of £200,000. Interest is charged on the loan at a variable rate calculated at 2% above the LIBOR. The loan is unsecured. The loan is repayable on or after 31 October 2008 at the request of the borrower with a three month notice period.

On 27 April 2005, the company entered into a subordinated loan agreement with a fellow subsidiary company, Smith & Williamson Investment Management (Ireland) Limited. This was for a principal amount of £100,000. Interest is charged on the loan at a variable rate calculated at 2% above the LIBOR. The loan is unsecured. The loan is repayable on or after 27 April 2010 at the request of the borrower with a three month notice period.

10. Called up share capital

	2005 £	2004 £
Ordinary shares of £1 each		
1,000,000 Authorised	1,000,000	1,000,000
	<hr/>	<hr/>
600,000 Issued and fully paid (2004 – 400,000)	600,000	400,000
	<hr/>	<hr/>

On 21 January 2005, 200,000 ordinary shares were issued at par for a cash consideration in the year.

SMITH & WILLIAMSON PENSION CONSULTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2005

11. Reconciliation of movement in equity shareholder's funds

	2005 £	2004 £
Increase in called up capital	200,000	-
(Loss)/profit for the financial year	(239,722)	12,689
Net (decrease)/increase in shareholder's funds	(39,722)	12,689
Opening shareholder's funds	1,007,354	994,665
Closing shareholder's funds	967,632	1,007,354

12. Cash flow statement

As the cash flow statement included in the consolidated financial statements for the ultimate parent company complies with the conditions of the Financial Reporting Standard No 1 (Revised 1996) - "Cash Flow Statements", the company is exempt from the requirement to prepare a separate cash flow statement.

13. Related party disclosures

As the company is ultimately a wholly owned subsidiary of Smith & Williamson Holdings Limited, the company has chosen to take advantage of the exemptions of Financial Reporting Standard No 8 paragraph 3c, and therefore has not disclosed transactions with entities which are part of the group.

14. Immediate and ultimate parent company

The company is a wholly owned subsidiary undertaking of Smith & Williamson Investment Management Limited, a company incorporated in Great Britain and registered in England and Wales.

The ultimate parent company is Smith & Williamson Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. The largest and smallest group in which the results of the company are consolidated is Smith & Williamson Holdings Limited.

The consolidated financial statements of Smith & Williamson Holdings Limited, within which this company is included, can be obtained from the Company Secretary, Smith & Williamson Holdings Limited, No 1 Riding House Street, London W1A 3AS.