

**SMITH AND WILLIAMSON
PENSION CONSULTANCY LIMITED**

REPORT AND FINANCIAL STATEMENTS

for the year ended

30 April 2006



SMITH & WILLIAMSON PENSION CONSULTANCY LIMITED

REPORT AND FINANCIAL STATEMENTS for the year ended 30 April 2006

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SMITH & WILLIAMSON PENSION CONSULTANCY LIMITED

DIRECTORS' REPORT

The directors present their financial report on the affairs of the company, together with the audited financial statements for the year ended 30 April 2006

Principal activities and business review

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"). There have not been any significant changes in the company's principal activities in the year under review. During the year, the company adopted International Financial Reporting Standards, as did all companies in the Smith & Williamson group. The directors are not aware, at the date of this report, of any changes to the company's activities in the forthcoming year.

As shown in the company's income statement on page 6, the company's turnover has increased by 28.1% over the prior year (2005: decrease of 4.0%). The increase reflects new business won during the year.

The company's cash and cash equivalents increased in the year by 3% to £2.46 million as at 30 April 2006 (2005: £2.39 million). The increase reflects the profits earned in the year.

The company's trading during the year was in line with expectation and the directors are confident about the level of future business subject to market conditions.

Principal risks and uncertainties

The company operates in a competitive market and there is a risk that clients may be lost to competitor firms. The loss of clients to competitors is a risk to the company. The company manages this risk by providing a first class service, adding value where possible and maintaining strong relationships with clients.

The majority of the company's clients are based in the United Kingdom and are invoiced in sterling. The company is therefore not exposed to any material foreign exchange risk.

The company's financial instrument risk is limited to liquidity risk only, which is managed by the regular monitoring of the company's working capital.

Dividends

No dividends were paid during the year (2005: £Nil). The directors do not recommend the payment of a final dividend.

Directors and their interests in shares

The directors who served throughout the year, except as noted, were:

G D Pearce	
J T Boadle	
W A Fullerton-Batten	(resigned on 30 June 2006)
R D Boycott	(resigned on 14 February 2006)
A R Champion	(resigned on 30 June 2006)
J A Chandler	(resigned on 30 June 2006)
M P Fosberry	
P Garwood	(resigned on 30 June 2006)
J M Goodfellow	(resigned on 30 June 2006)
D Horne	(resigned on 30 June 2006)
M M Lowe	(resigned on 30 June 2006)
I M Luck	(resigned on 30 June 2006)
C R Lynas	(resigned on 1 August 2005)
S J Mabey	(resigned on 30 June 2006)
P D Maher	(resigned on 30 June 2006)
M J Rose	(resigned on 30 June 2006)
A E Thomas	(resigned on 31 October 2005)

On 30 June 2006, SR Cork, DJ Hall, MD Lea, PE Moody and KP Stopps were appointed as directors of the company.

No director of the company has any interest in the shares of the company.

SMITH & WILLIAMSON PENSION CONSULTANCY LIMITED

DIRECTORS' REPORT (continued)

The interests of those directors serving at the year end in the share capital of the ultimate parent company, Smith & Williamson Holdings Limited, were as follows:

	At 30 April 2006	Ordinary shares of 10p each	
		At 1 May 2005	Share type
G D Pearce	1,572,774	1,572,774	B
J T Boadle	1,042,599	1,042,599	B
W A Fullerton-Batten	916,930	916,930	B
A R Champion	3,496	-	A
	176,367	176,367	B
J A Chandler	204,386	204,386	B
M P Fosberry	1,042,741	1,042,741	B
P Garwood	46,107	46,107	B
J M Goodfellow	55,256	55,256	B
D Horne	332,466	332,466	B
M M Lowe	41,221	41,221	A
I M Luck	1,298	-	A
	3,081	3,081	B
S J Mabey	1,369,352	1,369,352	B
P D Maher	60,445	60,445	B
M J Rose	468,874	468,874	B

Options to subscribe for ordinary A shares of 10p each At 30 April 2006

	(i)	(ii)	(iii)	(iv)	(v)
G D Pearce	30,000	30,000	30,864	-	6,522
J T Boadle	30,000	30,000	30,864	-	-
W A Fullerton-Batten	20,000	20,000	20,578	-	3,796
A R Champion	15,000	15,000	10,288	-	6,522
J A Chandler	10,000	10,000	10,288	3,050	2,609
M P Fosberry	-	10,000	10,288	-	6,522
P Garwood	5,000	10,000	10,288	-	3,796
J M Goodfellow	-	-	-	-	-
D Horne	15,000	15,000	15,432	-	3,796
M M Lowe	10,000	5,000	10,288	-	6,522
I M Luck	5,000	10,000	2,058	-	1,138
S J Mabey	20,000	20,000	20,578	-	6,522
P D Maher	10,000	20,000	10,288	-	3,913
M J Rose	10,000	10,000	10,288	-	-

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

Options to subscribe for ordinary A shares of 10p each At 30 April 2005

	(ii)	(iii)	(iv)	(v)
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
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	-	-

SMITH & WILLIAMSON PENSION CONSULTANCY LIMITED

DIRECTORS' REPORT (continued)

Notes:

- (i) *Options granted by the Smith & Williamson Holdings Limited Employee Benefit Trust to acquire A ordinary shares at a price of £2.86 per share, exercisable from 6 October 2008 to 6 October 2012, under the Smith & Williamson Company Share Option Plan. All these options were granted in the year.*
- (ii) *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.*
- (iii) *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.*
- (iv) *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.*
- (v) *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.*

Charitable donations

During the year the company made no donations to United Kingdom charitable organisations (2005: £Nil). No political donations were made in 2006 or in 2005.

Disclosure of information to auditors

Each of the directors at the date of approval of this report confirms that:

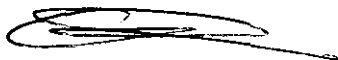
- (i) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (ii) the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 234 of the Companies Act 1985.

Auditors

Pursuant to section 386(1) of the Companies Act 1985 (as inserted by the Companies Act 1989) the members have resolved to dispense with the obligation to appoint auditors annually and Deloitte & Touche LLP is deemed to be re-appointed each year.

By order of the Board



R F Vallance
Company Secretary
25 Moorgate
London EC2R 6AY

26 July 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements. The directors have elected to prepare financial statements for the company in accordance with International Financial Reporting Standards ("IFRS"). Company law requires the directors to prepare such financial statements in accordance with International Financial Reporting Standards, the Companies Act 1985. International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. Directors are also required to:

1. properly select and apply accounting policies;
2. present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
3. provide additional disclosures when compliance with specific requirements in International Financial Reporting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
4. prepare the accounts on a going concern basis unless, having assessed the ability of the company to continue as a going concern, management either intends to liquidate the entity or to cease trading, or have no realistic alternative but to do so.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report which complies with the requirements of the Companies Act 1985.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMITH AND WILLIAMSON PENSION CONSULTANCY LIMITED

We have audited the company financial statements (the "financial statements") of Smith & Williamson Pension Consultancy Limited for the year ended 30 April 2006 which comprise the income statement, balance sheet, cash flow statement, statement of changes in equity and related notes 1 to 17. These financial statements have been prepared under 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 so that we might state to the company's members those matters we are required to state to them 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRSs") as adopted for use in the European Union are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We report to you whether, in our opinion, the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 circumstances of the company, consistently applied and adequately disclosed.

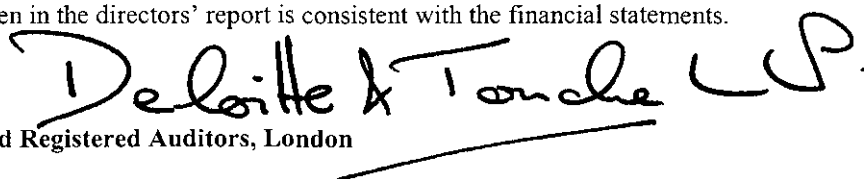
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 company financial statements give a true and fair view, in accordance with IFRSs as adopted for use in the European Union as applied in accordance with the requirements of the Companies Act 1985, of the state of the individual company's affairs as at 30 April 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors, London
26 July 2006

A large, stylized handwritten signature in black ink, appearing to read 'Deloitte & Touche LLP', is written over the printed name and date of the firm.

SMITH & WILLIAMSON PENSION CONSULTANCY LIMITED

INCOME STATEMENT for the year ended 30 April 2006

	Note	2006 £	2005 £
Sales	2	6,027,636	4,706,623
Cost of sales		(1,390,063)	(419,843)
Gross profit		<u>4,637,573</u>	<u>4,286,780</u>
Administrative expenses	3	<u>(4,475,580)</u>	<u>(4,609,795)</u>
Operating profit/(loss)		161,993	(323,015)
Investment revenue	5	105,946	67,898
Finance costs	6	<u>(20,429)</u>	<u>(15,004)</u>
Profit/(loss) before tax		247,510	(270,121)
Tax	7	(85,458)	30,400
Profit/(loss) for the year		<u><u>162,052</u></u>	<u><u>(239,721)</u></u>
Attributable to:			
Equity holders of the company	13	<u><u>162,052</u></u>	<u><u>(239,721)</u></u>

SMITH & WILLIAMSON PENSION CONSULTANCY LIMITED

BALANCE SHEET as at 30 April 2006

	Note	2006 £	2005 £
<u>Assets</u>			
Current assets			
Trade and other receivables	8	1,883,181	1,506,357
Cash and cash equivalents	9	2,460,428	2,395,738
		<u>4,343,609</u>	<u>3,902,095</u>
Total assets		<u>4,343,609</u>	<u>3,902,095</u>
<u>Liabilities</u>			
Current liabilities			
Trade and other payables	10	2,828,466	2,634,462
Current tax liabilities		85,458	-
		<u>2,913,924</u>	<u>2,634,462</u>
Non-current liabilities			
Other payables	11	300,000	300,000
		<u>300,000</u>	<u>300,000</u>
Total liabilities		<u>3,213,924</u>	<u>2,934,462</u>
Net assets		<u>1,129,685</u>	<u>967,633</u>
<u>Equity</u>			
Share capital	12	600,000	600,000
Retained earnings	13	529,685	367,633
Total equity		<u>1,129,685</u>	<u>967,633</u>

The financial statements were approved by the Board and authorised for issue on 26 July 2006 and signed on its behalf by:



GD Pearce
Director

SMITH & WILLIAMSON PENSION CONSULTANCY LIMITED

CASH FLOW STATEMENT for the year ended 30 April 2006

	Note	2006 £	2005 £
Cash flows from operating activities			
Operating profit/(loss)		161,993	(323,015)
Other non cash movement		105,946	67,898
Operating cash flows before movements in working capital		267,939	(255,117)
Changes in operating assets and liabilities			
(Increase) in trade and other receivables		(376,824)	(230,547)
Increase in trade and other payables		194,004	1,024,930
Cash generated from operations		85,119	539,266
Tax refunded		-	9,023
Interest paid		(20,429)	(15,004)
Net cash inflow from operating activities		64,690	533,285
Cash flows from financing activities			
Loans received		-	100,000
Issue of ordinary shares		-	200,000
Net cash from financing activities		-	300,000
Net increase in cash and cash equivalents		64,690	833,285
Cash and cash equivalents at beginning of the year		2,395,738	1,562,453
Cash and cash equivalents at the end of the year	9	2,460,428	2,395,738

SMITH & WILLIAMSON PENSION CONSULTANCY LIMITED

STATEMENT OF CHANGES IN EQUITY for the year ended 30 April 2006

	Share capital	Retained earnings	Total equity
	£	£	£
Equity as at 1 May 2004	400,000	607,354	1,007,354
Loss for the year ended 30 April 2005	-	(239,721)	(239,721)
Shares issued	200,000	-	200,000
Equity as at 30 April 2005	<u>600,000</u>	<u>367,633</u>	<u>967,633</u>
Profit for the year ended 30 April 2006	-	162,052	162,052
Equity as at 30 April 2006	<u><u>600,000</u></u>	<u><u>529,685</u></u>	<u><u>1,129,685</u></u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2006

1. Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC) adapted for use in the European Union. The financial statements are also prepared in accordance with those parts of the Companies Act 1985 that remain applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The adoption of IFRS has not resulted in any differences from the financial statements as reported under UK GAAP that require disclosure under IFRS1.

Trade receivables

Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amount are recognised in the income statement when there is objective evidence that the asset is impaired.

Work in progress

Work in progress is valued at its expected recoverable amount. Work billed is recognised as income when there is a right to consideration using the percentage of completion method, when the outcome can be estimated reliably. The stage of completion is determined for each client by reference to the relationship between the time incurred for work performed to date and the estimated total time.

If the outcome cannot be estimated reliably, costs are recognised as expenses in the same period when they arise and revenues only to the extent of costs incurred where it is probable that those costs will be recoverable.

Amounts recoverable from customers are stated at the proportion of the anticipated net sales value earned to date less amounts billed on account. To the extent that fees paid on account exceed the value of work performed, they are included in creditors as 'fees in advance'.

Cash and cash equivalents

For the purpose of preparation of the cash flow statement, cash and cash equivalents include cash at bank and in hand and short-term deposits with an original maturity period of three months or less. Bank overdrafts that are an integral part of a company's cash management are included in cash and cash equivalents where they have a legal right of set-off against positive cash balances, otherwise bank overdrafts are classified as borrowings.

Taxation

Current tax is recognised based on the amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full on temporary differences that arise between the carrying amount of assets and liabilities for financial reporting purposes and their corresponding tax base. Liabilities are recorded on all temporary differences except in respect of investments in subsidiaries and joint ventures where the company controls the timing of the reversal of the temporary difference and it is probable that it will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2006 (continued)

1. Accounting policies (continued)

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the asset can be offset.

Current and deferred tax are recognised in the income statement, except when the tax relates to items charged or credited directly to equity, in which case the tax is also dealt with directly in equity.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Revenue and profit recognition

Revenue represents the fair value of consideration received or receivable from clients for services provided by the company, net of discounts, VAT and other sales-related taxes, after eliminating sales within the company. Revenue is recognised as follows:

Provision of services

Fees and commission receivable are recognised in the accounting period in which the services are provided by reference to when there is a right to consideration from the extent of the performance of contractual obligations and the agreed rates for these services. Where fees and commission are recognised in advance of the client being billed they are included as deferred income. Provision is made for all foreseeable future losses.

Interest

Revenue is recognised as the interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

SMITH & WILLIAMSON PENSION CONSULTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2006 (continued)

2. Sales

	2006	2005
	£	£
Pension consulting fees	1,983,160	1,541,378
Management fees receivable	364,983	100,000
Fees and commission receivable	<u>3,679,493</u>	<u>3,065,245</u>
	<u><u>6,027,636</u></u>	<u><u>4,706,623</u></u>

3. Administrative costs

	2006	2005
	£	£
Staff costs (note 4)	49,238	27,824
Occupancy costs	215,515	221,360
Other administrative expenses	4,202,877	4,354,611
Auditor's remuneration for audit services	7,950	6,000
	<u><u>4,475,580</u></u>	<u><u>4,609,795</u></u>

4. Staff costs

	2006	2005
	£	£
Wages and salaries	<u>49,238</u>	<u>27,824</u>
	<u><u>49,238</u></u>	<u><u>27,824</u></u>

The company did not have any contractual employees during the current or prior year. Staff are provided to the company by a service company, Smith & Williamson Corporate Services Limited under a service agreement.

Wages and salaries costs shown within administration costs relate only to temporary staff employed directly by Smith & Williamson Pension Consultancy Limited. The service charge for providing staff by Smith & Williamson Corporate Services Limited which form part of cost of sales were as follows:

	2006	2005
	£	£
Service charge for staff from related company	<u><u>3,146,573</u></u>	<u><u>3,235,983</u></u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2006 (continued)

5. Investment revenue

	2006 £	2005 £
Cash and short term funds	49,780	45,596
Other operating income	56,166	22,302
	<u>105,946</u>	<u>67,898</u>

6. Finance costs

	2006 £	2005 £
Bank and customers	-	1,449
Other	20,429	13,555
	<u>20,429</u>	<u>15,004</u>

7. Taxation

	2006 £	2006 %	2005 £	2005 %
Current tax				
Profit before tax	<u>247,510</u>		<u>(270,121)</u>	
United Kingdom				
Corporation tax charge	(85,458)	34%	-	
Under provision in earlier years	-		30,400	(11%)
Total current tax	<u>(85,458)</u>	34%	<u>30,400</u>	(11%)
Tax	<u>(85,458)</u>	34%	<u>30,400</u>	(11%)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2006 (continued)

Factors affecting the tax charge for the year:

	Current tax 2006 £	Deferred Tax 2006 £	Total 2006 £	%
Profit before tax	<u>247,510</u>	-	<u>247,510</u>	
Profit before tax multiplied by the standard rate of corporation tax in the UK of 30 per cent	(74,253)	-	(74,253)	30%
Effects of :				
Disallowable expenses	<u>(11,205)</u>	-	<u>(11,205)</u>	4%
	<u>(85,458)</u>	-	<u>(85,458)</u>	34%
	Current Tax 2005 £	Deferred Tax 2005 £	Total 2005 £	%
Loss on ordinary activities before tax	<u>(270,121)</u>	-	<u>(270,121)</u>	
Loss before tax multiplied by the standard rate of corporation tax in the UK of 30 per cent	(81,036)	-	(81,036)	30%
Effects of :				
Disallowable expenses	10,948	-	10,948	(4%)
Group relief surrender	70,088	-	70,088	(26%)
Prior year adjustments	<u>30,400</u>	-	<u>30,400</u>	(11%)
	<u>30,400</u>	-	<u>30,400</u>	(11%)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2006 (continued)

8. Trade and other receivables

	2006 £	2005 £
Trade and fee debtors	1,062,169	705,012
Less: provisions	(16,963)	(7,372)
Trade and fee debtors (net)	<u>1,045,206</u>	<u>697,640</u>
Work in progress	419,518	531,993
Trade and fee debtors (net)	1,045,206	697,640
Other debtors	118,130	2,254
Intercompany debtors – amounts due from group companies	100,629	110,796
Prepayments and accrued income	<u>199,698</u>	<u>163,674</u>
	<u>1,883,181</u>	<u>1,506,357</u>

There is no specific concentration of credit risk with respect to trade receivables, as the company has a large number of clients.

The company has recognised a provision of £9,591 for the impairment of its trade and fee debtors during the year ended 30 April 2006. The charge or credit for bad debt provisions has been included in other administrative expenses in the income statement.

9. Cash and cash equivalents

	2006 £	2005 £
Cash at bank	2,460,428	2,395,367
Cash in hand	-	371
	<u>2,460,428</u>	<u>2,395,738</u>

10. Trade and other payables

	2006 £	2005 £
Other creditors	97,125	640,575
Fees in advance	1,224,100	664,517
Intercompany creditors – amount due to group companies	1,324,873	1,180,793
Other taxes & social security	182,368	146,586
Accruals	-	1,991
	<u>2,828,466</u>	<u>2,634,462</u>

11. Other payables

The company has received the following subordinated loans from the following group companies:

Lender	Principal £	Term	Interest
Smith & Williamson Investment Management (Ireland) Limited ⁽¹⁾	200,000	5 years	LIBOR + 2%
Smith & Williamson Investment Management (Ireland) Limited ⁽²⁾	100,000	5 years	LIBOR + 2%
Non-current liability	<u>300,000</u>		

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2006 (continued)

11. Other payables (continued)

⁽¹⁾ Obtained on 31/10/2003 and repayable on or after 31/10/2008 at the request of borrower with a three month notice period.

⁽²⁾ Obtained on 27/04/2005 and repayable on or after 27/04/2010 at the request of the borrower with a three month notice period.

12. Share capital

Authorised	2006		2005	
	Number	£	Number	£
Ordinary shares of £1 each:	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid	Number	£	Number	£
Ordinary shares of £1 each:	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>

The company has one class of ordinary shares.

13. Retained earnings

	Retained Earnings £
As at 1 May 2004	607,354
Loss for the year ended 30 April 2005	(239,721)
As at 30 April 2005	367,633
Profit for the year ended 30 April 2006	162,052
As at 30 April 2006	<u>529,685</u>

14. Contingent liabilities and capital commitments

The company had neither capital commitments nor contingent liabilities at 30 April 2006 (2005: £Nil).

15. Events after the balance sheet date

There have been no material post balance sheet events.

16. Related party transactions

The company from time to time is recharged or charges other group companies in respect of staff, services provided and other overhead costs. Note 4 details the service charge in respect of Smith & Williamson Corporate Services Limited providing staff to the company.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2006 (continued)

16. Related party transactions (continued)

During the year the following transactions between the company and other group companies were as follows:

	2006 £	2005 £
Intercompany charges receivable from group companies	364,983	100,000
Intercompany recharges payable to group companies	4,223,823	4,334,145

At the balance sheet date, the amounts from/to other group companies were as follows:

	2006 £	2005 £
Smith & Williamson Pension Consultancy Limited	59,213	-
Smith & Williamson Trust Corporation Limited	15,779	90,087
Smith & Williamson Corporate Finance Limited	5,962	5,392
Smith & Williamson Fund Administration Limited	14,135	14,135
NCL Investments Limited	5,540	1,182
Amount due from group companies	100,629	110,796
Smith & Williamson Investment Management Limited	332,372	101,225
Smith & Williamson Limited	247,226	9,901
Smith & Williamson Corporate Services Limited	187,250	500,277
Smith & Williamson Holdings Limited	406,912	569,390
25 Moorgate Limited	151,113	-
Amount due to group companies	1,324,873	1,180,793

17. Parent undertaking and controlling party

The company's immediate parent company is Smith & Williamson Investment Management Limited.

The company's ultimate parent undertaking and controlling party is Smith & Williamson Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. Smith & Williamson Holdings Limited is the parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member. Smith & Williamson Holdings Limited is the parent undertaking of the smallest group of undertakings for which the group accounts are drawn up and of which the company is a member.

Copies of all sets of group accounts, which include the results of the company, are available from The Company Secretary, Smith & Williamson Holdings Limited, 25 Moorgate, London EC2R 6AY.