

**SMITH AND WILLIAMSON
FINANCIAL SERVICES LIMITED**
(formerly Smith & Williamson Pension Consultancy Limited)

REPORT AND FINANCIAL STATEMENTS

for the year ended

30 April 2007

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SMITH & WILLIAMSON FINANCIAL SERVICES LIMITED (formerly Smith & Williamson Pension Consultancy Limited)

REPORT AND FINANCIAL STATEMENTS for the year ended 30 April 2007

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SMITH & WILLIAMSON FINANCIAL SERVICES LIMITED (formerly 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 2007

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"). On 2 April 2007, the company acquired the pension consultancy business of Solomon Hare Personal Finance Limited, another wholly owned Smith & Williamson group company at book value. The Profit & Loss results reported and the disclosures in the notes to the accounts include the trading of this business for the month of April 2007.

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 7, the company's turnover has decreased by 3.8% over the prior year (2006 increase of 28.1%).

The company's cash and cash equivalents increased in the year by 45% to £3.57 million as at 30 April 2007 (2006 £2.46 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. On 12 March 2007 the company changed its name from Smith & Williamson Pension Consultancy Limited to Smith & Williamson Financial Services Limited.

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.

The company has no significant concentrations of credit risk. Senior management periodically reviews as a preventative measure potential bad debts and take appropriate risk mitigating action accordingly at local levels.

Dividends

No dividends were paid during the year (2006: £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)
A R Champion	(resigned on 30 June 2006)
J A Chandler	(resigned on 30 June 2006)
S R L Cork	(appointed on 30 June 2006)
M P Fosberry	
P Garwood	(resigned on 30 June 2006)
J M Goodfellow	(resigned on 29 November 2006)
D J Hall	(appointed on 30 June 2006)
D Home	(resigned on 30 June 2006)
M D Lea	(appointed on 30 June 2006)

SMITH & WILLIAMSON FINANCIAL SERVICES LIMITED (formerly Smith & Williamson Pension Consultancy Limited)

DIRECTORS' REPORT (continued)

M M Lowe	(resigned on 30 June 2006)
I M Luck	(resigned on 30 June 2006)
P E Moody	(appointed on 30 June 2006)
S J Mabey	(resigned on 30 June 2006)
P D Maher	(resigned on 30 June 2006)
M J Rose	(resigned on 30 June 2006)
K P Stopps	(appointed on 30 June 2006)
D Glover	(appointed on 1 May 2006 and resigned on 30 June 2006)

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

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

	Ordinary shares of 10p each		Share type
	At 30 April 2007	At 1 May 2006	
G D Pearce	12,345	-	A
	1,572,774	1,572,774	B
J T Boadle	1,042,599	1,042,599	B
S R L Cork	263,589	7,692	A
	167,542	167,542	B
M P Fosberry	1,042,741	1,042,741	B
D J Hall	26,356	2,272	A
	112,314	112,314	B
K P Stopps	827,630	827,630	B
P E Moody	213,642	302,121	A
M D Lea	119,502	119,502	A

	Options to subscribe for ordinary A shares of 10p each								
	At 30 April 2007								
	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)
G D Pearce	27,000	30,000	30,000	18,519	-	6,522	-	-	-
J T Boadle	27,000	30,000	30,000	30,864	-	-	-	-	-
S R L Cork	27,000	30,000	30,000	20,578	-	-	2,647	-	-
M P Fosberry	9,000	-	10,000	10,288	-	6,522	-	-	-
D J Hall	18,000	20,000	20,000	-	-	-	4,586	-	-
K P Stopps	27,000	30,000	30,000	30,864	-	6,522	-	-	-
P E Moody	-	-	-	-	-	-	-	23,000	18,000
M D Lea	-	-	-	-	-	-	-	13,000	18,000

G D Pearce exercised 12,345 options at a price of £2.43 per share under the Smith & Williamson Company Share Option Plan on 11 September 2006

S R L Cork exercised 3,796 options at a price of £2.43 per share under the Smith & Williamson Sharesave Scheme on 1 November 2006

D J Hall exercised 3,796 options at a price of £2.43 per share under the Smith & Williamson Sharesave Scheme on 1 November 2006 and 10,288 options at a price of £2.43 per share under the Smith & Williamson Company Share Option Plan on 6 December 2006

SMITH & WILLIAMSON FINANCIAL SERVICES LIMITED (formerly Smith & Williamson Pension Consultancy Limited)

DIRECTORS' REPORT (continued)

Options to subscribe for ordinary A shares of 10p each At 30 April 2006									
	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)
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	-	-	-
S R L Cork	-	30,000	30,000	20,578	-	3,796	-	-	-
M P Fosberry	-	-	10,000	10,288	-	6,522	-	-	-
D J Hall	-	20,000	20,000	10,288	-	3,796	-	-	-
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	-	-	-	-	-
K P Stopps	-	30,000	30,000	30,864	-	6,522	-	-	-
A J Phillips	-	5,000	10,000	-	3,050	-	-	-	-
M J Rose	-	10,000	10,000	10,288	-	-	-	-	-

Notes:

- (i) Options granted by the Smith & Williamson Holdings Limited Employee Benefit Trust to acquire A ordinary shares at a price of £3 43 per share, exercisable from 24 August 2009 to 24 August 2013, under the Smith & Williamson Company Share Option Plan All these options were granted in the 2007 year
- (ii) 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
- (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, exercisable from 6 October 2007 to 6 October 2011, 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 £2 43 per share, exercisable from 10 September 2006 to 10 September 2010, under the Smith & Williamson Company Share Option Plan
- (v) 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
- (vi) 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
- (vii) Options granted by the Smith & Williamson Holdings Limited Employee Benefit Trust to acquire A ordinary shares at a price of £3 57 per share, under the Smith & Williamson Sharesave Scheme All these options were granted in the year
- (viii) 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 31 October 2008 to 31 October 2012 under the Smith & Williamson Everyman Option Plan
- (ix) Options granted by the Smith & Williamson Holdings Limited Employee Benefit Trust to acquire A ordinary shares at a price of £3 43 per share, exercisable from 25 September 2009 to 25 September 2013 under the Smith & Williamson Everyman Option Plan

SMITH & WILLIAMSON FINANCIAL SERVICES LIMITED (formerly Smith & Williamson Pension Consultancy Limited)

DIRECTORS' REPORT (continued)

Charitable donations

During the year the company made no donations to United Kingdom charitable organisations (2006 £nil) No political donations were made in 2007 or in 2006

Disclosure of information to auditors

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

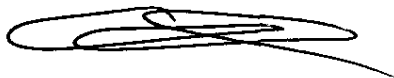
- (i) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (ii) the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's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

This confirmation is given and should be interpreted in accordance with the provisions of section 234ZA 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**

5 September 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to be properly prepared in accordance with IFRSs as adopted by the European Union and 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 IFRSs. However, directors are also required to

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are 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
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping proper accounting records that 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 MEMBERS OF SMITH AND WILLIAMSON FINANCIAL SERVICES LIMITED (formerly Smith & Williamson Pension Consultancy Limited)

We have audited the financial statements (the "financial statements") of Smith & Williamson Financial Services Limited for the year ended 30 April 2007 which comprise the income statement, the balance sheet, the cash flow statement, the statement of changes in equity and the related notes 1 to 18. 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 Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with 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 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. In addition we 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 directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

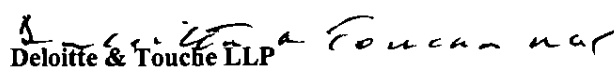
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 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, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 30 April 2007 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, United Kingdom
6 September 2007

SMITH & WILLIAMSON FINANCIAL SERVICES LIMITED (formerly Smith & Williamson Pension Consultancy Limited)

INCOME STATEMENT for the year ended 30 April 2007

	Note	2007 £	2006 £
Sales	2	5,798,637	6,027,636
Cost of sales		(77,484)	(1,390,063)
Gross profit		<u>5,721,153</u>	<u>4,637,573</u>
Administrative expenses	3	<u>(4,920,976)</u>	<u>(4,475,580)</u>
Operating profit		800,177	161,993
Investment revenue	5	102,605	105,946
Finance costs		<u>(22,149)</u>	<u>(20,429)</u>
Profit before tax		880,633	247,510
Tax	6	(195,061)	(85,458)
Profit for the year		<u><u>685,572</u></u>	<u><u>162,052</u></u>
Attributable to Equity holders of the company	13	<u><u>685,572</u></u>	<u><u>162,052</u></u>

The accompanying notes to the accounts on pages 11 to 19 form an integral part of the financial statements

SMITH & WILLIAMSON FINANCIAL SERVICES LIMITED (formerly Smith & Williamson Pension Consultancy Limited)

BALANCE SHEET as at 30 April 2007

	Note	2007 £	2006 £
Assets			
Non-current assets			
Property, plant and equipment	7	895	-
		<u>895</u>	<u>-</u>
Current assets			
Trade and other receivables	8	2,490,691	1,883,181
Cash and cash equivalents	9	3,567,146	2,460,428
		<u>6,057,837</u>	<u>4,343,609</u>
Total assets		<u>6,058,732</u>	<u>4,343,609</u>
Liabilities			
Current liabilities			
Trade and other payables	10	3,765,587	2,828,466
Current tax liabilities		<u>177,888</u>	<u>85,458</u>
		3,943,475	2,913,924
Non-current liabilities			
Other payables	11	300,000	300,000
		<u>300,000</u>	<u>300,000</u>
Total liabilities		<u>4,243,475</u>	<u>3,213,924</u>
Net assets		<u>1,815,257</u>	<u>1,129,685</u>
Equity			
Share capital	12	600,000	600,000
Retained earnings	13	<u>1,215,257</u>	<u>529,685</u>
Total equity		<u>1,815,257</u>	<u>1,129,685</u>

The accompanying notes to the accounts on pages 11 to 19 form an integral part of the financial statements

The financial statements were approved by the Board and authorised for issue on 5 September 2007 and signed on its behalf by



J T Boadle
Director

SMITH & WILLIAMSON FINANCIAL SERVICES LIMITED (formerly Smith & Williamson Pension Consultancy Limited)

CASH FLOW STATEMENT for the year ended 30 April 2007

	Note	2007 £	2006 £
Cash flows from operating activities			
Profit before tax		880,633	247,510
Operating cash flows before movements in working capital		880,633	247,510
Changes in operating assets and liabilities			
Increase in trade and other receivables		(608,405)	(376,825)
Increase in trade and other payables		937,122	194,005
Cash generated from operations		1,209,350	64,690
Tax paid		(102,632)	-
Net cash inflow from operating activities		<u>1,106,718</u>	<u>64,690</u>
Net increase in cash and cash equivalents		1,106,718	64,690
Cash and cash equivalents at beginning of the year		2,460,428	2,395,738
Cash and cash equivalents at the end of the year	9	<u>3,567,146</u>	<u>2,460,428</u>

The accompanying notes to the accounts on pages 11 to 19 form an integral part of the financial statements

SMITH & WILLIAMSON FINANCIAL SERVICES LIMITED (formerly Smith & Williamson Pension Consultancy Limited)

STATEMENT OF CHANGES IN EQUITY for the year ended 30 April 2007

	Share capital	Retained earnings	Total equity
	£	£	£
Equity as at 1 May 2005	600,000	367,633	967,633
Profit for the year ended 30 April 2006	-	162,052	162,052
Equity as at 30 April 2006	600,000	529,685	1,129,685
Profit for the year ended 30 April 2007	-	685,572	685,572
Equity as at 30 April 2007	600,000	1,215,257	1,815,257

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2007

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.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet mandatorily effective for the company.

International Financial Reporting Standards ("IFRS")

- IFRS 7 'Financial Instruments: Disclosures'
- IFRS 8 'Operating Segments'

International Financial Reporting Interpretations Committee ("IFRIC") interpretations

- IFRIC 9 'Reassessment of embedded derivatives'
- IFRIC 10 'Interim Financial Reporting and Impairment'
- IFRIC 11 'Group and Treasury Share Transactions'
- IFRIC 12 'Service Concession Arrangements'
- IFRIC 13 'Customer Loyalty Programmes'
- IFRIC 14 'The limit on a defined benefit asset, minimum funds requirements and their interaction'

Amendments to existing standards

- Amendments to IAS 1 'Presentation of Financial Statements' – Capital disclosures
- Amendments to IFRS 1 'First-time Adoption of International Financial Reporting'
- Amendments to IAS 23 'Borrowing Costs' - Borrowing costs relating to qualifying assets

All the IFRS, IFRIC interpretations and amendments to existing standards had been adopted by the EU at the date of approval of these financial statements with the following exceptions: IFRIC 10, IFRIC 11, IFRIC 13 and IFRIC 14.

The directors anticipate that the future adoption of those standards, interpretations and amendments listed above that have not been adopted will not have a material impact on the financial statements.

The financial statements have been prepared under the historical cost convention with the exception of certain items that are measured at fair value.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Operating profit

Operating profit is the measure of the company's earning power from ongoing operations and is defined for the purposes of these financial statements as operating revenues (interest, sales and fee and commission income) net of direct costs, add/less other direct revenues/expenses.

Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective rate of interest method. Appropriate allowances for estimated irrecoverable amount are recognised in the income statement when there is objective evidence that the asset is impaired.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2007 (continued)

1. Accounting policies (continued)

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.

Trade and other payables

The company's policy, is to agree terms of payment with suppliers when confirming the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. The company has risk management policies in place to ensure that all payables are paid within the credit timeframe.

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 and is calculated at the tax rates expected to be prevailing in the period when the liability is settled or the asset is realised. Liabilities are recorded on all temporary differences.

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:

SMITH & WILLIAMSON FINANCIAL SERVICES LIMITED (formerly Smith & Williamson Pension Consultancy Limited)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2007 (continued)

1. Accounting policies (continued)

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.

Foreign currencies

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2. Sales

	2007 £	2006 £
Pension consulting fees	1,169,032	1,983,160
Management fees receivable	394,184	364,983
Fees and commission receivable	4,235,421	3,679,493
	<u>5,798,637</u>	<u>6,027,636</u>

3. Administrative costs

	2007 £	2006 £
Staff costs (note 4)	39,821	49,238
Occupancy costs	333,337	215,515
Other administrative expenses	4,542,818	4,202,877
Auditor's remuneration for audit services	5,000	7,950
	<u>4,920,976</u>	<u>4,475,580</u>

Amounts payable to the auditors Deloitte & Touche LLP and their associates by the company and its UK subsidiary undertakings in respect of non-audit services were £nil (2006 £nil)

4. Staff costs

	2007 £	2006 £
Wages and salaries	39,821	49,238
	<u>39,821</u>	<u>49,238</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.

SMITH & WILLIAMSON FINANCIAL SERVICES LIMITED (formerly Smith & Williamson Pension Consultancy Limited)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2007 (continued)

4. Staff costs (continued)

Wages and salaries costs shown within administration costs relate only to temporary staff employed directly by Smith & Williamson Financial Services Limited. The service charge for providing staff by Smith & Williamson Corporate Services Limited which forms part of administrative costs was as follows

	2007 £	2006 £
Service charge for staff from related company	<u>2,798,812</u>	<u>2,728,134</u>

5. Investment revenue

	2007 £	2006 £
Interest from cash and short-term funds	97,423	49,780
Other	<u>5,182</u>	<u>56,166</u>
	<u>102,605</u>	<u>105,946</u>

6. Taxation

	2007 £	2007 %	2006 £	2006 %
Current tax				
Profit before tax	<u>880,633</u>		<u>247,510</u>	
United Kingdom				
Corporation tax charge	277,018	31.5%	85,458	34%
Over provision in earlier years	(81,957)	(9.3%)	-	
Total current tax	<u>195,061</u>	22.2%	<u>85,458</u>	34%
Tax	<u>195,061</u>	22.2%	<u>85,458</u>	34%

Factors affecting the tax charge for the year

	Current tax 2007 £	Deferred Tax 2007 £	Total 2007 £	%
Profit before tax	<u>880,633</u>	-	<u>880,633</u>	
Profit before tax multiplied by the standard rate of corporation tax in the UK of 30 per cent	264,190	-	264,190	30.0%
Effects of				
Disallowable expenses	12,828	-	12,828	1.5%
Prior year adjustments	<u>(81,957)</u>	<u>-</u>	<u>(81,957)</u>	<u>(9.3%)</u>
	<u>195,061</u>	<u>-</u>	<u>195,061</u>	<u>22.2%</u>

SMITH & WILLIAMSON FINANCIAL SERVICES LIMITED (formerly Smith & Williamson Pension Consultancy Limited)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2007 (continued)

6. Taxation (continued)

Factors affecting the tax charge for the previous 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>-</u>	<u>11,205</u>	<u>4%</u>
	<u>85,458</u>	<u>-</u>	<u>85,458</u>	<u>34%</u>

7. Property, plant and equipment

	Furniture, fittings and equipment £
Cost	
At 1 May 2006	-
Additions	<u>915</u>
At 30 April 2007	<u>915</u>
Depreciation and impairment	
At 1 May 2006	-
Charge for the period	<u>20</u>
At 30 April 2007	<u>20</u>
Net book value	
At 30 April 2007	<u>895</u>
At 30 April 2006	<u>-</u>

The above property represents the furniture, fittings and equipment acquired from Smith & Williamson Solomon Hare Personal Finance on 1 April 2007 and is utilised by the entity for its own activities. The fair value of property, plant and equipment is not materially different from its carrying value.

SMITH & WILLIAMSON FINANCIAL SERVICES LIMITED (formerly Smith & Williamson Pension Consultancy Limited)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2007 (continued)

8. Trade and other receivables

	2007	2006
	£	£
Trade and fee debtors	1,444,694	1,062,169
Less provisions	<u>(20,084)</u>	<u>(16,963)</u>
Trade and fee debtors (net)	<u>1,424,610</u>	<u>1,045,206</u>
Work in progress	607,359	419,518
Trade and fee debtors (net)	1,424,610	1,045,206
Other debtors	101,101	118,130
Intercompany debtors – amounts due from group companies	268,533	100,629
Prepayments and accrued income	<u>89,088</u>	<u>199,698</u>
	<u>2,490,691</u>	<u>1,883,181</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 £20,084 (2006 £16,963) for the impairment of its trade and fee debtors during the year ended 30 April 2007. The charge for bad debt provisions has been included in other administrative expenses in the income statement.

The directors consider that the carrying value of trade and other receivables approximates their fair value.

9. Cash and cash equivalents

	2007	2006
	£	£
Cash at bank	<u>3,567,146</u>	<u>2,460,428</u>
	<u>3,567,146</u>	<u>2,460,428</u>

10. Trade and other payables

	2007	2006
	£	£
Trade creditors	9,035	-
Other creditors	288,441	97,125
Fees in advance	1,258,134	1,224,100
Intercompany creditors – amount due to group companies	1,705,444	1,324,873
Other taxes and social security	90,446	182,368
Accruals	<u>414,087</u>	<u>-</u>
	<u>3,765,587</u>	<u>2,828,466</u>

The directors consider that the carrying value of trade and other payables approximates their fair value.

SMITH & WILLIAMSON FINANCIAL SERVICES LIMITED (formerly Smith & Williamson Pension Consultancy Limited)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2007 (continued)

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>		

⁽¹⁾ Obtained on 31/10/2003 and repayable on or after 31/10/2008 at the request of the 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

	2007		2006	
Authorised	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 2006	367,633
Profit for the year ended 30 April 2006	<u>162,052</u>
As at 30 April 2006	529,685
Profit for the year ended 30 April 2007	<u>685,572</u>
As at 30 April 2007	<u>1,215,257</u>

14. Contingent liabilities and capital commitments

The company had neither capital commitments nor contingent liabilities at 30 April 2007 (2006 £nil)

15. Subsequent events

There have been no material post balance sheet events

SMITH & WILLIAMSON FINANCIAL SERVICES LIMITED (formerly Smith & Williamson Pension Consultancy Limited)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2007 (continued)

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.

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

	2007 £	2006 £
Intercompany charges receivable from group companies	<u>394,184</u>	<u>364,983</u>
Intercompany recharges payable to group companies	<u>3,624,996</u>	<u>4,223,823</u>

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

	2007 £	2006 £
Smith & Williamson Investment Management Limited	-	59,213
Smith & Williamson Trust Corporation Limited	135,961	15,779
Smith & Williamson Corporate Finance Limited	5,962	5,962
Smith & Williamson Fund Administration Limited	14,135	14,135
NCL Investments Limited	5,540	5,540
Smith & Williamson Limited	16,573	-
Solomon Hare LLP	88,189	-
Solomon Hare Services Limited	<u>2,173</u>	<u>-</u>
Amount due from group companies	<u>268,533</u>	<u>100,629</u>
Smith & Williamson Investment Management Limited	59,579	332,372
Smith & Williamson Limited	121,441	247,226
Smith & Williamson Corporate Services Limited	90,069	187,250
Smith & Williamson Holdings Limited	270,355	406,912
25 Moorgate Limited	280,603	151,113
Smith & Williamson Group	8,825	-
Solomon Hare LLP	89,350	-
Solomon Hare Personal Finance Limited	785,093	-
Solomon Hare recharges	<u>129</u>	<u>-</u>
Amount due to group companies	<u>1,705,444</u>	<u>1,324,873</u>

SMITH & WILLIAMSON FINANCIAL SERVICES LIMITED (formerly Smith & Williamson Pension Consultancy Limited)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2007 (continued)

17. Directors Remuneration

The emoluments of those directors whose executive services were provided to Smith & Williamson Financial Services Limited during the year ended 30 April 2007 were as follows

	2007 £	2006 £
Salaries and other emoluments	3,399,432	2,830,767
Pension scheme contributions	42,080	329,136
Total emoluments	<u>3,441,512</u>	<u>3,159,903</u>
	2007 £	2006 £
Remuneration of the highest paid director (excluding pension contributions)	<u>859,774</u>	<u>703,416</u>

The directors are executives of Smith & Williamson Financial Services Limited and may also be directors of other group companies. It is not practicable to allocate their total remuneration between their services as executives to this company or other group companies, and no such allocation has been attempted.

In addition, seven directors each accrued benefits under the Smith & Williamson Pension Scheme, a defined contribution scheme.

18. Parent undertaking and controlling party

The company's immediate parent company is Smith & Williamson Holdings 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.