

Hart Financial Consultancy Limited
Director's report and financial statements
for the year ended 31 December 2004



Clifford Fry & Company
St Mary's House
Netherhampton
Salisbury
Wiltshire
SP2 8PU

Hart Financial Consultancy Limited

Contents

	Page
Director's report	1 - 2
Auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements	8 - 15

Hart Financial Consultancy Limited
Director's report
for the year ended 31 December 2004

The director presents his report and the financial statements for the year ended 31 December 2004.

The accounts for the period ended 31 December 2003 were for an 18 month period.

Principal activity and review of the business

The principal activity of the company is that of financial consultancy services.

Results and dividends

The results for the year are set out on page 5.

The director has paid an interim dividend amounting to £61,500 and he does not recommend payment of a final dividend.

Director and his interest

The director who served during the year and his interest in the company are as stated below:

	Ordinary shares		Ordinary B shares	
	31/12/04	01/01/04	31/12/04	01/01/04
K T M Hartland	204	400	-	-

K T M Hartlands wife, D Hartland, owns 196 of the ordinary shares and 100% of the issued 'B' Shares.

Company Secretary

D Hartland

Registered Office

St Mary's House
Netherhampton
Salisbury
SP2 8PU

Hart Financial Consultancy Limited

Director's report for the year ended 31 December 2004

Director's responsibilities

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the director is required to:

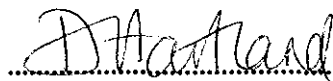
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Clifford Fry & Company be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 30 May 2005 and signed on its behalf by



D Hartland
Secretary

Hart Financial Consultancy Limited

Independent auditors' report to the shareholders of Hart Financial

We have audited the financial statements of Hart Financial Consultancy Limited for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheet 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 shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditors

As described in the statement of director's responsibilities the company's director is 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 director 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 director's remuneration and transactions with the company is not disclosed.

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

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 director 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.

Hart Financial Consultancy Limited

Independent auditors' report to the shareholders of Hart Financial

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Clifford Fry & Company
Chartered Accountants and
Registered auditors

St Mary's House
Netherhampton
Salisbury
Wiltshire
SP2 8PU

2nd August 2005.

Hart Financial Consultancy Limited

Profit and loss account for the year ended 31 December 2004

		Continuing operations	
		2004	2003
	Notes	£	£
Turnover	2	249,662	274,006
Cost of sales		(84,569)	(48,585)
Gross profit		165,093	225,421
Administrative expenses		(85,207)	(146,250)
Operating profit	3	79,886	79,171
Other interest receivable and similar income	4	443	160
Profit on ordinary activities before taxation		80,329	79,331
Tax on profit on ordinary activities	6	(15,958)	(15,148)
Profit on ordinary activities after taxation		64,371	64,183
Dividends	7	(61,500)	(47,938)
Retained profit for the year		2,871	16,245
Retained profit/(loss) brought forward		15,522	(723)
Retained profit carried forward		18,393	15,522

There are no recognised gains or losses other than the profit or loss for the above two financial years.


The notes on pages 8 to 15 form an integral part of these financial statements.

Hart Financial Consultancy Limited

Balance sheet as at 31 December 2004

	Notes	2004		2003	
		£	£	£	£
Fixed assets					
Intangible assets	8		20,692		23,452
Tangible assets	9		3,523		4,697
			<u>24,215</u>		<u>28,149</u>
Current assets					
Stocks	10	360		350	
Debtors	11	17,365		22,793	
Cash at bank and in hand		15,341		37,750	
		<u>33,066</u>		<u>60,893</u>	
Creditors: amounts falling due within one year	12	<u>(27,947)</u>		<u>(62,579)</u>	
Net current assets/(liabilities)			<u>5,119</u>		<u>(1,686)</u>
Total assets less current liabilities			29,334		26,463
Provisions for liabilities and charges	13		(441)		(441)
Net assets			<u>28,893</u>		<u>26,022</u>
Capital and reserves					
Called up share capital	15		500		500
Share premium account	16		10,000		10,000
Profit and loss account	16		18,393		15,522
Equity shareholders' funds	17		<u>28,893</u>		<u>26,022</u>

The financial statements were approved by the Board on 23.10.2005 and signed on its behalf



K T M Hartland
Director

The notes on pages 8 to 15 form an integral part of these financial statements.

Hart Financial Consultancy Limited

Cash flow statement for the year ended 31 December 2004

	Notes	2004 £	2003 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		79,886	79,171
Depreciation		3,934	4,721
(Increase) in stocks		(10)	(350)
Decrease in debtors		5,428	(22,697)
(Decrease) in creditors		(36,151)	46,044
Net cash inflow from operating activities		<u>53,087</u>	<u>106,889</u>
Cash flow statement			
Net cash inflow from operating activities		53,087	106,889
Returns on investments and servicing of finance	20	443	160
Taxation	20	(14,707)	-
Capital expenditure	20	-	(32,375)
		<u>38,823</u>	<u>74,674</u>
Equity dividends paid		(61,500)	(47,938)
		<u>(22,677)</u>	<u>26,736</u>
Financing	20	-	10,300
Decrease in cash in the year		<u>(22,677)</u>	<u>37,036</u>
Reconciliation of net cash flow to movement in net debt (Note 21)			
Decrease in cash in the year		(22,677)	37,036
Net funds at 1 January 2004		<u>37,750</u>	<u>714</u>
Net funds at 31 December 2004		<u>15,073</u>	<u>37,750</u>

Hart Financial Consultancy Limited

Notes to the financial statements for the year ended 31 December 2004

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention .
The company has consistently applied all relevant accounting standards.

1.2. Turnover

Turnover represents the total invoice value of sales made during the year.

1.3. Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 10 years.

1.4. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Plant and machinery	-	25% Reducing Balance
Fixtures, fittings and equipment	-	25% Reducing Balance

1.5. Stock

Stock is valued at the lower of cost and net realisable value.

1.6. Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences, to the extent that it is probable that a liability or asset will crystallise in the foreseeable future, at the rates of tax expected to apply when the timing differences reverse.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

Class of business

3. Operating profit

	2004 £	2003 £
Operating profit is stated after charging:		
Depreciation and other amounts written off intangible assets	2,760	1,902
Depreciation and other amounts written off tangible assets	1,174	2,819
Auditors' remuneration	1,572	-

Hart Financial Consultancy Limited

Notes to the financial statements for the year ended 31 December 2004

4. Interest receivable and similar income	2004	2003
	£	£
Bank interest	401	160
Other interest	42	-
	<u>443</u>	<u>160</u>
5. Employees		
Number of employees		
The average monthly numbers of employees (including the director) during the year were:	2004	2003
	2	2
	<u>2</u>	<u>2</u>
Employment costs	2004	2003
	£	£
Wages and salaries	42,584	73,382
Social security costs	427	461
	<u>43,011</u>	<u>73,843</u>
5.1. Director's emoluments	2004	2003
	£	£
Remuneration and other emoluments	9,745	11,667
Compensation for loss of office	-	15,512
	<u>9,745</u>	<u>27,179</u>

Hart Financial Consultancy Limited

Notes to the financial statements for the year ended 31 December 2004

6. Tax on profit on ordinary activities

Analysis of charge in period	2004 £	2003 £
Current tax		
UK corporation tax	15,958	14,707
Total current tax charge	15,958	14,707
Deferred tax		
Timing differences, origination and reversal	-	441
Total deferred tax	-	441
Tax on profit on ordinary activities	15,958	15,148

Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (0 per cent). The differences are explained below:

	2004 £	2003 £
Profit on ordinary activities before taxation	80,329	79,331
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 0 % (31 December 2003 : 0 %)	-	-
Effects of:		

7. Dividends

	2004 £	2003 £
Dividends on equity shares:		
Ordinary shares - interim paid	49,000	25,500
Ordinary B shares - interim paid	12,500	22,438
	61,500	47,938

Hart Financial Consultancy Limited

Notes to the financial statements for the year ended 31 December 2004

8. Intangible fixed assets

	Goodwill £	Total £
Cost		
At 1 January 2004	25,354	25,354
At 31 December 2004	25,354	25,354
Provision for diminution in value		
At 1 January 2004	1,902	1,902
Charge for year	2,760	2,760
At 31 December 2004	4,662	4,662
Net book values		
At 31 December 2004	20,692	20,692
At 31 December 2003	23,452	23,452

Goodwill arose from the acquisition of a business in 2003. The directors have revised the estimated useful life from 20 years to 10 years from acquisition.

9. Tangible fixed assets

	Plant and machinery £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 January 2004	6,316	1,500	7,816
At 31 December 2004	6,316	1,500	7,816
Depreciation			
At 1 January 2004	2,556	563	3,119
Charge for the year	940	234	1,174
At 31 December 2004	3,496	797	4,293
Net book values			
At 31 December 2004	2,820	703	3,523
At 31 December 2003	3,760	937	4,697

Hart Financial Consultancy Limited

Notes to the financial statements for the year ended 31 December 2004

10. Stocks	2004	2003
	£	£
Finished goods and goods for resale	360	350
	<u> </u>	<u> </u>
11. Debtors	2004	2003
	£	£
Trade debtors	4,658	17,560
Amounts owed by associated company	11,740	-
Prepayments and accrued income	967	5,233
	<u>17,365</u>	<u>22,793</u>
	<u> </u>	<u> </u>
12. Creditors: amounts falling due within one year	2004	2003
	£	£
Bank overdraft	349	-
Payments received on account	2,176	-
Trade creditors	1,623	4,250
Corporation tax	15,877	14,707
Other taxes and social security costs	-	1,714
Director's accounts	197	24,296
Other creditors	-	7,160
Accruals and deferred income	7,725	10,452
	<u>27,947</u>	<u>62,579</u>
	<u> </u>	<u> </u>

The bank overdraft is secured.

Hart Financial Consultancy Limited

Notes to the financial statements for the year ended 31 December 2004

13 Provisions for liabilities and charges

	Deferred taxation (Note 14) £	Total £
At 1 January 2004	441	441
At 31 December 2004	441	441

14. Provision for deferred taxation

	2004 £	2003 £
Accelerated capital allowances	441	441
Provision at 1 January 2004	441	
Provision at 31 December 2004	441	

15. Share capital

	2004 £	2003 £
Authorised equity		
1,000 Ordinary shares of £1 each	1,000	1,000
1,000 Ordinary B shares of £1 each	1,000	1,000
	2,000	2,000
Allotted, called up and fully paid equity		
400 Ordinary shares of £1 each	400	400
100 Ordinary B shares of £1 each	100	100
	500	500

Hart Financial Consultancy Limited

Notes to the financial statements for the year ended 31 December 2004

16. Equity Reserves	Share premium account £	Profit and loss account £	Total £
At 1 January 2004	10,000	15,522	25,522
Retained profit for the year		2,871	2,871
At 31 December 2004	10,000	18,393	28,393

17. Reconciliation of movements in shareholders' funds	2004 £	2003 £
Profit for the year	64,371	64,183
Dividends	(61,500)	(47,938)
	2,871	16,245
Net proceeds of equity share issue	-	10,300
Net addition to shareholders' funds	2,871	26,545
Opening shareholders' funds	26,022	(523)
Closing shareholders' funds	28,893	26,022

18. Related party transactions

During the year the company loaned Hart Support Services Ltd, a company in which K Hartland is also a director, £15,000 (2003 - Nil). This amount was outstanding at the year end.

Also, during the year the company made purchases totalling £33,470 (2003 - Nil) from Hart Support Services Ltd. At the year end the company owed Hart Support Services Ltd £3,260 (2003 - Nil).

19. Controlling interest

The company is controlled by the director K Hartland by virtue of his shareholding, as described in the director's report.

Hart Financial Consultancy Limited

Notes to the financial statements for the year ended 31 December 2004

20. Gross cash flows

	2004 £	2003 £
Returns on investments and servicing of finance		
Interest received	443	160
Taxation		
Corporation tax paid	(14,707)	-
Capital expenditure		
Payments to acquire intangible assets	-	(25,354)
Payments to acquire tangible assets	-	(7,021)
	-	(32,375)
Financing		
Issue of ordinary share capital	-	10,300

21. Analysis of changes in net debt

	Opening balance £	Cash flows £	Closing balance £
Cash at bank and in hand	37,750	(22,408)	15,342
Overdrafts	-	(349)	(349)
	37,750	(22,757)	14,993
Net debt	37,750	(22,757)	14,993

Hart Financial Consultancy Limited

The following pages do not form part of the statutory accounts.

Hart Financial Consultancy Limited

Detailed trading and profit and loss account for the year ended 31 December 2004

	2004		2003	
	£	£	£	£
Sales		249,662		274,006
Cost of sales				
Introducer fees payable	25,659		7,645	
Clawbacks	18,728		11,898	
Commissions payable	40,182		29,042	
	<u>84,569</u>		<u>48,585</u>	
		(84,569)		(48,585)
Gross profit	66%	165,093	82%	225,421
Administrative expenses	85,207		146,250	
		(85,207)		(146,250)
Operating profit	32%	79,886	29%	79,171
Other income and expenses				
Interest receivable				
Bank deposit interest	401		160	
Other interest	<u>42</u>		<u>-</u>	
		443		160
Net profit for the year		<u>80,329</u>		<u>79,331</u>

Hart Financial Consultancy Limited

Administrative expenses for the year ended 31 December 2004

	2004 £	2003 £
Administrative expenses		
Administration Services	24,278	-
Wages and salaries	8,561	46,203
Directors' remuneration	9,745	11,667
Employer's NI contributions	427	461
Compensation for loss of office	-	15,512
Staff training	1,214	2,255
Rent payable	8,060	3,200
Rates	562	1,530
Insurance	-	276
Light and heat	172	708
Repairs and maintenance	839	1,135
Premises expenses	1,067	1,423
Printing, postage and stationery	158	4,572
Advertising	1,925	898
Telephone	-	4,129
Computer costs	-	1,110
Hire of equipment	809	-
Motor expenses	7,013	11,842
Entertaining	301	637
Legal and professional	-	6,214
FSA fees	4,022	5,721
Consultancy fees	-	2,814
Accountancy	1,187	5,314
Audit fee	1,572	-
Professional Indemnity Insurance	6,818	7,152
Bank charges	435	150
General expenses	467	1,171
Subscriptions	1,641	5,435
Depreciation on intangible assets	2,760	1,902
Depreciation	1,174	2,819
	<u>85,207</u>	<u>146,250</u>