

**REPORT OF THE DIRECTOR AND
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2007
FOR
MSM INDEPENDENT FINANCIAL SERVICES LTD**



MSM INDEPENDENT FINANCIAL SERVICES LTD

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FOR THE YEAR ENDED 31ST MARCH 2007**

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MSM INDEPENDENT FINANCIAL SERVICES LTD

**COMPANY INFORMATION
FOR THE YEAR ENDED 31ST MARCH 2007**

DIRECTOR:	M S Matthews
SECRETARY:	Mrs E N Matthews
REGISTERED OFFICE:	3 Nidd House Richmond Business Park Sidings Court Doncaster DN4 5NL
REGISTERED NUMBER:	4321637 (England and Wales)
ACCOUNTANTS:	Debit & Credit Limited 148 Machon Bank SHEFFIELD South Yorkshire S7 1GR
BANKERS:	The Royal Bank of Scotland plc Rotherham Branch High street Rotherham S60 1PS

MSM INDEPENDENT FINANCIAL SERVICES LTD

REPORT OF THE DIRECTOR FOR THE YEAR ENDED 31ST MARCH 2007

The director presents his report with the financial statements of the company for the year ended 31st March 2007.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of supplying independent financial advice, including financial planning advice to companies and individuals.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

Interim dividends per share were paid as follows:

2.365 p	- 19th April 2006
2.365 p	- 15th May 2006
2.365 p	- 21st June 2006
2.365 p	- 10th July 2006
2.365 p	- 2nd August 2006
2.365 p	- 20th September 2006
2.365 p	- 18th October 2006
2.365 p	- 17th November 2006
2.365 p	- 18th December 2006
2.365 p	- 12th January 2007
2.365 p	- 7th February 2007
2.365 p	- 20th March 2007
<u>28.380 p</u>	

The director recommends that no final dividend be paid.

The total distribution of dividends for the year ended 31st March 2007 will be £42,000.

FUTURE DEVELOPMENTS

The director does not envisage any material future developments but in view of the continuing net growth in the number of clients it is expected that a satisfactory rate of expansion of the business will continue to be enjoyed.

DIRECTOR

M S Matthews was the sole director during the year under review.

His beneficial interest in the issued share capital of the company was as follows:

	31.3.07	1.4.06
Ordinary £1 shares	74,000	74,000

ON BEHALF OF THE BOARD:


.....
M S Matthews - Director

Date: 8 MAY 2007

MSM INDEPENDENT FINANCIAL SERVICES LTD**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2007**

	Notes	2007 £	2006 £
TURNOVER		163,379	160,380
Administrative expenses		<u>(109,897)</u>	<u>(99,399)</u>
OPERATING PROFIT	3	53,482	60,981
Interest receivable and similar income		<u>1,665</u>	<u>1,104</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		55,147	62,085
Tax on profit on ordinary activities	4	<u>(11,588)</u>	<u>(13,139)</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		43,559	48,946
RETAINED PROFIT FOR THE YEAR		<u>43,559</u>	<u>48,946</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year.

MSM INDEPENDENT FINANCIAL SERVICES LTD
**BALANCE SHEET
31ST MARCH 2007**

	Notes	2007 £	2006 £
FIXED ASSETS			
Intangible assets	6	115,879	122,696
Tangible assets	7	2,341	3,123
		<u>118,220</u>	<u>125,819</u>
CURRENT ASSETS			
Debtors	8	10,184	10,132
Cash at bank		49,458	41,510
		<u>59,642</u>	<u>51,642</u>
CREDITORS			
Amounts falling due within one year	9	(14,479)	(15,637)
NET CURRENT ASSETS		<u>45,163</u>	<u>36,005</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>163,383</u>	<u>161,824</u>
CAPITAL AND RESERVES			
Called up share capital	10	148,000	148,000
Profit and loss account	11	15,383	13,824
SHAREHOLDERS' FUNDS	14	<u>163,383</u>	<u>161,824</u>

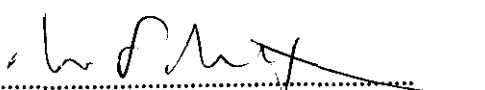
The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 31st March 2007.

The members have not required the company to obtain an audit of its financial statements for the year ended 31st March 2007 in accordance with Section 249B(2) of the Companies Act 1985.

The director acknowledges his responsibilities for:

- ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

ON BEHALF OF THE BOARD:


.....
M S Matthews - Director

Approved by the Board on 8 MAY 2007

MSM INDEPENDENT FINANCIAL SERVICES LTD

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2007**

	Notes	2007 £	2006 £
Net cash inflow from operating activities	1	60,530	66,617
Returns on investments and servicing of finance	2	1,665	1,104
Taxation		(12,923)	(10,505)
Capital expenditure	2	-	(315)
Equity dividends paid		(42,000)	(38,000)
		<u>7,272</u>	<u>18,901</u>
Financing	2	<u>676</u>	<u>715</u>
Increase in cash in the period		<u>7,948</u>	<u>19,616</u>
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
Increase in cash in the period		<u>7,948</u>	<u>19,616</u>
Change in net funds resulting from cash flows		<u>7,948</u>	<u>19,616</u>
Movement in net funds in the period		<u>7,948</u>	<u>19,616</u>
Net funds at 1st April		<u>41,510</u>	<u>21,894</u>
Net funds at 31st March		<u>49,458</u>	<u>41,510</u>

The notes form part of these financial statements

MSM INDEPENDENT FINANCIAL SERVICES LTD

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2007**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2007 £	2006 £
Operating profit	53,482	60,981
Depreciation charges	7,597	7,857
Increase in debtors	(50)	(1,693)
Decrease in creditors	(499)	(528)
Net cash inflow from operating activities	60,530	66,617

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2007 £	2006 £
Returns on investments and servicing of finance		
Interest received	1,665	1,104
Net cash inflow for returns on investments and servicing of finance	1,665	1,104
Capital expenditure		
Purchase of tangible fixed assets	-	(315)
Net cash outflow for capital expenditure	-	(315)
Financing		
Amount introduced by directors	676	715
Net cash inflow from financing	676	715

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.06 £	Cash flow £	At 31.3.07 £
Net cash:			
Cash at bank	41,510	7,948	49,458
	<u>41,510</u>	<u>7,948</u>	<u>49,458</u>
Total	41,510	7,948	49,458

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2007

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover represents income receivable from investment business services and sales. With regards to investment products that generate initial and/or renewable commission the former is recognised in the year in which the product is sold and the latter in the year in which it becomes payable.

A significant part of the company's turnover is represented by agency commission received in respect of life assurance, pension and investment products that have been recommended to its clients. However, as these products are marketed by different companies at various commission rates, and as the length of policies also vary, it is not practicable to state the full gross sales values of the products sold in this manner.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business at 1 April 2002, has been amortised in this period at 5% on a straight line basis.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery - 25% on reducing balance

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Other Operating Leases

The company writes off rentals incurred under any operating lease agreements over the period of each lease.

2. STAFF COSTS

	2007	2006
	£	£
Wages and salaries	37,031	31,138
Social security costs	2,406	1,799
Other pension costs	13,475	11,500
	<u>52,912</u>	<u>44,437</u>

The average monthly number of employees during the year was as follows:

	2007	2006
Office & management (incl. director)	<u>4</u>	<u>4</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2007

3. OPERATING PROFIT

The operating profit is stated after charging:

	2007 £	2006 £
Other operating leases	18,213	17,625
Depreciation - owned assets	781	1,041
Goodwill amortisation	6,816	6,816
Auditors' remuneration	1,557	451
	<u>8,277</u>	<u>4,860</u>
Director's emoluments		
	<u>8,277</u>	<u>4,860</u>

In addition to the remuneration disclosed above, the sole director received a contribution paid to his personal pension plan of £11,100 (2006 - £10,000).

4. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2007 £	2006 £
Current tax:		
UK corporation tax	11,588	13,139
	<u>11,588</u>	<u>13,139</u>
Tax on profit on ordinary activities		
	<u>11,588</u>	<u>13,139</u>

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2007 £	2006 £
Profit on ordinary activities before tax	55,147	62,085
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 - 30%)	16,544	18,626
Effects of:		
Timing differences relating to deferred tax (not provided) on capital allowances claims etc.	1,110	1,342
relating to disallowed Permanent differences arising on payment of corporation tax at small companies rate.	(6,066)	(6,829)
Current tax charge	<u>11,588</u>	<u>13,139</u>

5. DIVIDENDS

	2007 £	2006 £
Equity shares:		
Interim	42,000	38,000
	<u>42,000</u>	<u>38,000</u>

MSM INDEPENDENT FINANCIAL SERVICES LTD

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2007**

6. INTANGIBLE FIXED ASSETS

COST

At 1st April 2006
and 31st March 2007

Goodwill
£

136,328

AMORTISATION

At 1st April 2006
Amortisation for year

13,633

6,816

At 31st March 2007

20,449

NET BOOK VALUE

At 31st March 2007

115,879

At 31st March 2006

122,695

7. TANGIBLE FIXED ASSETS

COST

At 1st April 2006
and 31st March 2007

**Plant and
machinery**
£

5,664

**Computer
equipment**
£

2,085

Totals
£

7,749

DEPRECIATION

At 1st April 2006
Charge for year

3,645

505

982

276

4,627

781

At 31st March 2007

4,150

1,258

5,408

NET BOOK VALUE

At 31st March 2007

1,514

827

2,341

At 31st March 2006

2,019

1,103

3,122

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Trade debtors
Prepayments

2007
£

6,631

3,553

10,184

2006
£

6,600

3,532

10,132

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Tax
Directors' current accounts
Accrued expenses

2007
£

11,826

1,713

940

14,479

2006
£

13,161

1,037

1,439

15,637

MSM INDEPENDENT FINANCIAL SERVICES LTD

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2007**

10. CALLED UP SHARE CAPITAL

Authorised: Number:	Class:	Nominal value:	2007 £	2006 £
150,000	Ordinary	£1	<u>150,000</u>	<u>150,000</u>
Alotted, issued and fully paid: Number:	Class:	Nominal value:	2007 £	2006 £
148,000	Ordinary	£1	<u>148,000</u>	<u>148,000</u>

11. RESERVES

	Profit and loss account £
At 1st April 2006	13,824
Retained profit for the year	43,559
Dividends	<u>(42,000)</u>
At 31st March 2007	<u>15,383</u>

12. OTHER FINANCIAL COMMITMENTS

In December 2003 the company entered into a commitment for 15 years under a lease for its office premises at an annual rent of £17,625 and as at December 2006 it was increased to £19,388. This equates to a liability arising in the next year of that amount (17,625 - 2006) and of £77,550 (£70,500 - 2006) in years 2-5 after the year end. A further liability of £148,638 (£152,750 - 2006) will arise in respect of the period of years after year 5. Any rent reviews carried out during the term of the lease may amend the above stated liabilities.

13. TRANSACTIONS WITH DIRECTOR

The lessor of the office premises mentioned in the "other financial commitments" note, is the self investment pension plan set up for the benefit of the sole director.

The director uses his personal home as a place of work for which he received a contribution towards the running costs of the property of £663 (2006 £650).

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 £	2006 £
Profit for the financial year	43,559	48,946
Dividends	<u>(42,000)</u>	<u>(38,000)</u>
Share capital issued		
Net addition to shareholders' funds	<u>1,559</u>	<u>10,946</u>
Opening shareholders' funds	161,824	150,878
Closing shareholders' funds	<u>163,383</u>	<u>161,824</u>
Equity interests	<u>163,383</u>	<u>161,824</u>

MSM INDEPENDENT FINANCIAL SERVICES LTD

**REPORT OF THE ACCOUNTANTS TO THE DIRECTOR OF
MSM INDEPENDENT FINANCIAL SERVICES LTD**

As described on the balance sheet you are responsible for the preparation of the financial statements for the year ended 31st March 2007 set out on pages three to ten and you consider that the company is exempt from an audit.

In accordance with your instructions, we have compiled these unaudited financial statements in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.



Debit & Credit Limited
148 Machon Bank
SHEFFIELD
South Yorkshire
S7 1GR

Date: 9 May 2007