

4-20-04

**REPORT OF THE DIRECTOR AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2004
FOR
MSM INDEPENDENT FINANCIAL SERVICES LTD**



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MSM INDEPENDENT FINANCIAL SERVICES LTD

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FOR THE YEAR ENDED 31ST MARCH 2004**

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MSM INDEPENDENT FINANCIAL SERVICES LTD

**COMPANY INFORMATION
FOR THE YEAR ENDED 31ST MARCH 2004**

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)
AUDITORS:	Hawleys Limited - Chartered Accountants 135 Ecclesall Road South Ecclesall SHEFFIELD South Yorkshire S11 9PJ
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 2004

The director presents his report with the financial statements of the company for the year ended 31st March 2004.

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:

2.365p	- 24th April 2003
2.365p	- 20th May 2003
2.365p	- 20th June 2003
2.365p	- 17th July 2003
2.365p	- 18th August 2003
2.365p	- 8th September 2003
2.365p	- 8th October 2003
2.365p	- 14th November 2003
2.365p	- 17th December 2003
2.365p	- 15th January 2004
2.365p	- 13th February 2004
1.689p	- 22nd March 2004

27.704p

The director recommends a final dividend of 4.459p per share, making a total of 32.163p per share for the year ended 31st March 2004.

The total distribution of dividends for the year ended 31st March 2004 will be £47,600.

FUTURE DEVELOPMENTS

The director does not envisage any material future developments but in view of the continuing net growth in the number of company 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:

	31.3.04	1.4.03
Ordinary £1 shares	74,000	74,000

In accordance with the Articles of Association, M S Matthews will retire at the forthcoming Annual General Meeting, and being eligible, will stand for re-election.

NEW PREMISES

The director reports that the company's move to Doncaster into new larger premises in December 2003 was successful. See note 11 and note 12 to the financial statements.

MSM INDEPENDENT FINANCIAL SERVICES LTD

**REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31ST MARCH 2004**

STATEMENT OF 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 affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to

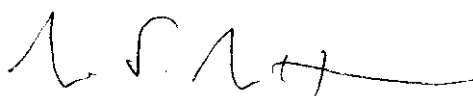
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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

The auditors, Hawleys Limited - Chartered Accountants, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



.....
M S Matthews - Director

Date: 23/07/04

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF MSM INDEPENDENT FINANCIAL SERVICES LTD

We have audited the financial statements of MSM Independent Financial Services Ltd for the year ended 31st March 2004 on pages six to fifteen. 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 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 director and auditors

As described on pages two and three the company's director is responsible for the preparation of 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 Report of the Director 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 Report of the Director 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, except that the scope of our work was limited as explained below.

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.

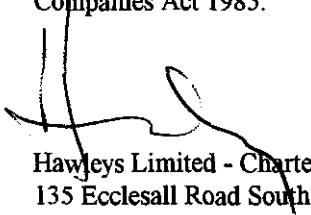
We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. We wish to bring attention to the notes to accounts which refer to a departure from the accounting standard relating to the amortisation of goodwill. In this instance, we agree with the directors opinion that the lack of any charge in the profit and loss account for the amortisation of goodwill, and the stating of goodwill at its full cost value in the balance sheet, are appropriate to this company.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
MSM INDEPENDENT FINANCIAL SERVICES LTD**

Opinion

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



Hawleys Limited - Chartered Accountants
135 Ecclesall Road South
Ecclesall
SHEFFIELD
South Yorkshire
S11 9PJ



23rd July 2004

MSM INDEPENDENT FINANCIAL SERVICES LTD

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2004**

		Year Ended 31.3.04	Period 13.11.01 to 31.3.03
	Notes	£	£
TURNOVER		125,290	109,478
Distribution costs		(28,103)	(26,868)
Administrative expenses		(39,248)	(25,884)
		57,939	56,726
Other operating income		235	-
OPERATING PROFIT	3	58,174	56,726
Interest receivable and similar income		352	65
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		58,526	56,791
Tax on profit on ordinary activities	4	(11,235)	(10,721)
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		47,291	46,070
Dividends	5	(47,600)	(45,000)
		(309)	1,070
Retained profit brought forward		1,070	-
RETAINED PROFIT CARRIED FORWARD		£761	£1,070

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES


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

MSM INDEPENDENT FINANCIAL SERVICES LTD

**BALANCE SHEET
31ST MARCH 2004**

		2004	2003
	Notes	£	£
FIXED ASSETS:			
Intangible assets	6	136,328	136,328
Tangible assets	7	3,600	3,306
		<u>139,928</u>	<u>139,634</u>
CURRENT ASSETS:			
Debtors	8	23,865	13,280
Cash at bank		4,205	7,917
		<u>28,070</u>	<u>21,197</u>
CREDITORS: Amounts falling due within one year	9	(19,237)	(11,761)
NET CURRENT ASSETS:		<u>8,833</u>	<u>9,436</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:		<u>£148,761</u>	<u>£149,070</u>
CAPITAL AND RESERVES:			
Called up share capital	10	148,000	148,000
Profit and loss account		761	1,070
SHAREHOLDERS' FUNDS:	13	<u>£148,761</u>	<u>£149,070</u>

ON BEHALF OF THE BOARD:



 M S Matthews - Director

Approved by the Board on 23/07/04

MSM INDEPENDENT FINANCIAL SERVICES LTD

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2004**

		Year Ended 31.3.04	Period 13.11.01 to 31.3.03
	Notes	£	£
Net cash inflow from operating activities	1	52,958	50,277
Returns on investments and servicing of finance	2	352	65
Taxation		(10,949)	-
Capital expenditure	2	(1,495)	(140,737)
Equity dividends paid		(41,000)	(45,000)
		(134)	(135,395)
Financing	2	(3,578)	143,312
(Decrease)/Increase in cash in the period		£(3,712)	£7,917
Reconciliation of net cash flow to movement in net funds	3		
(Decrease)/Increase in cash in the period		(3,712)	7,917
Change in net funds resulting from cash flows		(3,712)	7,917
Movement in net funds in the period		(3,712)	7,917
Net funds at 1st April		7,917	-
Net funds at 31st March		£4,205	£7,917

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 2004**

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

	Year Ended 31.3.04 £	Period 13.11.01 to 31.3.03 £
Operating profit	58,174	56,726
Depreciation charges	1,201	1,103
Increase in debtors	(7,007)	(8,592)
Increase in creditors	590	1,040
Net cash inflow from operating activities	52,958	50,277

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

	Year Ended 31.3.04 £	Period 13.11.01 to 31.3.03 £
Returns on investments and servicing of finance		
Interest received	352	65
Net cash inflow for returns on investments and servicing of finance	352	65
Capital expenditure		
Purchase of intangible fixed assets	-	(136,328)
Purchase of tangible fixed assets	(1,495)	(15,284)
Sale of tangible fixed assets	-	10,875
Net cash outflow for capital expenditure	(1,495)	(140,737)
Financing		
Amount withdrawn by directors	(3,578)	(4,688)
Cash receipt re share issue	-	148,000
Net cash (outflow)/inflow from financing	(3,578)	143,312

MSM INDEPENDENT FINANCIAL SERVICES LTD

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2004**

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.03	Cash flow	At 31.3.04
	£	£	£
Net cash:			
Cash at bank	<u>7,917</u>	<u>(3,712)</u>	<u>4,205</u>
	<u>7,917</u>	<u>(3,712)</u>	<u>4,205</u>
 Total	 <u>7,917</u>	 <u>(3,712)</u>	 <u>4,205</u>
 Analysed in Balance Sheet			
 Cash at bank	 <u>7,917</u>		 <u>4,205</u>
	<u>7,917</u>		<u>4,205</u>

MSM INDEPENDENT FINANCIAL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2004

1. ACCOUNTING POLICIES

Accounting convention

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

No provision for the amortisation of goodwill has been made this year (see note below). Whilst this is a departure from applicable accounting standards the director considers that this exception is appropriate. A full review of the value of goodwill is made each year and in the case of any diminution full provision will be made at that time.

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 not been amortised in this period as the director considers no deterioration in its value has taken place. Had the purchased goodwill been amortised over 20 years the profit for this year would have been decreased by £6,816 (2003 £6,816).

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.

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

	Year Ended 31.3.04 £	Period 13.11.01 to 31.3.03 £
Wages and salaries	28,359	27,388
Social security costs	1,651	1,486
Other pension costs	1,500	1,500
	<u>31,510</u>	<u>30,374</u>

MSM INDEPENDENT FINANCIAL SERVICES LTD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2004****2. STAFF COSTS - continued**

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

	Year Ended 31.3.04	Period 13.11.01 to 31.3.03
Office & management (incl. director)	<u>4</u>	<u>4</u>

The comparative figures for staff costs have been re-analysed so as to show the social security expense separately from the salaries.

3. OPERATING PROFIT

The operating profit is stated after charging:

	Year Ended 31.3.04 £	Period 13.11.01 to 31.3.03 £
Depreciation - owned assets	1,201	1,103
Auditors' remuneration	<u>1,975</u>	<u>-</u>
Directors' emoluments	<u>4,608</u>	<u>4,608</u>

4. TAXATION**Analysis of the tax charge**

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

	Year Ended 31.3.04 £	Period 13.11.01 to 31.3.03 £
Current tax: UK corporation tax	<u>11,235</u>	<u>10,721</u>
Tax on profit on ordinary activities	<u>11,235</u>	<u>10,721</u>

MSM INDEPENDENT FINANCIAL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2004

4. TAXATION - continued

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:

	Year Ended 31.3.04 £	Period 13.11.01 to 31.3.03 £
Profit on ordinary activities before tax	<u>58,526</u>	<u>56,791</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003 - 30%)	17,558	17,037
Effects of:		
Timing differences relating to deferred tax (not provided) on capital allowances claims.	(112)	(69)
Irreversible tax differences relating to disallowed expenses.	227	-
Permanent differences arising on payment of corporation tax at small companies rate.	<u>(6,438)</u>	<u>(6,247)</u>
Current tax charge	<u>11,235</u>	<u>10,721</u>

5. DIVIDENDS

	Year Ended 31.3.04 £	Period 13.11.01 to 31.3.03 £
Equity shares:		
Interim - share type 1	41,000	43,000
Final - share type 1	<u>6,600</u>	<u>2,000</u>
	<u>47,600</u>	<u>45,000</u>

6. INTANGIBLE FIXED ASSETS

	Goodwill £
COST:	
At 1st April 2003	
and 31st March 2004	<u>136,328</u>
NET BOOK VALUE:	
At 31st March 2004	<u>136,328</u>
At 31st March 2003	<u>136,328</u>

MSM INDEPENDENT FINANCIAL SERVICES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2004**

7. TANGIBLE FIXED ASSETS

	Plant and machinery	Computer equipment	Totals
	£	£	£
COST:			
At 1st April 2003	4,102	307	4,409
Additions	1,119	376	1,495
	<u> </u>	<u> </u>	<u> </u>
At 31st March 2004	5,221	683	5,904
	<u> </u>	<u> </u>	<u> </u>
DEPRECIATION:			
At 1st April 2003	1,026	77	1,103
Charge for year	1,049	152	1,201
	<u> </u>	<u> </u>	<u> </u>
At 31st March 2004	2,075	229	2,304
	<u> </u>	<u> </u>	<u> </u>
NET BOOK VALUE:			
At 31st March 2004	3,146	454	3,600
	<u> </u>	<u> </u>	<u> </u>
At 31st March 2003	3,076	230	3,306
	<u> </u>	<u> </u>	<u> </u>

**8. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2004	2003
	£	£
Trade debtors	7,036	4,130
Prepayments	8,563	4,462
Director's current account	8,266	4,688
	<u> </u>	<u> </u>
	23,865	13,280
	<u> </u>	<u> </u>

The comparative director's current account has been moved from a debit within creditors to debtors. Interest of 5.5% has been debited on the average outstanding balance. This loan was reduced to below the permitted director's loan limit of £5,000 by dividends paid after the balance sheet date.

**9. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2004	2003
	£	£
Dividend proposed	6,600	-
Taxation	11,007	10,721
Accrued expenses	1,630	1,040
	<u> </u>	<u> </u>
	19,237	11,761
	<u> </u>	<u> </u>

MSM INDEPENDENT FINANCIAL SERVICES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2004**

10. CALLED UP SHARE CAPITAL

Authorised: Number:	Class:	Nominal value:	2004 £	2003 £
150,000	Ordinary	£1	<u>150,000</u>	<u>150,000</u>

Allotted, issued and fully paid: Number:	Class:	Nominal value:	2004 £	2003 £
148,000	Ordinary	£1	<u>148,000</u>	<u>148,000</u>

11. 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. This equates to a liability arising in the next year of that amount and of £70,500 in years 2-5 after the year end. A further liability of £185,370 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

12. TRANSACTIONS WITH DIRECTOR

The following loan to a director subsisted during the year ended 31st March 2004:

	£
M S Matthews	
Balance outstanding at start of year	4,688
Balance outstanding at end of year	8,266
Maximum balance outstanding during year	<u>8,266</u>

The lessor of the office premises mentioned in note 11, is the self investment pension plan set up for the benefit of the sole director.

The director occasionally uses his personal home as a place of work for which he received a contribution towards the running costs of the property of £598 (2003 £572).

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Profit for the financial year	47,291	46,070
Dividends	(47,600)	(45,000)
	<u>(309)</u>	<u>1,070</u>
Share capital issued	-	148,000
	<u>(309)</u>	<u>149,070</u>
Net (reduction)/addition to shareholders' funds	149,070	-
Opening shareholders' funds		
Closing shareholders' funds	<u>148,761</u>	<u>149,070</u>
Equity interests	<u>148,761</u>	<u>149,070</u>