

Registration number 226865

J W GROUP LIMITED AND SUBSIDIARIES

Directors' report and financial statements

for the year ended 31 May 2004



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J W GROUP LIMITED AND SUBSIDIARIES

Company information

Directors	K Davie K Whittle R Young
Secretary	HBJ Secretarial Limited
Company number	226865
Date of Incorporation	11 January 2002
Registered office	Davidson House 57 Queen Charlotte Street Edinburgh EH6 7YD
Auditors	Barrie Scott & Co. 16-18 Weir Street FALKIRK FK1 1RA
Client code	5352A
Business address	Davidson House 57 Queen Charlotte Street Edinburgh EH6 7YD
Bankers	Clydesdale Bank plc 4 Bernard Street Leith Edinburgh EH6 6PX

J W GROUP LIMITED AND SUBSIDIARIES

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J W GROUP LIMITED AND SUBSIDIARIES

Directors' report for the year ended 31 May 2004

The directors present their report and the financial statements for the year ended 31 May 2004.

Principal activity and review of the business

The principal activity of the company is the holding of shares.

The J W Group Limited owns 100% of the ordinary share capital of J W Group Lowland Insurance Brokers Limited which was incorporated on the 16 November 1971.

The principal activity of this subsidiary company is that of general insurance brokers.

The J W Group Limited owns 91.50% of the ordinary share capital of J W Group Insurance & Risk Managers Limited, which was incorporated on the 4 May 2000.

The principal activity of this subsidiary company is that of general insurance brokers.

The J W Group Limited owns 75% of the ordinary share capital of J W Group Investment Strategies Limited, which was incorporated on the 3 November 1993.

The principal activity of this subsidiary company is the provision of financial services.

The J W Group Limited owns 73.2% of the ordinary share capital of J W Group Inspection Services Limited, which was incorporated on the 10 October 2002.

The principal activity of this subsidiary company is equipment testing and inspection.

Results and dividends

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

The directors have paid an interim dividend amounting to £152,360 and they do not recommend payment of a final dividend.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares		Preference shares	
	31/05/04	01/06/03	31/05/04	01/06/03
K Davie	1,000	1,000	300,000	300,000
K Whittle	1,000	1,000	300,000	300,000
R Young	1,000	1,000	-	-

Charitable and political contributions

During the year the company contributed £4,254 to charities.

Directors' responsibilities

Company law requires the directors 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 directors are 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.

J W GROUP LIMITED AND SUBSIDIARIES

Directors' report for the year ended 31 May 2004

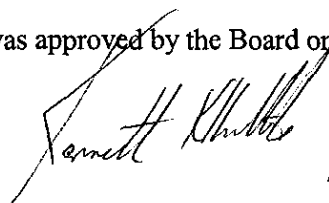
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

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

This report was approved by the Board on
K Whittle
Director

and signed on its behalf by



17th May 2005

J W GROUP LIMITED AND SUBSIDIARIES

Independent auditors' report to the shareholders of J W GROUP LIMITED AND SUBSIDIARIES

We have audited the financial statements of J W GROUP LIMITED AND SUBSIDIARIES for the year ended 31 May 2004 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets 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 directors and auditors

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

We read the directors' 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 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.

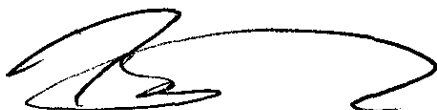
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

J W GROUP LIMITED AND SUBSIDIARIES

Independent auditors' report to the shareholders of J W GROUP LIMITED AND SUBSIDIARIES

Opinion

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



**Barrie Scott & Co.
Chartered Accountants and
Registered auditors**

**16-18 Weir Street
FALKIRK
FK1 1RA**

17 May 2005

J W GROUP LIMITED AND SUBSIDIARIES

Consolidated Profit and loss account for the year ended 31 May 2004

Continuing operations			
		Period ended 31/05/04	Period ended 31/05/03
	Notes	£	£
Turnover	2	3,086,964	2,966,125
Cost of sales		(34,081)	-
Gross profit		3,052,883	2,966,125
Administrative expenses		(2,568,913)	(2,947,203)
Operating profit	3	483,970	18,922
Other interest receivable and similar income	4	32,295	34,532
Interest payable and similar charges	5	(53,048)	(40,647)
Profit on ordinary activities before taxation		463,217	12,807
Tax on profit on ordinary activities	8	(132,801)	(31,423)
Profit/(loss) on ordinary activities after taxation		330,416	(18,616)
Minority interest		(20,392)	(3,203)
		310,024	(21,819)
Dividends (partly non-equity)	9	(152,360)	(127,025)
Retained profit/(loss) for the year		157,664	(148,844)

The notes on pages 10 to 30 form an integral part of these financial statements.

J W GROUP LIMITED AND SUBSIDIARIES

Consolidated Balance sheet as at 31 May 2004

		31/05/04		31/05/03	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	10		1,521,616		1,606,150
Tangible assets	11		462,987		466,704
Investments	12		3,596		3,596
			<u>1,988,199</u>		<u>2,076,450</u>
Current assets					
Debtors	13	825,336		780,984	
Cash at bank and in hand		<u>1,547,228</u>		<u>1,382,551</u>	
		2,372,564		2,163,535	
Creditors: amounts falling due within one year	14	<u>(3,115,265)</u>		<u>(2,809,581)</u>	
Net current liabilities			<u>(742,701)</u>		<u>(646,046)</u>
Total assets less current liabilities			1,245,498		1,430,404
Creditors: amounts falling due after more than one year	15		(272,143)		(693,468)
Provisions for liabilities and charges	16		<u>(13,044)</u>		<u>(9,371)</u>
Net assets			<u>960,311</u>		<u>727,565</u>
Capital and reserves					
Called up share capital	18		903,000		903,000
Share premium account	19		93,390		43,365
Revaluation reserve	19		81,185		81,185
Other reserves	19		24,661		24,661
Profit and loss account	19		<u>(230,957)</u>		<u>(388,621)</u>
			871,279		663,590
Minority interest			89,032		63,975
Shareholders' funds	20		<u>960,311</u>		<u>727,565</u>
Equity interests			60,311		(172,435)
Non-equity interests			<u>900,000</u>		<u>900,000</u>

The notes on pages 10 to 30 form an integral part of these financial statements.

J W GROUP LIMITED AND SUBSIDIARIES

The financial statements were approved by the Board on

and signed on its behalf by



K Davie
Director

17th May 2005

The notes on pages 10 to 30 form an integral part of these financial statements.

J W GROUP LIMITED

Balance sheet as at 31 May 2004

		31/05/04 2004		31/05/03 2003	
	Notes	£	£	£	£
Fixed assets					
Investments	12		2,020,496		2,061,934
			<u>2,020,496</u>		<u>2,016,934</u>
Current assets					
Debtors	13	-		90,000	
				<u>90,000</u>	
Creditors: amounts falling due within one year	14	936,126		675,025	
Net current liabilities			<u>936,126</u>		<u>585,025</u>
Total assets less current liabilities			1,084,370		1,476,909
Creditors: amounts falling due after more than one year	15		153,845		565,469
Net assets			<u>930,525</u>		<u>911,440</u>
Capital and reserves					
Called up share capital	18		903,000		903,000
Profit and loss account	19		27,525		8,440
Equity shareholders' funds	20		<u>930,525</u>		<u>911,440</u>
Equity interests			30,525		11,440
Non-equity interests			<u>900,000</u>		<u>900,000</u>

The financial statements were approved by the Board on

and signed on its behalf by


K Davie
Director

17th May 2005

The notes on pages 10 to 30 form an integral part of these financial statements.

J W GROUP LIMITED AND SUBSIDIARIES

Consolidated Cash flow statement for the year ended 31 May 2004

	Notes	Period ended 31/05/04 £	Period ended 31/05/03 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		483,970	18,922
Depreciation		200,784	233,940
(Increase) in debtors		32,895	(780,827)
(Decrease) in creditors		(119,636)	2,390,630
Net cash inflow from operating activities		<u>598,013</u>	<u>1,862,665</u>
Cash flow statement			
Net cash inflow from operating activities		598,013	1,862,665
Returns on investments and servicing of finance	22	(110,753)	(96,115)
Taxation	22	(33,985)	(18,167)
Capital expenditure	22	(60,431)	(1,713,091)
		392,844	35,292
Equity dividends paid		(62,360)	(37,025)
		330,484	(1,733)
Financing	22	224,763	1,609,153
Increase in cash in the year		<u>555,247</u>	<u>1,607,420</u>
Reconciliation of net cash flow to movement in net funds (Note 23)			
Increase in cash in the year		555,247	1,607,420
Cash inflow from decrease in debts and lease financing		(170,091)	(745,844)
Change in net funds resulting from cash flows		385,156	861,576
New finance leases and hire purchase contracts		(52,102)	(269,306)
Movement in net funds in the year		333,054	592,270
Net funds at 1 June 2003		560,461	(31,809)
Net funds at 31 May 2004		<u>893,515</u>	<u>560,461</u>

J W GROUP LIMITED AND SUBSIDIARIES

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

1. Accounting policies

1.1. Accounting convention

Group and J W Group Limited

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets .

The company has consistently applied all relevant accounting standards.

1.2. Turnover

Group and J W Group Limited

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

1.3. Goodwill

Group and J W Group Limited

J W Group Lowland Insurance Brokers Limited

Goodwill is written off in equal annual instalments over its estimated useful economic life of 20 years.

J W Group Insurance & Risk Managers Limited

Goodwill is written off in equal annual instalments over its estimated useful economic life of 20 years.

J W Group Investment Strategies Limited

Goodwill is written off in equal annual instalments over its estimated useful economic life of 20 years.

J W GROUP LIMITED AND SUBSIDIARIES

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

..... continued

1.4. Tangible fixed assets and depreciation

Group and J W Group Limited

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

Land and buildings

J W Group Lowland	-	Straight line over fifty years
Insurance Brokers Limited		

Fixtures, fittings and equipment

J W Group Lowland	-	25% reducing balance
Insurance Brokers Limited		

J W Group Insurance & Risk - Managers Limited	-	25% straight line
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J W Group Investment Strategies Limited	-	15% reducing balance
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Motor vehicles

J W Group Lowland	-	25% reducing balance
Insurance Brokers Limited		

J W Group Insurance & Risk - Managers Limited	-	25% straight line
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J W Group Investment Strategies Limited	-	25% reducing balance
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1.5. Leasing and hire purchase commitments

Group and J W Group Limited

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

1.6. Investments

Group and J W Group Limited

Fixed asset investments are stated at cost less provision for diminution in value.

1.7. Pensions

Group and J W Group Limited

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

J W GROUP LIMITED AND SUBSIDIARIES

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

..... continued

1.8. Deferred taxation

Group and J W Group Limited

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. Turnover

Group and J W Group Limited

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

	Period ended 31/05/04 £	Period ended 31/05/03 £
3. Operating profit		
Group		
Operating profit is stated after charging:		
Depreciation and other amounts written off intangible assets	84,534	84,534
Depreciation and other amounts written off tangible assets	114,005	131,707
Loss on disposal of tangible fixed assets	2,245	17,699
Auditors' remuneration	12,869	25,404

J W GROUP LIMITED AND SUBSIDIARIES

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

..... continued

	Period ended 31/05/04 £	Period ended 31/05/03 £
4. Interest receivable and similar income		
Group		
Bank interest	<u>32,295</u>	<u>34,532</u>
	Period ended 31/05/04 £	Period ended 31/05/03 £
5. Interest payable and similar charges		
Group		
Interest payable on loans < 1 yr	30,892	13,790
Lease finance charges and hire purchase interest	<u>22,156</u>	<u>26,857</u>
	<u>53,048</u>	<u>40,647</u>
6. Employees		
Group		
	Period ended 31/05/04	Period ended 31/05/03
Number of employees		
The average monthly numbers of employees (including the directors) during the year were:		
Staff	<u>80</u>	<u>70</u>
Employment costs	31/05/04 £	31/05/03 £
Wages and salaries	1,443,290	1,624,432
Social security costs	90,156	58,026
Other pension costs	<u>87,464</u>	<u>94,677</u>
	<u>1,620,910</u>	<u>1,777,135</u>

J W GROUP LIMITED AND SUBSIDIARIES

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

..... continued

	Period ended 31/05/04	Period ended 31/05/03
6.1. Directors' emoluments		
Group	£	£
Remuneration and other emoluments	121,358	244,585
Pension contributions	6,975	18,950
Compensation for loss of office	-	67,500
	<u>128,333</u>	<u>331,035</u>
 J W Group Limited		
Remuneration and other emoluments	-	-
Pension contributions	-	-
Compensation for loss of office	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

7. Pension costs

Group

The company operates a defined contribution pension scheme in respect of the directors and employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £87,464 (2003 - £94,677).

J W GROUP LIMITED AND SUBSIDIARIES

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

..... continued

8. Tax on profit on ordinary activities

Group

	Period ended 31/05/04 £	Period ended 31/05/03 £
Analysis of charge in period		
Current tax		
UK corporation tax	128,971	33,985
Adjustments in respect of previous periods	157	-
	<u>129,128</u>	<u>33,985</u>
Total current tax charge	<u>129,128</u>	<u>33,985</u>
Deferred tax		
Timing differences, origination and reversal	3,673	(2,562)
Total deferred tax	<u>3,673</u>	<u>(2,562)</u>
Tax on profit on ordinary activities	<u><u>132,801</u></u>	<u><u>31,423</u></u>

Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (19 per cent). The differences are explained below:

	2004 £	2003 £
Profit on ordinary activities before taxation	<u>453,437</u>	<u>12,807</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	90,242	1,825
Effects of:		
Expenses not deductible for tax purposes (primarily goodwill amortisation)	53,440	52,368
Capital allowances for period in excess of depreciation	(14,397)	(14,993)
Utilisation of tax losses	-	(5,215)
Adjustment to tax charge in respect of previous periods	(157)	-
Current tax charge for period	<u><u>129,128</u></u>	<u><u>33,985</u></u>
J W Group Limited		
Analysis of charge in period	31/05/04	31/05/03
	£	2003 £
Current tax		
UK corporation tax	84,266	8,379

J W GROUP LIMITED AND SUBSIDIARIES

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

..... continued

Total current tax charge	<u>84,266</u>	<u>8,379</u>
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Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (19 per cent). The differences are explained below:

	2004	2003
	£	£
Profit on ordinary activities before taxation	<u>247,351</u>	<u>138,319</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (31 May 2003 : 19%)	74,205	2,681
Effects of:		
Expenses not deductible for tax purposes (primarily goodwill amortisation)	10,061	10,498
Dividends received	-	28,400
Current tax charge for period	<u>84,266</u>	<u>8,379</u>

J W GROUP LIMITED AND SUBSIDIARIES

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

..... continued

	Period ended 31/05/04	Period ended 31/05/03
9. Dividends Group	£	£
Dividends on equity shares:		
Ordinary shares - interim paid	<u>62,360</u>	<u>37,025</u>
Dividends on non-equity shares:		
Preference shares - interim paid	<u>90,000</u>	<u>90,000</u>
Total dividends	<u>152,360</u>	<u>127,025</u>
J W Group Limited	£	£
Dividends on equity shares:		
Ordinary shares - interim paid	<u>52,262</u>	<u>31,500</u>
	<u>52,262</u>	<u>31,500</u>
Dividends on non-equity shares:		
Preference shares - interim paid	<u>90,000</u>	<u>90,000</u>
	<u>90,000</u>	<u>90,000</u>
Total dividends	<u>142,262</u>	<u>121,500</u>

J W GROUP LIMITED AND SUBSIDIARIES

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

..... continued

10. Intangible fixed assets Group

	Goodwill £	Total £
Cost		
At 1 June 2003	1,690,684	1,690,684
At 31 May 2004	<u>1,690,684</u>	<u>1,690,684</u>
Provision for diminution in value		
At 1 June 2003	84,534	84,534
Charge for year	<u>84,534</u>	<u>84,534</u>
At 31 May 2004	<u>169,068</u>	<u>169,068</u>
Net book values		
At 31 May 2004	<u>1,521,616</u>	<u>1,521,616</u>
At 31 May 2003	<u>1,606,150</u>	<u>1,606,150</u>

11. Tangible fixed assets

	Land and buildings freehold £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Group				
Cost/revaluation				
At 1 June 2003	142,500	649,247	65,476	857,223
Additions	-	77,954	80,918	158,872
Disposals	-	(286,798)	(10,976)	(297,774)
At 31 May 2004	<u>142,500</u>	<u>440,403</u>	<u>135,418</u>	<u>718,321</u>
Depreciation				
At 1 June 2003	4,245	364,526	21,748	390,519
On disposals	-	(244,512)	(4,678)	(249,190)
Charge for the year	<u>2,358</u>	<u>90,654</u>	<u>20,993</u>	<u>114,005</u>
At 31 May 2004	<u>6,603</u>	<u>210,668</u>	<u>38,063</u>	<u>255,334</u>
Net book values				
At 31 May 2004	<u>135,897</u>	<u>229,735</u>	<u>97,355</u>	<u>462,987</u>
At 31 May 2003	<u>138,255</u>	<u>284,721</u>	<u>43,728</u>	<u>466,704</u>

J W GROUP LIMITED AND SUBSIDIARIES

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

..... continued

Included above are assets held under finance leases or hire purchase contracts as follows:

Asset description	31/05/04		31/05/03	
	Net	Depreciation	Net	Depreciation
	book value	charge	book value	charge
	£	£	£	£
Equipment	109,096	54,550	163,647	54,550
Motor vehicles	71,763	15,922	37,634	12,545
	<u>180,859</u>	<u>70,472</u>	<u>201,281</u>	<u>67,095</u>

J W GROUP LIMITED AND SUBSIDIARIES

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

..... continued

12. Fixed asset investments	Listed investments £	Other unlisted investments £	Total £
Group			
Cost			
At 1 June 2003			
At 31 May 2004	254	3,342	3,596
	<hr/>	<hr/>	<hr/>
Net book values			
At 31 May 2004	254	3,342	3,596
	<hr/>	<hr/>	<hr/>
At 31 May 2003	254	3,342	3,596
	<hr/>	<hr/>	<hr/>

J W Group Limited

Subsidiary undertakings shares

Cost	
At 1 June 2003	2,061,934
	<hr/>
Provisions for diminution in value:	
Movement	41,438
	<hr/>
	41,438
	<hr/>
Net book values	
At 31 May 2004	2,020,496
	<hr/>
At 1 June 2003	2,061,934
	<hr/>

12.1. Fixed asset investments	31/05/04 £	31/05/03 £
Market valuation of listed investments	90	71
	<hr/>	<hr/>

J W GROUP LIMITED AND SUBSIDIARIES

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

..... continued

12.2. Holdings of 20% or more

J W Group Limited

The company holds 20% or more of the share capital of the following companies:

Company	Country of registration or incorporation	Nature of business	Shares held class	Proportion of shares held
Subsidiary undertaking				
J W Group Lowland Insurance Brokers Limited	Scotland	general insurance brokers	Ordinary	100%
J W Group Insurance & Risk Managers Limited	Scotland	general insurance brokers	Ordinary	91.5%
J W Group Investment Strategies Limited	Scotland	provision of financial services	Ordinary	75%
J W Group Inspection Services Limited	Scotland	Inspection services	Ordinary	73.2%

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
	£	£
J W Group Lowland Insurance Brokers Limited	189,500	61,807
J W Group Insurance & Risk Managers Limited	788,202	39,123
J W Group Investment Strategies Limited	76,612	56,805
J W Group Inspection Services Limited	14,428	14,328

J W GROUP LIMITED AND SUBSIDIARIES

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

..... continued

13. Debtors	31/05/04	31/05/03
	£	£
Group		
Trade debtors	793,808	753,049
Other debtors	2,499	490
Prepayments and accrued income	29,029	27,445
	<u>825,336</u>	<u>780,984</u>
J W Group Limited		
Amounts owed by group undertakings	-	90,000
	<u>-</u>	<u>90,000</u>

J W GROUP LIMITED AND SUBSIDIARIES

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

..... continued

14. Creditors: amounts falling due within one year	31/05/04 £	31/05/03 £
Group		
Bank overdraft	369,173	235,925
Bank loan	328,000	132,000
Net obligations under finance leases and hire purchase contracts	72,442	71,356
Trade creditors	1,741,226	1,850,862
Corporation tax	128,971	33,985
Other taxes and social security costs	44,247	32,951
Directors' accounts	13,195	30,952
Other creditors	322,006	33,640
Accruals and deferred income	96,005	387,910
	<u>3,115,265</u>	<u>2,809,581</u>
J W Group Limited		
Bank loan	328,000	132,000
Amounts owed to group undertaking	202,753	216,688
Corporation tax	84,266	8,379
Other creditors	314,433	314,433
Accruals and deferred income	6,674	3,525
	<u>936,126</u>	<u>675,025</u>

The Clydesdale Bank plc has a floating charge for all sums due or to become due together with cross guarantees between J W Group Limited, J W Group Insurance & Risk Managers Limited, J W Group Investment Strategies Limited and J W Group Lowland Insurance Brokers Limited. The Clydesdale Bank plc also hold assignation over Key Man cover totalling £995,000.00 and Skandia Life policy with the sum assured being £1m on each director together with standard security over 25-27 High Street, Jedburgh and 42 Bridge Street, Berwick Upon Tweed.

J W GROUP LIMITED AND SUBSIDIARIES

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

..... continued

15. Creditors: amounts falling due after more than one year	31/05/04 £	31/05/03 £
Group		
Bank loan	153,845	251,036
Other creditor	-	314,432
Net obligations under finance leases and hire purchase contracts	118,298	128,000
	<u>272,143</u>	<u>693,468</u>
Loans		
Repayable in one year or less, or on demand (Note 14)	328,000	132,000
Repayable between one and two years	-	446,433
Repayable between two and five years	-	119,036
	<u>328,000</u>	<u>697,469</u>
J W Group Limited		
Bank loan	153,845	251,036
Other creditor	-	314,432
	<u>153,845</u>	<u>565,469</u>
Loans		
Repayable in one year or less, or on demand (Note 14)	328,000	132,000
Repayable between one and two years	153,845	446,433
Repayable between two and five years	-	119,036
	<u>481,845</u>	<u>697,469</u>

J W GROUP LIMITED AND SUBSIDIARIES

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

..... continued

16. Provisions for liabilities and charges

	Total £
Group	
At 1 June 2003	9,371
Movements in the year	3,673
At 31 May 2004	<u>13,044</u>

17. Provision for deferred taxation	31/05/04 £	31/05/03 £
Group		
Accelerated capital allowances	<u>13,044</u>	<u>9,371</u>
Provision at 1 June 2003	9,371	
Deferred tax charge in profit and loss account	3,673	
Provision at 31 May 2004	<u>13,044</u>	

J W GROUP LIMITED AND SUBSIDIARIES

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

..... continued

18. Share capital	31/05/04	31/05/03
	£	£
Authorised		
3,000 Ordinary shares of £1 each	3,000	3,000
900,000 Preference shares of £1 each	900,000	900,000
	<u>903,000</u>	<u>903,000</u>
 Equity interest	 3,000	 3,000
Non-equity interest	<u>900,000</u>	<u>900,000</u>
Issued		
3,000 Ordinary shares of £1 each	3,000	3,000
900,000 Preference shares of £1 each	900,000	900,000
	<u>903,000</u>	<u>903,000</u>
 Equity interest	 3,000	 3,000
Non-equity interest	<u>900,000</u>	<u>900,000</u>

19. Equity Reserves	Share premium account £	Revaluation reserve £	Profit and loss account £	Capital redemption reserve £	Total £
Group					
At 1 June 2003	43,365	81,185	(388,621)	24,661	(239,410)
Premium on issue of shares	54,672				54,672
Retained profit/(loss) for the year			157,664		157,664
Minority interest	(4,647)	-	-	-	(4,647)
At 31 May 2004	<u>93,390</u>	<u>81,185</u>	<u>(230,957)</u>	<u>24,661</u>	<u>(31,721)</u>

J W GROUP LIMITED AND SUBSIDIARIES

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

..... continued

20. Reconciliation of movements in shareholders' funds	31/05/04	31/05/03
	£	£
Group		
Profit/(loss) for the year	310,024	(21,819)
Dividends	(152,360)	(127,025)
	<u>157,664</u>	<u>(148,844)</u>
Issue of non-equity shares	-	900,000
	<u>157,664</u>	<u>751,156</u>
Minority interest	25,057	63,975
Net proceeds of equity share issue	50,025	41,359
Purchase of own shares	-	(76,489)
Other recognised gains or losses	-	(350,454)
	<u>232,746</u>	<u>429,547</u>
Net addition to shareholders' funds	232,746	429,547
Opening shareholders' funds	<u>727,565</u>	<u>298,018</u>
Closing shareholders' funds	<u><u>960,311</u></u>	<u><u>727,565</u></u>
 J W Group Limited		
Profit/(loss) for the year	163,085	129,940
Dividends	144,000	121,500
	<u>19,085</u>	<u>8,440</u>
Issue of non-equity shares	-	900,000
	<u>19,085</u>	<u>908,440</u>
Net proceeds of equity share issue	-	3,000
	<u>19,085</u>	<u>911,440</u>
Opening shareholders' funds	<u>911,440</u>	<u>-</u>
	<u><u>930,525</u></u>	<u><u>911,440</u></u>

J W GROUP LIMITED AND SUBSIDIARIES

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

..... continued

21. Related party transactions

Group and J W Group Limited

J W Group Investment Strategies Limited, J W Group Insurance & Risk Managers Limited, J W Group Lowland Insurance Brokers Limited and J W Group Inspection Services Limited are deemed to be related parties of J W Group Limited by virtue of the fact that J W Group Limited and its directors have influence over the financial and operating policies of these companies.

J W Group Investment Strategies Limited

There were no related party transactions which require disclosure.

J W Group Insurance & Risk Managers Limited

There were no related party transactions which require disclosure.

J W Group Lowland Insurance Brokers Limited

There were no related party transactions which require disclosure.

J W Group Inspection Services Limited

There were no related party transactions which require disclosure.

J W GROUP LIMITED AND SUBSIDIARIES

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

..... continued

22. Gross cash flows

	31/05/04 £	31/05/03 £
Returns on investments and servicing of finance		
Interest received	32,295	34,532
Interest paid	(34,432)	(20,479)
Interest element of finance lease rental payments	(18,616)	(20,168)
Preference dividends paid	(90,000)	(90,000)
	<u>(110,753)</u>	<u>(96,115)</u>
Taxation		
Corporation tax paid	<u>(33,985)</u>	<u>(18,167)</u>
Capital expenditure		
Payments to acquire intangible assets	-	(1,690,684)
Payments to acquire tangible assets	(106,770)	(58,433)
Receipts from sales of tangible assets	46,339	36,026
	<u>(60,431)</u>	<u>(1,713,091)</u>
Financing		
Issue of ordinary share capital	54,672	41,359
Issue of preference share capital	-	900,000
Purchase of own shares	-	78,050
New long term bank loan	34,809	383,036
Other new long term loans	132,000	446,432
Other new short term loans	196,000	-
Repayment of short term bank loan	-	(5,946)
Repayment of other short term loans	(132,000)	-
Capital element of finance leases and hire purchase contracts	(22,314)	(21,241)
Capital element of finance lease contracts	(38,404)	(56,437)
	<u>224,763</u>	<u>1,609,153</u>

J W GROUP LIMITED AND SUBSIDIARIES

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

..... continued

23. Analysis of changes in net funds

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Cash at bank and in hand	1,382,551	164,677		1,547,228
Overdrafts	(235,925)	(133,248)		(369,173)
	<u>1,146,626</u>	<u>31,429</u>		<u>1,178,055</u>
Debt due within one year	178,659	(196,000)	-	(17,341)
Debt due after one year	(565,469)	(34,809)	523,819	(76,459)
Finance leases and hire purchase contracts	(199,356)	60,718	(52,102)	(190,740)
	<u>(586,166)</u>	<u>(170,091)</u>	<u>471,717</u>	<u>(284,540)</u>
Net funds	<u><u>560,460</u></u>	<u><u>(138,662)</u></u>	<u><u>471,717</u></u>	<u><u>893,515</u></u>