

**DOUGLAS DEAKIN YOUNG LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2005**



**Registered Number 1160766**

ANNUAL REPORT AND FINANCIAL STATEMENTS 2005

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**DOUGLAS DEAKIN YOUNG LIMITED**

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**DIRECTORS**

P J Field (Managing Director)

R E M Bland

S C Cowburn

M P Owen

M B Parden

N C Parrott

A T N Warner

**SECRETARY**

L M Gray

**REGISTERED OFFICE**

1 Hobart Place, London, SW1W 0HU

**AUDITORS**

Deloitte & Touche LLP

London

## DIRECTORS' REPORT

The directors present their report and the financial statements for the fifteen months ended 31 December 2005.

### Principal activity

Douglas Deakin Young Limited ("the Company") provides personal financial services, including investment management, personal financial planning, pension and tax consultancy. The directors do not anticipate any changes in the activities of the company in the foreseeable future.

### Adoption of International Financial Reporting Standards

The directors have elected to prepare the financial statements for Douglas Deakin Young Limited for the fifteen months ended 31 December 2005 in accordance with International Financial Reporting Standards ("UK IFRS"). The last financial standards prepared under United Kingdom Generally Accepted Accounting Principals ("UK GAAP") were for the year ended 30 September 2004 and the date of transition was therefore 1 October 2003.

### Results and dividends

The company made a profit after tax for the period of £563,274 (2004: £155,312). The appropriations from profit are shown in the statement of changes in equity on page 9. A final dividend of £475,000 was paid on 13 September 2005 (2004: £nil). The retained profit for the year of £88,274 (2004: £155,312) has been transferred to reserves.

### Shareholdings in the Company

	As at 31 December 2005	As at 30 September 2004
Mrs E L Botting	-	47,357
A T N Warner	-	25,730
A T N Warner (non-beneficial)	-	10,697
M P Owen	-	1,280
C J Ames	-	1,600
S C Cowburn	-	1,200

All interests are beneficial unless otherwise shown, and relate to ordinary shares of £1 each.

Neither at the end of the current or preceding period, nor at any time during the current or preceding period has any other director held a notifiable interest in the shares of the Company or any group company.

### Charitable donations

During the fifteen months ended 31 December 2005, the Company made charitable donations of £620 (2004: £945).

### Directors

The present Board is shown on page 2. Mrs E L Botting resigned as a director on 17 February 2005. P J Field, M B Parden and N C Parrot were appointed directors on 17 February 2005. C J Ames resigned as director on 31 December 2005. R E M Bland was appointed a director on 12 January 2006. All other directors served throughout the year and to date.

### Auditors

Deloitte & Touche LLP were appointed as auditors on 17 February 2005.

By order of the Board

L Gray  
Secretary



30 January 2006

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual report and the financial statements. The directors are required to prepare financial statements for the Company in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. Company law requires the directors to prepare such financial statements in accordance with IFRS, the Companies Act 1985 and Article 4 of the IAS Regulation.

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 International Financial Reporting Standards. 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 IFRS is 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  
Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report which comply with the requirements of the Companies Act 1985.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DOUGLAS DEAKIN YOUNG  
LIMITED**

We have audited the individual company financial statements (the "financial statements") of Douglas Deakin Young Limited ("the Company") for the fifteen months ended 31 December 2005 which comprise the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and the related notes 1 to 25. 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 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**

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 United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union. Our responsibility is to audit the financial statements in accordance with relevant 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 also report if, in our opinion, the directors' report is not consistent with the financial statements. We also report to you 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 and other members of the group is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**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 circumstances of the company, 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 International Financial Reporting Standards as adopted for use in the European Union, of the state of the Company's affairs as at 31 December 2005 and of the profit of the company for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Deloitte & Touche LLP

Chartered Accountants and Registered Auditors  
London

30 January 2006

**DOUGLAS DEAKIN YOUNG LIMITED**

**Income statement**

**For the fifteen months ended 31 December 2005**

	Note	15 months ended 31 December 2005 £	Year ended 30 September 2004 £
Fee and commission income		3,388,406	2,606,563
Other operating income	8	<u>52,783</u>	<u>20,638</u>
<b>Operating income</b>		<b>3,441,189</b>	<b>2,627,201</b>
Operating expenses	9	2,592,935	2,409,864
Depreciation		<u>89,401</u>	<u>73,844</u>
<b>Operating profit</b>		<b>758,853</b>	<b>143,493</b>
Loss on disposal of other investments		-	(1,627)
Interest receivable		66,588	31,208
Interest payable		-	(1,254)
<b>Profit before tax</b>		<b>825,441</b>	<b>171,820</b>
Tax	11	<u>262,167</u>	<u>16,508</u>
<b>Profit after tax</b>		<b><u>563,274</u></b>	<b><u>155,312</u></b>

All results are derived from continuing activities in respect of current and preceding periods.

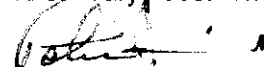
## DOUGLAS DEAKIN YOUNG LIMITED

## Balance sheet

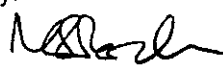
As at 31 December 2005

	Note	31 December 2005 £	30 September 2004 £
<b>Non-current assets</b>			
Tangible fixed assets	13	55,445	144,846
Investments	12	197	-
		<u>55,642</u>	<u>144,846</u>
<b>Current assets</b>			
Cash at bank		1,257,671	588,122
Short term treasury deposit		-	750,000
Other assets	14	855,628	399,430
		<u>2,113,299</u>	<u>1,737,552</u>
<b>Total assets</b>		<b>2,168,941</b>	<b>1,882,398</b>
<b>Current liabilities</b>			
Other liabilities	16	697,739	473,143
<b>Non-current liabilities</b>			
Provisions		-	26,327
<b>Total liabilities</b>		<b>697,739</b>	<b>499,470</b>
<b>Equity</b>			
Share capital	20	100,000	100,000
Reserves	23	1,371,202	1,282,928
<b>Total equity</b>		<b>1,471,202</b>	<b>1,382,928</b>
<b>Total equity and liabilities</b>		<b>2,168,941</b>	<b>1,882,398</b>

The financial statements were approved by the board of directors and authorised for issue on 30 January 2006. They were signed on its behalf by:



P J Field (Director)



M B Parden (Director)



DOUGLAS DEAKIN YOUNG LIMITED

Statement of changes in equity

For the fifteen months ended 31 December 2005

	15 months ended 31 December 2005 £	Year ended 30 September 2004 £
Brought forward	1,382,928	1,227,616
Profit on ordinary activities after tax	563,274	155,312
Dividends paid	(475,000)	-
Carried forward	1,471,202	1,382,928

## DOUGLAS DEAKIN YOUNG LIMITED

**Cash flow statement****For the fifteen months ended 31 December 2005**

	Note	15 months ended 31 December 2005 £	Year ended 30 September 2004 £
<b>Cash flows from operating activities</b>			
Operating profits		758,853	143,493
(Increase)/decrease in accrued income and prepayments		(340,847)	6,659
Increase in accruals and deferred income		4,525	193,543
Decrease in insurance claims		37,130	717,975
Depreciation		89,401	73,844
Decrease in provisions		(26,307)	(855,713)
<b>Cash generated from operations</b>		<b>522,755</b>	<b>279,801</b>
Taxation		(16,508)	(39,528)
<b>Cash flow from operating profits before changes in operating assets and liabilities</b>		<b>506,247</b>	<b>240,273</b>
Changes in operating assets and liabilities			
(Decrease)/increase in other assets		(152,521)	3,119
Decrease in other liabilities		(25,568)	(1,600)
<b>Net cash from operating activities</b>		<b>328,158</b>	<b>241,792</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment		-	(156,564)
Purchase of investments		(197)	-
<b>Net cash used in investing activities</b>		<b>(197)</b>	<b>(156,564)</b>
Dividends paid		(475,000)	-
Interest received		66,588	31,208
<b>Net cash from financing activities</b>		<b>(408,412)</b>	<b>31,208</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(80,451)</b>	<b>116,436</b>
Cash and cash equivalents at beginning of year		1,338,122	1,221,686
Cash and cash equivalents at end of year	24	<b>1,257,671</b>	<b>1,338,122</b>

## Notes to the Accounts

For the period ended 31 December 2005

### Adoption of International Financial Reporting Standards

In the current period, the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2005. The Company's accounting period commenced on 1 October 2004 and the Directors have adopted the Standards from that date. The adoption of these new and revised Standards and Interpretations has resulted in changes to the Company's accounting policies in the following area that had affected the amounts reported for the current or prior years:

- accounting for consultancy fees

The impact of these changes in accounting policies is discussed in detail in note 25.

#### 1. Summary of significant accounting policies

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.

##### 1.1 Basis of presentation

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the notes to the financial statements.

##### 1.2 Investment in subsidiaries

###### (a) Exemption from preparing consolidated financial statements

The company has taken advantage of the exemption available under IAS 27 *Consolidated and Separate Financial Statements* not to prepare consolidated financial statements. The name and address of the ultimate holding company which prepares its consolidated financial statements under International Financial Reporting Standards (which are publicly available) are detailed in note 22. In addition, the company is not required to prepare consolidated accounts in accordance with the Companies Act 1985 on the basis that the company is itself a subsidiary of a company which prepares consolidated accounts. Therefore, these financial statements present information about the individual undertaking only and not about its group.

###### (b) Investments in subsidiaries

Investments in subsidiaries are included in the balance sheet at cost less provision for impairment.

**Notes to the Accounts**

**For the period ended 31 December 2005**

**1. Accounting Policies (continued)**

**1.3 Segment reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

**1.4 Foreign currency translation**

**(a) Functional and presentation currency**

These financial statements are presented in pounds sterling. This is the functional currency because this is the currency of the primary economic environment in which the Company operates.

**(b) Transactions and balances**

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The financial statements are presented in pounds sterling, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using 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 at year-end of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

**Notes to the Accounts**  
**For the period ended 31 December 2005**

**Accounting Policies (continued)**

**1.5 Fee and commission income**

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Portfolio and other advisory and service fees are recognised based on the applicable service contracts, usually on a time-apportioned basis. Investment management fees are recognised rateably over the period the service is provided. The same principle is applied for custody and consultancy services that are continuously provided over an extended period of time.

**1.6 Financial assets**

The Company classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

**(a) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable.

**(b) Available-for-sale**

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Purchases and sales of financial assets available-for-sale are recognised on a "trade-date" basis, being the date on which the Company commits to purchase or sell the asset. Loans are recognised when cash is advanced to the borrowers. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all risks and rewards of ownership.

**Notes to the Accounts**

**For the period ended 31 December 2005**

**1. Accounting Policies (continued)**

**1.6 Financial Assets (continued)**

Available-for-sale financial assets are carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity should be recognised in profit or loss. However, interest calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the entity's right to receive payment is established.

The fair value of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

**1.7 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**Notes to the Accounts**

**For the year ended 31 December 2005**

**1. Accounting Policies (continued)**

**1.8 Impairment of financial assets**

**(a) Assets carried at amortised cost**

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial assets or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

**Notes to the Accounts**

**For the period ended 31 December 2005**

**1. Accounting Policies (continued)**

**1.8 Impairment of financial assets (continued)**

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Company and historical loss experience for assets with credit risk characteristics similar to those in the Company. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.



**Notes to the Accounts**

**For the period ended 31 December 2005**

**1. Accounting Policies (continued)**

**1.8 Impairment of financial assets (continued)**

**(b) Assets carried at fair value**

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the income statement.

## Notes to the Accounts

For the period ended 31 December 2005

### 1. Accounting Policies (continued)

#### 1.9 Property, plant and equipment

Land and buildings comprise mainly offices. All property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold improvements	Over the period of the lease
Fixtures, fittings and equipment	5 – 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

#### 1.10 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with banks with less than three months' maturity.

#### 1.11 Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

**Notes to the Accounts**

**For the period ended 31 December 2005**

**1. Accounting Policies (continued)**

**1.12 Employee benefits**

**(a) Pension Obligations**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**1.13 Deferred income tax**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from depreciation of property and equipment, revaluation of certain assets and liabilities including derivative contracts, provisions for pensions and other post-retirement benefits and tax losses carried forward; and, in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax base. The rates enacted or substantively enacted at the balance sheet date are used to determine deferred income tax. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising from investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probably that the difference will not reverse in the foreseeable future.

Income tax payable on profits, based on the applicable tax law in each jurisdiction, is recognised as an expense in the period in which profits arise. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax related to fair value re-measurement of available-for-sale investments, which are charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the income statement together with the deferred gain or loss.

**Notes to the Accounts**

**For the period ended 31 December 2005**

**1. Accounting Policies (continued)**

**1.14 Operating leases**

Rentals payable under operating leases are charged to income on a straight line basis over the term of the relevant lease.

**1.15 Fiduciary activities**

The Company commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Company.

**1.16 Comparatives**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

**1.17 Critical accounting estimates and judgements**

*Critical judgements in applying the company's accounting policies*

In the process of applying the company's accounting policies, which are described in note 1, management made the following judgement that has the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with separately below):

**Revenue recognition**

Note 1.5 describes the revenue recognition accounting policy applicable to providing consultancy services. Such services are provided to clients throughout the financial year, and are invoiced on a regular basis. Management have been required to consider at what stage the provision of such services should be accounted for as revenue in the income statement. In making its judgement, management considered the detailed criteria for the recognition of revenue from the rendering of services set out in IAS 18 *Revenue* and, in particular, the stage of completion of the provision of services.

*Key source of estimation uncertainty*

The key assumption and source of estimation uncertainty at the balance sheet date, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is discussed below:

**Allowances against trade receivables**

As described in note 1, it is the company's policy to make appropriate allowances for estimated irrecoverable amounts when there is objective evidence that trade receivables are impaired. In determining the allowance at the balance sheet date, management have been required to consider each individual trade receivable and the history of trade receivables written off in prior years.

**Notes to the Accounts**

**For the period ended 31 December 2005**

**1. Accounting Policies (continued)**

**2. Risk Management**

Douglas Deakin Limited (the "Company") maintains policies covering the risks faced by the Company and the controls and processes in place to identify and assess such risks. Certain of the policies also detail how these risks should be monitored, controlled and mitigated.

The Company also maintains an overall policy on risks faced. The purpose of the policy on overall risk is to set out the overall processes and mechanisms for monitoring and controlling risks identified in accordance with the policies on risk maintained by the Company. To this end the Company maintains an "At Risk Register" and "Risk Matrix".

The Company delegates the responsibility of the management of risk to the Executive Directors who meet on a quarterly basis as a Risk Committee.

**3. Operational Risk**

The Company identifies, assesses, monitors and controls operational risk in accordance with the overall risk policies and other risk policies outlined above.

**4. Fair Value of financial assets and liabilities**

The fair value of financial assets and liabilities held on balance sheet are equal to their carrying value.

**5. Market risk**

Market risk arises on investments as detailed in note 5. The Company does not use sensitivity analysis or Value at Risk to monitor these exposures.

**DOUGLAS DEAKIN YOUNG LIMITED**

**Notes to the Accounts**  
**For the period ended 31 December 2005**

**6. Maturity analysis**

The tables below analyse the Company's assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

**Liquidity risk at 31 December 2005**

	Undated	Repayable on demand	Total
	£	£	£
<b>Assets</b>			
Tangible fixed assets	55,445	-	55,445
Investments	197	-	197
Cash in hand	-	1,257,671	1,257,671
Other assets	855,628	-	855,628
<b>Total assets</b>	<b>911,270</b>	<b>1,257,671</b>	<b>2,168,941</b>
Other liabilities	697,739	-	697,739
<b>Total liabilities</b>	<b>697,739</b>	<b>-</b>	<b>697,739</b>
Reserves	1,371,202	-	1,371,202
Called up share capital	100,000	-	100,000
<b>Net liquidity gap</b>	<b>(1,257,671)</b>	<b>1,257,671</b>	<b>-</b>

**Liquidity risk at 30 September 2004**

	Undated	Repayable on demand	Less than 1 month	Total
	£	£	£	£
<b>Assets</b>				
Tangible fixed assets	144,846	-	-	144,846
Cash in hand	-	588,122	-	588,122
Short term treasury deposits	-	-	750,000	750,000
Other assets	399,430	-	-	399,430
<b>Total assets</b>	<b>544,276</b>	<b>588,122</b>	<b>750,000</b>	<b>1,737,552</b>
Other liabilities	473,143	-	-	473,143
Provisions for liabilities and charges	26,327	-	-	26,327
<b>Total liabilities</b>	<b>499,470</b>	<b>-</b>	<b>-</b>	<b>499,470</b>
Reserves	1,282,928	-	-	1,282,928
Called up share capital	100,000	-	-	100,000
<b>Net liquidity gap</b>	<b>(1,338,122)</b>	<b>588,122</b>	<b>750,000</b>	<b>-</b>

**Notes to the Accounts****For the period ended 31 December 2005****7. Segmental Reporting**

The business is comprised of one segment, being the provision of personal financial services in the UK.

**8. Other operating income**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Employment business income	21,655	20,638
Other income	31,128	-
<b>Total</b>	<b>52,783</b>	<b>20,638</b>

**9. Operating expenses**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Staff costs		
- wages	1,403,680	1,126,631
- social security costs	155,065	163,342
- other pension costs	142,597	87,156
Other administrative expenses	668,569	716,939
Operating lease payments	173,820	279,855
Auditor's remuneration – audit services	40,000	29,466
Remuneration paid to auditors for non-audit work	9,204	6,475
<b>Total</b>	<b>2,592,935</b>	<b>2,409,864</b>

**10. Average number of employees**

The average number of persons employed by the Company during the year was made up as follows:

	<b>2005</b>	<b>2004</b>
Directors	7	5
Employment business staff	10	10
Technical & Management	12	12
Other staff	11	13
<b>Total</b>	<b>40</b>	<b>40</b>

## Notes to the Accounts

For the period ended 31 December 2005

## 11. Corporation tax expense

	2005 £	2004 £
<b>Current tax</b>		
UK corporation tax charge at 19% (2004 – 19%)	15,447	16,508
UK corporation tax charge at 30%	246,720	-
Under/(over) provision in prior years	-	-
<b>Deferred tax</b>		
Deferred Tax charge	-	-
<b>Total</b>	<b>262,167</b>	<b>16,508</b>

The current tax charge differs from 30% (2004 30%) for the reasons set out in the following reconciliation

	2005 £	2004 £
<b>Profit on ordinary activities before tax</b>	825,441	171,820
Tax on profit on ordinary activities at standard rate	247,632	51,546
<b>Factors affecting charge</b>		
Capital allowances exceeding depreciation and other timing differences	-	(26,795)
Timing differences on adjustments relating to IFRS	23,478	-
Small companies relief	(8,943)	(9,557)
Disallowed expenses	-	1,314
Under/(over) provision in prior years	-	-
<b>Current tax charge for the year</b>	<b>262,167</b>	<b>16,508</b>



# DOUGLAS DEAKIN YOUNG LIMITED

## Notes to the Accounts

For the period ended 31 December 2005

### 12. Investments

	Listed investments	Subsidiaries	Total
	£	£	£
<b>Cost</b>			
As at 1 October 2004	5,501	100	5,601
Additions	197	-	197
Disposals	-	-	-
As at 31 December 2005	<u>5,698</u>	<u>100</u>	<u>5,798</u>
<b>Provisions for impairment</b>			
As at 1 October 2004	(5,501)	(100)	(5,601)
Provided in the year	-	-	-
Disposals	-	-	-
As at 31 December 2005	<u>(5,501)</u>	<u>(100)</u>	<u>(5,601)</u>
<b>Net book value</b>			
As at 31 December 2005	<u>197</u>	<u>-</u>	<u>197</u>
As at 31 October 2004	<u>-</u>	<u>-</u>	<u>-</u>

The market value of Listed investments at 31 December 2005 was £8,321 (30 September 2004 - £1,750). All the listed investments were dealt on a UK recognised stock exchange.

### Subsidiary Companies

The following list comprises subsidiary companies held at 31 December 2005 each of which is registered in England and Wales, and was dormant throughout the year. Each of the subsidiary companies has only ordinary share capital in issue which is wholly owned by Douglas Deakin Young Ltd.

Douglas Deakin Young (Trustee Corporation) Limited

DDY Nominees Limited

DDY GP Nominees Limited

DDY ISA Nominees Limited

**DOUGLAS DEAKIN YOUNG LIMITED**

**Notes to the Accounts**

**For the period ended 31 December 2005**

**13. Tangible fixed assets**

	Short leasehold premises	Fixtures fittings & equipment	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
As at 1 October 2004	17,170	483,475	12,339	512,984
Disposals	-	-	(12,339)	(12,339)
As at 31 December 2005	17,170	483,475	-	500,645
<b>Depreciation and amortisation</b>				
As at 1 October 2004	3,434	352,365	12,339	368,138
Charge for the year	13,736	75,665	-	89,401
Disposals	-	-	(12,339)	(12,339)
As at 31 December 2005	17,170	428,030	-	445,200
<b>Net book value</b>				
<b>As at 31 December 2005</b>	-	55,445	-	55,445
<b>As at 30 September 2004</b>	13,736	131,110	-	144,846

**DOUGLAS DEAKIN YOUNG LIMITED**

**Notes to the Accounts**

**For the period ended 31 December 2005**

**14. Other assets**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Trade debtors	141,471	79,820
Insurance claims	-	37,130
Other debtors	98,998	8,128
Prepayments and accrued income	615,159	274,352
<b>Total</b>	<b>855,628</b>	<b>399,430</b>

**15. Related party disclosures**

Cash in hand includes £975,687 (2004: £nil) in respect of monies held with a fellow subsidiary undertaking, Duncan Lawrie Limited.

**Directors' loans**

	<b>Aggregate amount outstanding 2005 £</b>	<b>Number of persons 2005 £</b>	<b>Aggregate amount outstanding 2004 £</b>	<b>Number of persons 2004 £</b>
Directors – loans	1,115	2	2,067	3

**Directors' remuneration**

	<b>2005 £</b>	<b>2004 £</b>
Emoluments of the directors:		
Remuneration	445,774	393,409
Pension scheme contributions	51,180	43,861
	<u>496,954</u>	<u>437,270</u>
 Remuneration of the highest paid director (excluding pension scheme contributions)	 <u>119,000</u>	 <u>98,704</u>

## Notes to the Accounts

For the period ended 31 December 2005

## 16. Other liabilities

	2005	2004
	£	£
Trade creditors	-	8,514
Pension review liabilities	88,176	52,130
Other creditors	6,000	97,269
Corporation tax	262,167	16,508
Social security and other taxes	159,596	121,447
Accruals and deferred income	181,800	177,275
<b>Total</b>	<b>697,739</b>	<b>473,143</b>

## 17. Deferred Income taxes

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30% (2004 30%). No deferred tax assets or liabilities were recognised at the end of the current or previous year.

## 18. Retirement benefit schemes

The Company operates a separate money purchase pension schemes with entry at the discretion of the company. Both are fully insured defined contribution schemes managed by independent pension providers. As at 31 December 2005, contributions of £nil (2004: £21,000) due in respect of the current reporting year had not been paid over to the scheme.

Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

## 19. Contingent liabilities

Zero Dividend Preference Shares of Investment Trusts were originally recognised across the investment industry as being lower risk investments. The company advised clients on, and arranged investments in, Zero Dividend Preference Shares of Investment Trusts based on this understanding. The directors estimate that clients of the company have invested approximately £2,300,000 in Zero Dividend Preference Shares of Investment Trusts whose listing has been suspended.

The Financial Services Authority (FSA) has conducted an investigation into the activities of the split capital investment trust sector. On 24 December 2004, after negotiations with the FSA, eighteen Investment Trust companies (with their advisors and their professional indemnity insurers) agreed to contribute, without admission of liability, £194 million to a fund to pay compensation to individuals who held Zero Dividend Preference Shares of Investment Trusts in a specified list of Investment Trusts during the two year period ended 30 June 2002.

## Notes to the Accounts

For the period ended 31 December 2005

**19. Contingent liabilities (continued)**

The company and all eligible affected clients have applied for a distribution from the compensation fund on behalf of those nominee clients of the company who held Zero Dividend Preference Shares in the specified list of Investment Trusts during the two year qualifying period. If a client accepts an offer from the fund he will be required to accept this in full and final settlement of any claim relating to Zero Dividend Preference Shares of Investment Trusts. A client would be able, however, to decline compensation offered by the Fund and seek redress for inappropriate advice given by the company through the UK Financial Ombudsman Service or directly from the investment trust.

In the opinion of the directors the advice given by the company to its clients was reasonably based on information available and market opinion at the time, and no liability should attach to the company on the giving of this advice. In addition, given the fund which has been established by the FSA to deal with the redress, no provision has been made in these financial statements for the company to compensate any losses suffered by clients.

**20. Share capital**

	£
<b>Ordinary shares of £ 1 each:</b>	
Authorised at 31 December 2005 and 30 September 2004	<u>1,000,000</u>
Issued, allotted and fully paid:	
Balance as at 31 December 2005 and 30 September 2004	<u>100,000</u>

**21. Operating lease commitments**

	2005	2004
At the year end, annual commitments under non-cancellable operating leases for land & buildings were:		
Expiring:		
- in two to five years	<u>-</u>	<u>75,688</u>

## Notes to the Accounts

For the period ended 31 December 2005

**22. Parent company and ultimate parent company**

The immediate parent company of Douglas Deakin Young Limited as at 31 December 2005 was Duncan Lawrie Holdings Limited. The ultimate parent company as at 31 December 2005 was Camellia Holding AG. The parent undertaking of the largest group, which includes the company and for which group accounts are prepared, is Camellia Plc. The parent undertaking of the smallest group, which includes the company for which group accounts are prepared, is Duncan Lawrie Holdings Limited.

The Camellia Foundation is interested in a majority holding of Camellia Plc's issued ordinary share capital, which interest is held by Camellia Holding AG. The Camellia Foundation is a trust, the income of which is utilised for charitable, educational and humanitarian causes at the discretion of the trustees.

**23. Reserves and retained earnings**

	2005	2004
	£	£
Share premium account	1,460	1,460
Capital redemption reserve	834	834
Retained earnings	1,368,908	1,280,634
<b>Total</b>	<b>1,371,202</b>	<b>1,282,928</b>

Movements in retained earnings were as follows

	2005	2004
	£	£
<b>As at 1 October</b>	1,280,634	1,125,322
Dividend – paid	(475,000)	-
Net profit for the year	563,274	155,312
<b>As at 31 December/ 30 September</b>	<b>1,368,908</b>	<b>1,280,634</b>

**24. Cash and cash equivalents**

For the purpose of cash flow statement, cash and cash equivalents comprise the following balances with less than 90 days maturity:

	2005	2004
	£	£
Cash at bank	1,257,671	588,122
Short term treasury deposit	-	750,000
<b>Total</b>	<b>1,257,671</b>	<b>1,338,122</b>

## Notes to the Accounts

For the period ended 31 December 2005

## 25. Explanation of transition to International Financial Reporting Standards

This is the first year that the company has presented its financial statements under IFRS. The following disclosures are required in the year of transition. The last financial statements under UK GAAP were for the year ended 30 September 2004 and the date of transition was therefore 1 October 2003.

## Reconciliation of consolidated equity at 1 October 2003 (Date of transition to IFRS)

	Effects of transition to IFRS			Notes to the reconciliation
	UK GAAP	Balance Sheet Reclassification	Other effects of IFRS	
	£	£	£	£
<b>Assets</b>				
Tangible fixed assets	63,753	-	-	63,753
Work in progress	24,862	-	(24,862)	-
Cash in hand	721,686	-	-	721,686
Short term treasury deposit	500,000	-	-	500,000
Other assets	1,024,065	-	103,120	1,127,185
<b>Total assets</b>	<b>2,334,366</b>	<b>-</b>	<b>78,258</b>	<b>2,412,624</b>
<b>Liabilities</b>				
Other liabilities	1,158,335	-	-	1,158,335
Provisions	26,673	-	-	26,673
<b>Total liabilities</b>	<b>1,185,008</b>	<b>-</b>	<b>-</b>	<b>1,185,008</b>
<b>Equity</b>				
Called up share capital	100,000	-	-	100,000
Reserves	1,049,358	-	78,258	1,127,616
<b>Total equity</b>	<b>1,149,358</b>		<b>78,258</b>	<b>1,227,616</b>
<b>Total equity and liabilities</b>	<b>2,334,366</b>	<b>-</b>	<b>78,258</b>	<b>2,412,624</b>

Notes to the reconciliation of equity at 1 October 2003

- The company charges clients for the provision of consultancy services in arrears. Under UK GAAP, the income was accounted for on the basis of services charged during the year. An adjustment has been made to the financial statements with respect to IAS 18 *Revenue*, whereby revenue is recorded when the provision of services has taken place, irrespective of whether or not the services have been invoiced or charged. Work in progress was de-recognised on the same basis. No adjustment to tax has been made on the basis of brought forward tax losses.

## Notes to the Accounts

For the period ended 31 December 2005

## 25. Explanation of transition to International Financial Reporting Standards (continued)

## Reconciliation of equity at 30 September 2004

	Effects of transition to IFRS			IFRS	Notes to the reconciliation
	UK GAAP	Balance Sheet Reclassification	Other effects of IFRS		
	£	£	£	£	
<b>Assets</b>					
Tangible fixed assets	144,846	-	-	144,846	
Work in progress	21,742	-	(21,742)	-	1
Cash in hand	588,122	-	-	588,122	
Short term treasury deposit	750,000	-	-	750,000	
Other assets	299,430	-	100,000	399,430	
<b>Total assets</b>	<b>1,804,140</b>	<b>-</b>	<b>78,258</b>	<b>1,882,398</b>	
<b>Liabilities</b>					
Other liabilities	473,143	-	-	473,143	
Provisions	26,327	-	-	26,327	
<b>Total liabilities</b>	<b>499,470</b>	<b>-</b>	<b>-</b>	<b>499,470</b>	
<b>Equity</b>					
Called up share capital	100,000	-	-	100,000	
Reserves	1,204,670	-	78,258	1,282,928	1
<b>Total equity</b>	<b>1,304,670</b>	<b>-</b>	<b>78,258</b>	<b>1,382,928</b>	
<b>Total equity and liabilities</b>	<b>1,804,140</b>	<b>-</b>	<b>78,258</b>	<b>1,882,398</b>	

## Notes to the reconciliation of equity at 30 September 2004

- The company charges clients for the provision of consultancy services in arrears. Under UK GAAP, the income was accounted for on the basis of services charged during the year. An adjustment has been made to the financial statements with respect to IAS 18 *Revenue*, whereby revenue is recorded when the provision of services has taken place, irrespective of whether or not the services have been invoiced or charged. Work in progress was de-recognised on the same basis. No adjustment to tax has been made on the basis of brought forward tax losses.



## Notes to the Accounts

For the period ended 31 December 2005

## 25. Explanation of transition to International Financial Reporting Standards (continued)

## Reconciliation of profit for the year ended 30 September 2004

	UK GAAP Year ended 30.09.04 (Audited) £	Effect of transition to IFRS £	IFRS Year ended 30.09.04 (Audited) £
Fee and commission income	2,627,201	-	2,627,201
Other Operating Income	-	-	-
<b>Operating Income</b>	<b>2,627,201</b>	<b>-</b>	<b>2,627,201</b>
Operating expenses	2,409,864	-	2,409,864
Depreciation	73,844	-	73,844
Profit/(loss) on disposal of other investments	(1,627)	-	(1,627)
Interest receivable	31,208	-	31,208
Interest payable	(1,254)	-	(1,254)
<b>Profit before tax</b>	<b>171,820</b>	<b>-</b>	<b>171,820</b>
Tax	16,508	-	16,508
<b>Profit after tax</b>	<b>155,312</b>	<b>-</b>	<b>155,312</b>