

Dunedin Capital Partners Ltd

Report and Accounts

28 February 1998

 ERNST & YOUNG



IMP

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 28 February 1998.

RESULTS

The profit and loss account for the year is set out on page 5.

REVIEW OF ACTIVITIES

The company specialises in the management of unquoted investments. The level of business in the year was satisfactory and this is expected to continue for the foreseeable future.

FIXED ASSETS

The changes in fixed assets during the period are summarised in note 7.

DIVIDEND

The directors do not recommend a final ordinary dividend (1997: £580 per share) making a total dividend for the year of £149,000 (1997: £335,000) per ordinary share.

DIRECTORS

The directors of the company at 28 February 1998 were as follows:-

Mr S E C Miller (Chairman)
Miss H Bagan
Mr B Finlayson
Mr J E Jeffrey
Mr R Marshall

In accordance with the Articles of Association none of the directors retires by rotation.

DIRECTORS' INTERESTS

No director has any direct interest in the share capital of the company.

CHARITABLE DONATIONS

During the year the company made various charitable donations totalling £3,900.

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the Board

Graeme Murray

Secretary

Edinburgh

20TH May 1998

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, the directors are 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 accounts; and
- prepare the accounts 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 and to enable them to ensure that the accounts 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.

REPORT OF THE AUDITORS
to the members of Dunedin Capital Partners Limited

We have audited the accounts on pages 5 to 11, which have been prepared under the historical cost convention on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

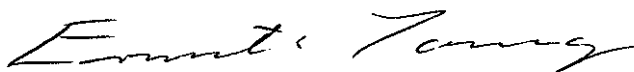
Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 28 February 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in cursive script, appearing to read 'Ernst & Young'.

Chartered Accountants
Registered Auditor
Edinburgh

20 May 1998

Dunedin Capital Partners Limited

PROFIT AND LOSS ACCOUNT for the year ended 28 February 1998

	Notes	1998 £	1997 £
TURNOVER	1	1,827,522	1,363,830
Less: Administrative expenses		1,046,700	1,068,012
OPERATING PROFIT	2	780,822	295,818
Gain on disposal of investments		9,784	31,482
Interest receivable		58,494	39,171
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		849,100	366,471
Tax on profit on ordinary activities	5	274,485	136,084
PROFIT FOR THE FINANCIAL YEAR		574,615	230,387
Dividend on equity shares	6	149,000	335,000
PROFIT/(LOSS) RETAINED FOR THE FINANCIAL YEAR		425,615	(104,613)
RETAINED PROFITS AT 1 MARCH 1997		173,008	277,621
Profit/(loss) for the financial year		425,615	(104,613)
RETAINED PROFITS AT 28 FEBRUARY 1998		598,623	173,008

All gains and losses arising during the year have been recognised in the profit and loss account and derive from continuing operations of the company.

Dunedin Capital Partners Limited

BALANCE SHEET at 28 February 1998

	Notes	1998 £	1997 £
FIXED ASSETS			
Tangible assets	7	66,098	55,715
Unlisted investments	8	15,829	19,384
		<u>81,927</u>	<u>75,099</u>
CURRENT ASSETS			
Debtors	9	69,162	119,069
Cash at bank and in hand		1,160,588	973,438
		<u>1,229,750</u>	<u>1,092,507</u>
CREDITORS: amounts falling due within one year	10	711,918	991,737
NET CURRENT ASSETS		<u>517,832</u>	<u>100,770</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>599,759</u>	<u>175,869</u>
PROVISIONS FOR LIABILITIES AND CHARGES	11	1,036	2,761
		<u>598,723</u>	<u>173,108</u>
CAPITAL AND RESERVES			
Called up share capital	12	100	100
Profit and loss account	13	598,623	173,008
EQUITY SHAREHOLDERS' FUNDS		<u>598,723</u>	<u>173,108</u>

W. H. H. H.

Director

20 May 1998

Dunedin Capital Partners Limited

NOTES TO THE ACCOUNTS

at 28 February 1998

1. ACCOUNTING POLICIES

Basis of preparation

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards and statements of recommended practice.

Taxation

The charge for taxation takes into account the timing differences in the accounting and taxation treatment of certain items to the extent that they are expected to reverse in the future.

Deferred taxation is provided on the liability method and takes into account recoverable Advance Corporation Tax.

Turnover

Turnover represents fee income for investment management services, exclusive of VAT, all of which derives from continuing operations arising in the United Kingdom.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life as follows:

Leasehold improvements	-	over 10 years
Fixtures and fittings	-	over 5 years
Computer equipment	-	over 2 years
Motor vehicles	-	over 4 years

Pensions

The company makes contributions to employees' private pension arrangements, all of which are with defined contribution schemes. Contributions are charged in the profit and loss account as they fall due.

2. OPERATING PROFIT

This is stated after charging:-	1998	1997
	£	£
Auditors' remuneration - audit services	2,850	3,300
- non audit services	12,139	7,190
Depreciation of owned assets	11,676	1,851
Operating lease rentals - plant and machinery	5,466	-
- land and buildings	19,021	8,167
Management charge payable to Edinburgh Fund Managers (former ultimate parent undertaking)	-	259,511

3. STAFF COSTS

	1998	1997
	£	£
Wages and salaries	670,990	385,816
Social security costs	62,711	37,637
Other pension costs	74,854	45,481
	808,555	468,934

The average monthly number of employees during the period was made up as follows:

	1998	1997
	£	£
Administration	8	8

Dunedin Capital Partners Limited

NOTES TO THE ACCOUNTS

at 28 February 1998

4. DIRECTORS' EMOLUMENTS

	1998 £	1997 £
Emoluments	534,739	452,441
Company contributions paid to money purchase pension schemes	59,308	43,952
Members of money purchase pension schemes	5	5

The amounts in respect of the highest paid director are as follows:

	1998 £	1997 £
Emoluments	135,902	109,321
Company contributions paid to money purchase pension schemes	16,213	12,157

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge is made up as follows:

	1998 £	1997 £
Based on the profit for year:		
Corporation tax - current year	258,648	118,352
- prior year	1,245	-
Group relief receivable	16,317	14,971
Deferred taxation (note 11)	(1,725)	2,761
	274,485	136,084

6. DIVIDEND

	1998 £	1997 £
Ordinary final dividend paid of £Nil per share - proposed	-	58,000
Ordinary interim dividend paid of £1,490 per share - paid	149,000	277,000
	149,000	335,000

Dunedin Capital Partners Limited

NOTES TO THE ACCOUNTS

at 28 February 1998

7. TANGIBLE FIXED ASSETS

	<i>Leasehold improvements</i>	<i>Fixtures and fittings</i>	<i>Computer equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£	£
Cost or valuation:					
At 1 March 1997	46,884	10,383	299	-	57,566
Additions	-	2,439	125	19,495	22,059
At 28 February 1998	46,884	12,822	424	19,495	79,625
Depreciation:					
At 1 March 1997	1,160	666	25	-	1,851
Provided during the year	4,689	2,334	186	4,467	11,676
At 28 February 1998	5,849	3,000	211	4,467	13,527
Net book value at 28 February 1998	41,035	9,822	213	15,028	66,098
Net book value at 1 March 1997	45,724	9,717	274	-	55,715

8. INVESTMENTS

	£
Unlisted, at cost	
At 1 March 1997	19,384
Disposals	(3,555)
At 28 February 1998	15,829

9. DEBTORS

	1998 £	1997 £
Trade debtors	7,863	6,148
Due from ultimate parent undertaking	9,131	-
Other Debtors	-	69,250
Prepayments and accrued income	52,168	43,671
	69,162	119,069

10. CREDITORS

	1998 £	1997 £
Trade creditors	16,041	16,419
Due to ultimate parent undertaking	-	167,087
Corporation tax	252,307	112,825
Other taxes and social security costs	164,319	168,496
Accruals & deferred income	54,251	293,910
Proposed dividend	-	58,000
Subordinated loan from parent undertaking	225,000	175,000
	711,918	991,737

NOTES TO THE ACCOUNTS
at 28 February 1998

11. PROVISIONS FOR LIABILITIES AND CHARGES

The movement in deferred taxation during the current and previous year is as follows:

	1998 £	1997 £
At 1 March 1997	2,761	-
(Credit)/charge for the year (note 5)	(1,725)	2,761
At 28 February 1998	1,036	2,761

Deferred taxation provided in the accounts is as follows:

	1998 £	1997 £
Capital allowances in advance of depreciation	1,672	2,761
Other timing differences	(636)	-
At 28 February 1998	1,036	2,761

12. CALLED UP SHARE CAPITAL

	1998 £	1997 £
<i>Authorised</i>		
100 ordinary shares of £1 each	100	100
<i>Allotted, called up and fully paid</i>		
100 ordinary shares of £1 each	100	100

13. RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS

	1998 £	1997 £
At 1 March 1997	173,108	277,721
Profit/(loss) for the year	425,615	(104,613)
At 28 February 1998	598,723	173,108

14. OTHER FINANCIAL COMMITMENTS

At 28 February the company had annual commitments under non-cancellable operating leases as set out below:

	Land and Buildings 1998 £	Other 1998 £	Land and Buildings 1997 £	Other 1997 £
Operating leases which expire:				
in two to five years	-	5,845	-	-
in over five years	24,500	-	10,208	-
	24,500	5,845	10,208	-

NOTES TO THE ACCOUNTS

at 28 February 1998

15. PARENT UNDERTAKINGS

The parent undertaking in whose accounts the company is consolidated is Dunedin Capital Holdings Limited, registered in Scotland. Copies of Dunedin Capital Holdings Limited's accounts can be obtained from Napier House, 27 Thistle Street, Edinburgh, EH2 1BT.

16. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in paragraph 3(e) of FRS8 from disclosing transactions with its parent undertaking, which is also its controlling party.