Speirs & Jeffrey Limited

Directors' report and financial statements

Registered number 98335

Period ended15 May 2009

Contents

Directors' report

The directors have pleasure in submitting their report to the members, together with audited financial statements, for the 53 weeks ended 15 May 2009.

Directors

The directors during the year were:

J.R. McCulloch (Chairman)
G.H.W. Waddell
W.G. Dickie
R.L. Crichton
M.J. Wilson
S.W.J. Mathieson
A.A.W. Waddell

Business review and principal activities

The company's sole activity remains stockbroking and related services.

Progress during the period was aided by a high level of corporate activity, including rights issues, whilst the impact of the global banking turmoil has taken almost a year to influence the wider economy. Radical changes to the capital gains tax rules produced an unexpected boost to trading activities. The reduction in interest income was a result of falling interest rates.

The profit after tax for the period was £1,478,000 *(2008: £817,000).* A dividend on the ordinary shares for the year of £21.2865 *(2008: £11.8125)* per share has been approved, leaving a balance of shareholders funds of £2,978,000 *(2008: £2,954,000)* to be carried forward.

The slowdown in the wider economy is beginning to have an impact on client confidence and consequently the level of transactions is expected to be lower. Concerns about tighter credit markets noted last year were premature but are now very real. Our primary objective remains the provision of a first class service to our clients.

We continue to see a greater acceptance from clients, existing and new, to the style of an annual management fee. Whilst we still, on balance, favour our traditional commission based structure there are signs of change. Our non-dealing income continues to benefit from increasing nominee activities as well as our management of ISAs.

We remain convinced of the benefits of our independent status which we believe is fundamentally attractive to our clients. We earnestly hope that regulation does nothing to prevent us continuing in this form.

Principal risks and uncertainties

The board carries out regular reviews of the risk environment. The main areas of risk identified by the board are:

Liquidity risk

This is the risk that the company does not have sufficient financial resources to enable it to meet its obligations as and when they fall due. The company operates with modest fixed cost commitments and aims to carry sufficient cash balances. There is no external debt.

Operation risk

This is the risk of loss arising from inadequate or failed internal processes, people or systems. The board regularly reviews the system of internal controls.

Directors' report *(continued)*

Business risk

This is the risk that the firm may not be able to carry out its business plan and strategy. The board regularly reviews the performance of all areas of the business.

Charitable donations

Charitable donations made by the company totalled £21,600 (*2008: £16,600)* during the year.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

In accordance with section 487 of the Companies Act 2006, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

S Math

S.W.J. Mathieson 16 July 2009
Director/Company Secretary
36 Renfield Street
Glasgow

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG Audit Plc
191 West George Street
Glasgow
G2 2LJ
United Kingdom

Independent auditors' report to the members of Speirs & Jeffrey Limited

We have audited the financial statements of Speirs & Jeffrey Limited for the period ended 15 May 2009 set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. 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 explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Boards (APB's) Ethical Standards for Auditors.

Scope of the audit if the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 15 May 2009 and of its profit for the period ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the period for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Speirs & Jeffrey Limited *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Simon Pashby

Simon Pashby (Senior Statutory Auditor)
for and on behalf of
KPMG Audit Plc, Statutory Auditor
Chartered Accountants
Glasgow

16 July 2009

Profit and loss account

	Note	53 weeks to 15 May 2009 £000	52 weeks to 9 May 2008 £000
Turnover		13,795	12,482
Interest received	2	463	693
		14,258	13,175
Salaries and employment costs	3	9,776	9,781
Other operating expenses	4	2,430	2,239
		12,206	12,020
Profit on ordinary activities before taxation		2,052	1,155
Tax on profit on ordinary activities	5	(574)	(338)
Profit for the financial period		1,478	817

A statement of recognised gains and losses is not presented as there are no gains or losses in the year other than the profit for the financial period.

Reconciliation of movement in shareholders' funds

	2009 £000	2008 £000
Profit for the financial period	1,478	817
Dividends	(1,454)	(807)
Balance brought forward	2,954	2,944
Balance carried forward	2,978	2,954
Shareholders' funds comprise:		
Equity	2,978	2,954

The notes on pages 9 to 13 form part of these financial statements.

Balance sheet

	Note	15 May 2009		9 May 2008	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	7		109		129
Investment in subsidiaries	8		-		-
Investment in shares	9		81		81
			190		210
Current assets					
Debtors - market and client balances		12,918		15,986	
- deferred taxation	10	75		49	
Bank balances and cash	11	14,070		13,962	
		27,063		29,997	
Creditors: amounts falling due within one year					
Market and client balances		13,872		16,906	
Bank overdraft	11	416		746	
Creditors and accruals	12	9,987		9,601	
		24,275		27,253	
Net current assets			2,788		2,744
Net assets			2,978		2,954
Capital and reserves					
Called up share capital	13		68		68
Capital redemption reserve	14		132		132
Profit and loss account			2,778		2,754
Shareholders' funds			2,978		2,954

The notes on pages 9 to 13 form part of these financial statements.

These financial statements were approved by the board of directors on 16 July 2009 and were signed on its behalf by:

J.R. McCulloch
Director

G.H.W. Waddell
Director

Cash flow statement

	53 weeks to 15 May 2009		52 weeks to 9 May 2008	
	£000	£000	£000	£000
Net cash inflow from operating activities				
Profit on ordinary activities before taxation	2,052		1,155	
Interest received	(463)		(693)	
Depreciation	63		58	
Change in net market and client balances	35		(41)	
Change in creditors	(454)		218	
		1,233		697
Returns on investment				
Interest received		463		693
UK corporation tax paid		(408)		(429)
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(43)		(139)	
Proceeds from sale of investment			-	
		(43)		(139)
Equity dividends paid		(807)		(807)
Net cash inflow		438		15
Net cash				
At beginning of period		13,216		13,201
Net inflow		438		15
At end of period		13,654		13,216

The notes on pages 9 to 13 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

(a) By virtue of the exemption contained in s405 of the Companies Act 2006, the company is not required to present consolidated financial statements on the basis that exclusion of the subsidiary undertakings has no material impact on the financial statements.

(b) The financial statements have been prepared in accordance with UK GAAP under the historical cost convention and in accordance with Companies Act 2006 and applicable accounting standards.

(c) Turnover comprises gross commission, ISA management fees and sundry income all of which arises in the UK.

(d) Depreciation is provided by the company to write off the cost of fixed tangible assets over their estimated useful economic lives as follows:

Office equipment - 25% straight line

(e) Except where otherwise required by accounting standards, full provision for deferred taxation without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date. A deferred taxation asset is recognised when it can be regarded as more likely than not that the asset is recoverable against suitable taxable profits.

(f) Balances on foreign currency transactions have been translated into pounds sterling at the rate of exchange ruling at the balance sheet date.

(g) Quoted and unquoted equity shares are carried at the lower of historical cost and realisable value.

2 Interest

	2009	2008
	£000	£000
Bank interest received	**463**	693

3 Salaries and employment costs

	2009	2008
	£000	£000
Salaries and commission	**8,407**	8,189
Social security costs	**972**	967
Pension costs	**397**	625
	9,776	9,781
Average number employed	**105**	108

Notes *(continued)*

Remuneration of directors

Directors' emoluments	**3,694**	3,790
Company contributions to defined contribution pension scheme	**120**	347
	3,814	4,137

The emoluments of the highest paid director were £714,000 (2008: £777,000). Nil contributions were made to defined contribution pension schemes by the company on his behalf. (2008: nil).

4. Other operating expenses

Other operating expenses include:

		2009 £000	2008 £000
Auditors' remuneration	- statutory audit of the company	**13**	13
	- audit of company's subsidiaries	**2**	2
	- other services pursuant to legislation	**14**	14
	- other services	**3**	3
	- tax services	**4**	4
Depreciation		**63**	58

5 Taxation

a) Analysis of charge in year:

	2009 £000	2008 £000
Current tax		
UK corporation tax at 28 % *(2008: 28%)* on profits of the period	**600**	327
Deferred tax		
Timing differences	**(26)**	7
Effect of change in tax rate	**-**	4
Taxation on profit on ordinary activities	**574**	338

Notes *(continued)*

b) Factors affecting tax charge for the year:

	2009 £000	2008 £000
Profit on ordinary activities before taxation	**2,052**	1,155
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% *(2008: 29.7%)*	**575**	343
Capital allowances in excess of depreciation and other timing differences	**26**	(7)
Marginal tax rate relief and FII	**(1)**	(9)
	600	327

6 Dividends

	2009 £000	2008 £000
Equity - ordinary shares	**1,454**	807

7 Fixed tangible assets

	Fittings And Equipment £000
Cost	
At 9 May 2008	816
Additions	43
At 15 May 2009	**859**
Depreciation	
At 9 May 2008	687
Charge for period	63
At 15 May 2009	750
Net book value	
At 15 May 2009	**109**
At 9 May 2008	129

8 Investment in subsidiaries

Details of the subsidiaries are as follows:

Speirs & Jeffrey Fund Management Limited	-	nominee company.
Speirs & Jeffrey Portfolio Management Limited	-	nominee company.
Speirs & Jeffrey Client Nominees Limited	-	nominee company.

All companies are wholly owned subsidiaries registered in Scotland.

Notes *(continued)*

9 Investment in shares

	2009 £000	2008 £000
Non-quoted investments	**81**	81
Quoted investments	**-**	-
	81	81

Quoted investments are held at cost. Market value at 15 May 2009 was £173,000 *(2008: £272,000)*.

10 Deferred taxation

	Depreciation in excess of capital allowances £000	Other timing Differences £000	Total £000
At 9 May 2008	16	33	49
Movement in financial year:			
- current year	(6)	32	26
At 15 May 2009	**10**	**65**	**75**

A deferred tax asset has been recognised at 28% *(2008: 28%)*

11 Bank balances and cash

Included within bank balances and cash are client money settlement accounts of £2,322,000 *(2008 : £1,500,000)* The overdraft balance of £416,000 *(2008 : £746,000)* relates wholly to client money settlement accounts

12 Creditors and accruals: amounts falling due within one year

	2009 £000	2008 £000
Trade creditors	**122**	319
Accruals	**7,192**	7,371
Other tax and social security	**703**	780
UK corporation tax	**516**	324
Approved dividend	**1,454**	807
	9,987	9,601

Notes *(continued)*

13 Called up share capital

	2009 £000	2008 £000
Authorised		
Equity:		
100,000 ordinary shares of £1 each	**100**	100
100,000 7% redeemable preference shares of £1 each	**100**	100
Allotted, called up and fully paid		
Equity:		
68,300 *(2008: 68,300)* ordinary shares of £1 each	**68**	68

14 Capital redemption reserve

	£000
At 15 May 2009 and 9 May 2008	**132**