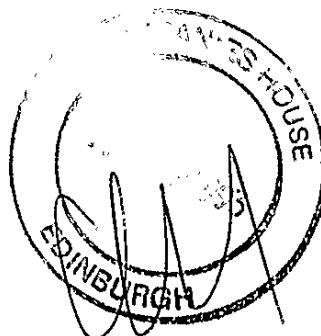


REID SCOTT FINANCIAL SERVICES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 1993

(COMPANY NUMBER : 127074)



REID SCOTT FINANCIAL SERVICES LIMITED

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FOR THE YEAR ENDED 31 JANUARY 1993

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# REID SCOTT FINANCIAL SERVICES LIMITED

## DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 1993

The directors present herewith their annual report, together with the audited financial statements of the company for the year ended 31st January 1993.

### RESULTS AND DIVIDENDS

The loss for the year after taxation was £21,703. (1992 £4,320)  
The directors do not recommend payment of a dividend for the current year.

### REVIEW OF THE BUSINESS

The company's principal activity during the year was the provision of financial services. The directors, although disappointed with the results for the year, are now satisfied that all costs relative to the association with Diamond Group have been absorbed and the company is now trading profitably.

### DIRECTORS AND THEIR INTERESTS

The directors of the company during the year and their interests in the share capital of the company at the beginning and end of the year were as follows:

	Number of shares	
	<u>1993</u>	<u>1992</u>
R.J. MacDonald	-	-
G.H. Reid	-	-
I.G.D. Scott	-	-
R.J. Reid (Resigned 30.6.93)	-	-

The directors are also directors of MacDonald Reid Scott (Holdings) Ltd. in whose Financial Statements their interests in the share capital of the group are shown.

In accordance with the Articles of Association, G.H. Reid retires by rotation and, being eligible, offers himself for re-election.

### FIXED ASSETS

The movements in fixed assets during the year are set out in note 8 to the accounts.

### AUDITORS

On 24 March 1993 J.M. McLaren & Co. were appointed as auditors of the company in place of Gilchrist & Co. A resolution to confirm the appointment of J M McLaren & Co. as auditors of the company will be placed before the next Annual General Meeting.

By Order of the Board

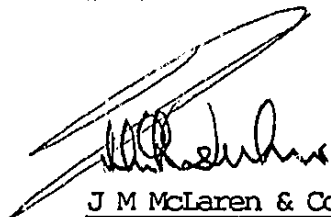
  
I.G.D. Scott  
Secretary

23rd July 1993

AUDITORS' REPORT TO THE MEMBERS OF  
REID SCOTT FINANCIAL SERVICES LIMITED

We have audited the financial statements on pages 3 to 9 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st January 1993 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



J M McLaren & Co.

Chartered Accountants

Registered Auditor

Paisley

23rd July 1993

REID SCOTT FINANCIAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JANUARY 1993

			<u>1993</u>	<u>16.10.90 to 31.01.92</u>
	<u>Notes</u>	<u>£</u>	<u>£</u>	<u>£</u>
TURNOVER	2		228,007	220,514
Administration costs			<u>237,380</u>	<u>209,918</u>
OPERATING (LOSS)/PROFIT	3/4		(9,373)	10,596
Interest receivable	5	2,189		2,209
Interest payable	6	<u>(14,519)</u>		<u>(17,125)</u>
			(12,330)	(14,916)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION			<u>(21,703)</u>	<u>(4,320)</u>
Tax on ordinary activities	7		-	-
RETAINED LOSS FOR THE YEAR			(21,703)	(4,320)
Retained deficit brought forward			(4,320)	-
RETAINED DEFICIT CARRIED FORWARD			<u>(26,023)</u>	<u>(4,320)</u>

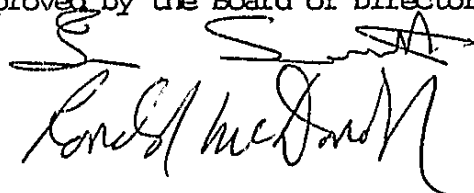
REID SCOTT FINANCIAL SERVICES LIMITED

BALANCE SHEET

AS AT 31 JANUARY 1993

			<u>1993</u>	<u>1992</u>
	<u>Notes</u>	<u>£</u>	<u>£</u>	<u>£</u>
<b>FIXED ASSETS</b>				
Tangible assets	8		34,001	14,158
<b>CURRENT ASSETS</b>				
Debtors	9	72,137		84,762
Cash at bank and in hand		221		295
		<u>72,358</u>		<u>85,057</u>
CREDITORS - amounts falling due within one year	10	(65,968)		(47,571)
NET CURRENT ASSETS			<u>6,390</u>	<u>37,486</u>
ASSETS LESS CURRENT LIABILITIES			40,391	51,644
CREDITORS - amounts falling due after more than one year	11		(21,414)	(10,964)
NET ASSETS			<u>18,977</u>	<u>40,680</u>
Financed by:				
<b>CAPITAL AND RESERVES</b>				
Called up share capital	12		45,000	45,000
Profit and loss account			(26,023)	(4,320)
			<u>18,977</u>	<u>40,680</u>

Approved by the Board of Directors on 23rd July 1993



I.G.D. Scott

R.J. MacDonald

)  
) Directors  
)

REID SCOTT FINANCIAL SERVICES LIMITED

NOTES TO THE ACCOUNTS AS AT 31 JANUARY 1993

1. ACCOUNTING POLICIES

1.1 Accounting conventions

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

1.2 Turnover

Turnover represents the invoiced amount of services sold.

1.3 Depreciation

Provision is made for depreciation on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

Motor vehicles:	25% per annum on reducing balance
Equipment:	25% per annum on reducing balance
Fixtures and fittings:	25% per annum on reducing balance

1.4 Leasing commitments

Rentals under operating leases have been charged to the profit and loss account on a straight line basis.

1.5 Pension costs

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2. TURNOVER

The turnover and pre-tax Loss are wholly attributable to the to the company's main activity as investment consultants. The turnover arises entirely in the U.K.

REID SCOTT FINANCIAL SERVICES LIMITED

NOTES TO THE ACCOUNTS AS AT 31 JANUARY 1993

3.	OPERATING (LOSS)/PROFIT	<u>1993</u> £	<u>1992</u> £
	This is stated after charging:		
	Directors' emoluments	73,312	92,789
	Auditors' remuneration	2,820	5,000
	Depreciation	6,744	5,541
	Loss on disposal of fixed assets	3,238	-
	Operating lease charges	5,559	2,791
		<u><u>73,312</u></u>	<u><u>92,789</u></u>
4.	EMPLOYEE INFORMATION	<u>1993</u> £	<u>1992</u> £
4.1	Staff costs:		
	Wages and salaries	121,664	116,864
	Social security costs	11,295	10,162
	Other pension costs	11,606	17,821
		<u><u>144,565</u></u>	<u><u>144,847</u></u>
4.2	The average weekly number of employees during the year was made up as follows:	No.	No.
	Office and management	9	8
4.3	Directors' emoluments:	£	£
	Fees and salaries	64,471	75,791
	Pension contributions	8,841	16,998
		<u><u>73,312</u></u>	<u><u>92,789</u></u>
	Further details, excluding pension contributions:		
	Highest paid director	32,800	-
	Other directors' emoluments fell within the following ranges:	No.	No.
	£25,001 - £30,000	1	-
5.	INTEREST RECEIVABLE	<u>1993</u> £	<u>1992</u> £
	Bank interest	2,189	2,209
		<u><u>2,189</u></u>	<u><u>2,209</u></u>



REID SCOTT FINANCIAL SERVICES LIMITED

NOTES TO THE ACCOUNTS AS AT 31 JANUARY 1993

6. INTEREST PAYABLE	<u>1993</u> £	<u>1992</u> £
On bank overdrafts repayable within 5 years	4,367	4,616
On loans repayable within 5 years	10,152	12,509
	<u>14,519</u>	<u>17,125</u>

7. TAXATION

7.1 The company is a close company within the terms of section 414 of the Income And Corporation Taxes Act 1988.

7.2 Due to losses incurred, no taxation has been provided based on the results for the year.

8. TANGIBLE FIXED ASSETS

	<u>Fixtures and fittings</u>	<u>Equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
	£	£	£	£
Cost:				
At 1st February 1992	7,213	4,558	7,928	19,699
Additions	1,472	1,488	29,333	32,293
Disposals	-	(310)	(7,928)	(8,238)
At 31st January 1993	<u>8,685</u>	<u>5,736</u>	<u>29,333</u>	<u>43,754</u>
Depreciation:				
At 1st February 1992	2,029	1,282	2,230	5,541
Charge for year	1,471	954	4,319	6,744
Disposals	-	(35)	(2,497)	(2,532)
At 31st January 1993	<u>3,500</u>	<u>2,201</u>	<u>4,052</u>	<u>9,753</u>
Net book value at 31st January 1993	<u>5,185</u>	<u>3,535</u>	<u>25,281</u>	<u>34,001</u>
Net book value at 31st January 1992	<u>5,184</u>	<u>3,276</u>	<u>5,698</u>	<u>14,158</u>

REID SCOTT FINANCIAL SERVICES LIMITED

NOTES TO THE ACCOUNTS AS AT 31 JANUARY 1993

9. DEBTORS	<u>1993</u> £	<u>1992</u> £
Commissions receivable	31,750	23,308
Loan - MacDonald Reid Scott (Holdings) Ltd.	35,316	49,397
Loan - MacDonald Reid Ltd.	744	12,057
Other debtors	713	-
Prepayments	3,614	-
	<u>72,137</u>	<u>84,762</u>
10. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>1993</u> £	<u>1992</u> £
Bank loans and overdraft (see note 11.1)	46,704	38,671
Trade creditors	1,668	-
Other taxes and social security costs	3,946	-
Other creditors	2,300	-
Accruals	11,350	8,900
	<u>65,968</u>	<u>47,571</u>
11. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	<u>1993</u> £	<u>1992</u> £
Bank loans (see note 11.1)	<u>21,414</u>	<u>10,964</u>
11.1 The total amount of bank loans and overdrafts was as follows:		
Falling due within one year:		
Bank overdraft	30,808	26,374
Bank loan - current portion	15,896	12,297
	<u>46,704</u>	<u>38,671</u>
Falling due after more than one year:		
Bank loan - repayable within five years	<u>21,414</u>	<u>10,964</u>
Total bank borrowings	<u>68,118</u>	<u>49,635</u>

The bank borrowings are secured by joint and several letter of guarantee by the directors for £70,000.

REID SCOTT FINANCIAL SERVICES LIMITED

NOTES TO THE ACCOUNTS AS AT 31 JANUARY 1993

12. PENSION SCHEME

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents the contributions payable by the company to the fund and amounted to £11,606 (1992 £17,821).

13. SHARE CAPITAL

	<u>Authorised</u>	<u>Allotted, Issued and fully paid</u>	
	<u>£</u>	<u>1993</u> <u>£</u>	<u>1992</u> <u>£</u>
45,000 Ordinary shares of £1 each	45,000	45,000	45,000

14. CONTINGENT LIABILITIES

The company receives commission payments in full from insurance companies in respect of policies where premiums are payable over a period of months. In the event that any such policy is cancelled the company would require to refund a proportion of the commission received. The directors consider that no further provision is necessary at the balance sheet date.

15. ULTIMATE HOLDING COMPANY

The company regards MacDonald Reid Scott (Holdings) Limited, incorporated in Scotland as its ultimate holding company.