

REID SCOTT FINANCIAL SERVICES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 1994

(COMPANY NUMBER : 127074)



REID SCOTT FINANCIAL SERVICES LIMITED

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FOR THE YEAR ENDED 31 JANUARY 1994

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REID SCOTT FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 1994

The directors present herewith their annual report, together with the audited financial statements of the company for the year ended 31st January 1994.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £17,634. (1993 loss £21,703). 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 are satisfied with the results for the year and a trend of increasing profitability is expected to continue in the forthcoming year.

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:

	<u>Number of shares</u>	
	<u>1994</u>	<u>1993</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, I.G.D. Scott retires by rotation and, being eligible, offers himself for re-election.

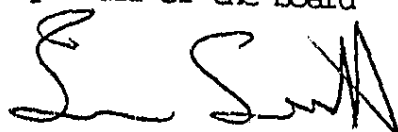
FIXED ASSETS

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

AUDITORS

A resolution to reappoint J M McLaren & Co. as auditors of the company will be placed at the forthcoming Annual General Meeting.

By Order of the Board



I.G.D. Scott
Secretary

27/1/94

REPORT OF THE AUDITORS

TO THE MEMBERS OF REID SCOTT FINANCIAL SERVICES LIMITED.

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 3 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on audit, on those statements 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 31st January 1994 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 and Registered Auditors

Paisley

REID SCOTT FINANCIAL SERVICES LIMITED

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, 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 financial statements.

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 and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REID SCOTT FINANCIAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JANUARY 1994

		<u>Continuing operations</u>	
		<u>1994</u>	<u>1993</u>
	<u>Notes</u>	£	£
TURNOVER	2	205,339	228,007
Administration costs		<u>179,341</u>	<u>237,380</u>
OPERATING PROFIT/(LOSS)	3/4	25,998	(9,373)
Interest receivable	5	458	2,189
Interest payable	6	<u>(8,822)</u>	<u>(14,519)</u>
		(8,364)	(12,330)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		17,634	(21,703)
Tax on ordinary activities	7	<u>-</u>	<u>-</u>
RETAINED PROFIT/(LOSS) FOR THE YEAR		17,634	(21,703)
Retained (deficit) brought forward		(26,023)	(4,320)
RETAINED (DEFICIT) CARRIED FORWARD		<u>(8,389)</u>	<u>(26,023)</u>

There are no recognised gains or losses in the year other than the profit for the year.

REID SCOTT FINANCIAL SERVICES LIMITED

BALANCE SHEET

AS AT 31 JANUARY 1994

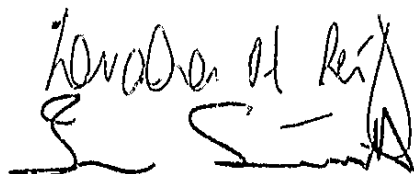
			<u>1994</u>	<u>1993</u>
	<u>Notes</u>	£	£	£
FIXED ASSETS				
Tangible assets	8		16,723	34,001
CURRENT ASSETS				
Debtors	9	54,924		72,137
Cash at bank and in hand		27,497		221
		<u>82,421</u>		<u>72,358</u>
CREDITORS - amounts falling due within one year	10	(50,783)		(65,968)
NET CURRENT ASSETS			<u>31,638</u>	<u>6,390</u>
ASSETS LESS CURRENT LIABILITIES				
			48,361	40,391
CREDITORS - amounts falling due after more than one year	11		(11,750)	(21,414)
NET ASSETS			<u>36,611</u>	<u>18,977</u>

Financed by:

CAPITAL AND RESERVES

Called up share capital	13	45,000	45,000
Profit and loss account		(8,389)	(26,023)
		<u>36,611</u>	<u>18,977</u>

Approved by the Board of Directors on: 29th June 1994



G.H. Reid - Director

I.G.D. Scott - Director

REID SCOTT FINANCIAL SERVICES LIMITED

NOTES TO THE ACCOUNTS AS AT 31 JANUARY 1994

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 commissions receivable and is reported after adjustments to recognise the potential refunds due by the company to insurance companies in respect of cancelled policies.

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 Profit/(loss) are wholly attributable to the to the company's main activity as investment consultants. The turnover arises entirely in the U.K.

3. OPERATING PROFIT/(LOSS)

1994
£

1993
£

This is stated after charging:

Directors' emoluments (see note 4.3)	58,971	73,312
Auditors' remuneration	2,927	2,820
Depreciation	6,488	6,744
Loss on disposal of fixed assets	125	3,238
Operating lease charges	1,787	5,559
	<u> </u>	<u> </u>

REID SCOTT FINANCIAL SERVICES LIMITED

NOTES TO THE ACCOUNTS AS AT 31 JANUARY 1994

4. EMPLOYEE INFORMATION	<u>1994</u> £	<u>1993</u> £
4.1 Staff costs:		
Wages and salaries	99,156	121,664
Social security costs	9,277	11,295
Other pension costs	9,274	11,606
	<u>117,707</u>	<u>144,565</u>
4.2 The average weekly number of employees during the year was made up as follows:	No.	No.
Office and management	<u>6</u>	<u>9</u>
4.3 Directors' emoluments:	£	£
Salaries	51,023	62,595
Pension contributions	6,113	9,841
Benefits in kind	1,835	1,876
	<u>58,971</u>	<u>73,312</u>
Further details, excluding pension contributions:		
Highest paid director	<u>39,025</u>	<u>32,800</u>
Other directors' emoluments fell within the following ranges:	No.	No.
£Nil - £5,000	2	2
£10,001 - £15,000	1	-
£25,001 - £30,000	-	1
	<u>-</u>	<u>1</u>
5. INTEREST RECEIVABLE	<u>1994</u> £	<u>1993</u> £
Bank interest	<u>458</u>	<u>2,189</u>

REID SCOTT FINANCIAL SERVICES LIMITED

NOTES TO THE ACCOUNTS AS AT 31 JANUARY 1994

6. INTEREST PAYABLE

	<u>1994</u> £	<u>1993</u> £
On bank overdraft	351	4,367
On loans	8,471	10,152
	<u>8,822</u>	<u>14,519</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 loss relief available in respect of previous years no taxation has been provided based on the profit 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 1993	8,685	5,736	29,333	43,754
Additions	592	1,243	-	1,835
Disposals	-	-	(14,857)	(14,857)
At 31st January 1994	<u>9,277</u>	<u>6,979</u>	<u>14,476</u>	<u>30,732</u>
Depreciation:				
At 1st February 1993	3,500	2,201	4,052	9,753
Charge for year	1,343	1,053	4,092	6,488
Disposals	-	-	(2,232)	(2,232)
At 31st January 1994	<u>4,843</u>	<u>3,254</u>	<u>5,912</u>	<u>14,009</u>
Net book value at 31st January 1994	<u>4,434</u>	<u>3,725</u>	<u>8,564</u>	<u>16,723</u>
Net book value at 31st January 1993	<u>5,185</u>	<u>3,535</u>	<u>25,281</u>	<u>34,001</u>

REID SCOTT FINANCIAL SERVICES LIMITED

NOTES TO THE ACCOUNTS AS AT 31 JANUARY 1994

9.	DEBTORS	<u>1994</u> £	<u>1993</u> £
	Commissions receivable	19,553	31,750
	Loan - MacDonald Reid Scott (Holdings) Ltd.	33,586	35,316
	Loan - MacDonald Reid Ltd.	-	744
	Other debtors	1,033	713
	Prepayments	752	3,614
		<u>54,924</u>	<u>72,137</u>
10.	CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>1994</u> £	<u>1993</u> £
	Bank loans and overdraft (see note 11.1)	13,726	46,704
	Trade creditors	558	1,558
	Loan - MacDonald Reid Ltd.	1,322	
	Other taxes and social security costs	5,882	3,000
	Other creditors	22,100	2,000
	Accruals	7,435	11,350
		<u>50,783</u>	<u>65,968</u>
11.	CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	<u>1994</u> £	<u>1993</u> £
	Bank loans (see note 11.1)	<u>11,750</u>	<u>21,414</u>
11.1	The total amount of bank loans and overdrafts was as follows:		
	Falling due within one year:		
	Bank overdraft	4,063	30,808
	Bank loan - current portion	9,663	15,896
		<u>13,726</u>	<u>46,704</u>
	Falling due after more than one year:		
	Bank loan - repayable within five years	<u>11,750</u>	<u>21,414</u>
	Total bank borrowings	<u>25,476</u>	<u>68,118</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 1994

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 £9,274 (1993 £11,606).

13. SHARE CAPITAL

	<u>Authorised</u>	<u>Allotted, Issued and fully paid</u>	
	<u>£</u>	<u>1994 £</u>	<u>1993 £</u>
45,000 Ordinary shares of £1 each	45,000	45,000	45,000

14. ULTIMATE HOLDING COMPANY

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