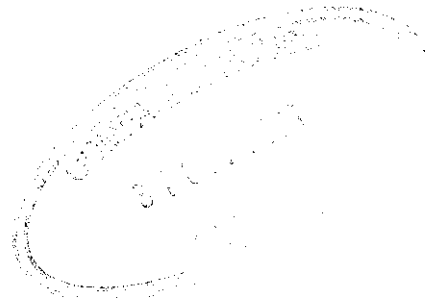


Scotland International

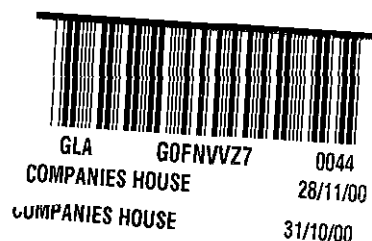
(a company limited by guarantee)

Report and Accounts

31 December 1999



Company Registration Number SC 147547



IPM

Scotland International
(a company limited by guarantee)

HONORARY PRESIDENT

Gordon Baxter

DIRECTORS

Sir Angus Grossart	(Non-executive - Chairman)
Roderick J Macdonald	(Chief Executive)
Douglas Kinnaird	(Non-executive)

SECRETARY

Roderick J Macdonald

AUDITORS

Ernst & Young
George House
50 George Square
Glasgow
G2 1RR

BANKERS

Clydesdale Bank PLC
Business Banking Centre
Clydesdale Bank Plaza
Festival Square
50 Lothian Road
Edinburgh
EH3 9WJ

SOLICITORS

Burness
Festival Square
50 Lothian Road
Edinburgh
EH3 9WJ

REGISTERED OFFICE

25 Charlotte Square
Edinburgh
EH2 4ET

COMPANY REGISTRATION NUMBER

SC 147547

Scotland International
(a company limited by guarantee)

DIRECTORS' REPORT

The directors present their report and accounts for the period ended 31 December 1999.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company is limited by guarantee, having no share capital.

The principal activity during the period was the raising of funds to establish an alliance of the most successful "Scots" throughout the world, harnessing their knowledge, experience and influence for the benefit of Scotland. The company held its fifth annual summit on 2 and 3 December 1999. At the Summit International guests met representatives of the Scottish business community on a one to one basis. The summit was a great success and the company continues to strive to organise similar events on an annual basis.

The company changed its year end to 31 December during the period to coincide with the date that the annual summit is held.

DIRECTORS

The directors at 31 December 1999 were:

Sir Angus Grossart	(non-executive)
Roderick J Macdonald	
Douglas Kinnaird	(non-executive)

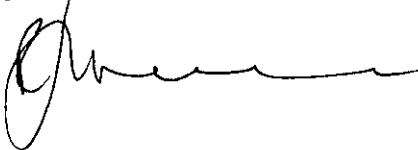
AUDITORS

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

SMALL COMPANY EXEMPTIONS

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



RODERICK J MACDONALD

Secretary

27 October 2000

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;
- 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. 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 Scotland International

We have audited the accounts on pages 5 to 9, which have been prepared under the historical cost convention and 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. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

Fundamental uncertainty

In forming our opinion we have considered the adequacy of the disclosures made in the accounts concerning the availability of financial support from outside sources to enable the company to meet its liabilities as they fall due. The accounts have been prepared on a going concern basis, the validity of which depends on the availability of this support. The accounts do not include any adjustments which would result from a failure to obtain such support. Our opinion is not qualified in this respect.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 1999 and of its profit for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

A handwritten signature in black ink, appearing to read 'Ernst & Young', with a horizontal line underneath.

ERNST & YOUNG

Registered Auditor
Glasgow

27 October 2000

Scotland International
(a company limited by guarantee)

PROFIT AND LOSS ACCOUNT
for the period ended 31 December 1999

		<i>8 months ended 31 December 1999 £</i>	<i>12 months ended 30 April 1999 £</i>
	<i>Note</i>		
REVENUE	2	132,907	93,617
Operating costs		(101,063)	(129,600)
OPERATING PROFIT/(LOSS)		31,844	(35,983)
Interest payable		(3,285)	(4,440)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		28,559	(40,423)
Taxation		-	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	7	28,559	(40,423)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to the members of the company of £28,559 in the 8 months ended 31 December 1999 and the loss of £40,423 in the year ended 30 April 1999.

Scotland International
(a company limited by guarantee)

BALANCE SHEET
at 31 December 1999

	<i>Note</i>	<i>31 December 1999 £</i>	<i>30 April 1999 £</i>
CURRENT ASSETS			
Debtors	5	35,500	15,000
Cash at bank and in hand		43	56
		<u>35,543</u>	<u>15,056</u>
CREDITORS - amounts falling due within one year	6	(93,740)	(100,756)
NET CURRENT LIABILITIES		(58,197)	(85,700)
ACCRUALS AND DEFERRED INCOME			
Deferred funding contributions		-	(1,056)
		<u>(58,197)</u>	<u>(86,756)</u>
CAPITAL AND RESERVES			
Profit and loss account	7	(58,197)	(86,756)
		<u>(58,197)</u>	<u>(86,756)</u>

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.



RODERICK J MACDONALD Director

27 October 2000

Scotland International
(a company limited by guarantee)

NOTES TO THE ACCOUNTS
at 31 December 1999

1 ACCOUNTING POLICIES

Fundamental accounting concept

The company is limited by guarantee and substantially relies upon funding from grants and donations for its current and future commitments.

The accounts have been prepared on a going concern basis, the validity of which depends on the ability to raise funds from these sources. The directors believe that, following the success of the fifth annual summit on 2 and 3 December 1999, this support will continue to be available and it is therefore appropriate to prepare the accounts on a going concern basis. In the absence of this support the going concern basis would be invalid and adjustments would have to be made to provide for any further liabilities which might arise.

Accounting convention

The accounts are prepared under the historical cost convention.

Funding contributions

The company relies upon funding from grants and donations to meet its commitments. All contributions are recognised as receivable once a written commitment is made, subject to any provision deemed necessary after considering collectability.

Such contributions are made to cover the running costs of the company leading up to the annual summit and concluding the administration of each summit, as well as staging the annual summit itself. This process effectively covers the 12 month period to December each year.

Contributions received during the financial year which relate to the summit held in that year are credited to the current year's profit and loss account.

Contributions received during the financial year or receivable at the balance sheet date, which relate to the annual summit to be held in the following financial year, are credited to the profit and loss account of the current financial year only to the extent that costs relating to the following year's summit have been incurred by the balance sheet date. Any excess of contributions over costs at the balance sheet date are deferred and credited to the following year's profit and loss account.

Cash flow statement

In view of the exemptions allowed under FRS1, the directors have elected not to prepare a cash flow statement.

2 REVENUE

Revenue has been derived from grants and donations and arose wholly within the United Kingdom.

The value of goods and services rendered free of charge is not included. The board of directors estimate the value of goods and services received free of charge in the 8 months ended 31 December 1999 to be approximately £100,000 (12 months ended 30 April 1999 - £120,000).

Scotland International
(a company limited by guarantee)

NOTES TO THE ACCOUNTS
at 31 December 1999

3 DIRECTORS' EMOLUMENTS

Director's fees of £28,000 were paid in the 8 months ended 31 December 1999 (12 months ended 30 April 1999 - £42,000). None of the non-executive directors received any remuneration or expenses in the period.

4 STAFF COSTS

	<i>8 months ended 31 December 1999 £</i>	<i>12 months ended 30 April 1999 £</i>
Wages and salaries	42,694	62,745
Social security costs	1,377	2,023
	<u>44,071</u>	<u>64,768</u>

The average weekly number of employees during the period was as follows:

	<i>31 December 1999 No.</i>	<i>30 April 1999 No.</i>
Administration	<u>2</u>	<u>2</u>

5 DEBTORS

	<i>31 December 1999 £</i>	<i>30 April 1999 £</i>
Trade debtors	32,000	15,000
Other debtors	3,500	-
	<u>35,500</u>	<u>15,000</u>

Scotland International
(a company limited by guarantee)

NOTES TO THE ACCOUNTS
at 31 December 1999

6 CREDITORS - amounts falling due within one year

	31 December 1999 £	30 April 1999 £
Bank overdraft	19,673	55,997
Trade creditors	68,571	34,007
Other taxes and social security costs	5,496	8,022
Accruals	-	2,730
	<u>93,740</u>	<u>100,756</u>

7 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Profit and loss account £
At 30 April 1998	(46,333)
Loss for the year	(40,423)
	<u>(86,756)</u>
At 30 April 1999	(86,756)
Profit for the period	28,559
	<u>(58,197)</u>
At 31 December 1999	