

MESCT SECURITIES LIMITED

ANNUAL REPORT AND ACCOUNTS

YEAR ENDED 31 MARCH 2010

COMPANY REGISTRATION NO: SC148253

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COMPANIES HOUSE

MESCT SECURITIES LIMITED

Directors

A R Irvine
R B M Graham

Registered Office

80 George Street
Edinburgh EH2 3BU
Tel No: 020 7628 8000
Facsimile No: 0131 225 2375

Secretary

F&C Investment Business Limited

Bankers

JPMorgan Chase Bank
125 London Wall
London
EC2Y 5AJ

Solicitors

Dickson Minto WS
16 Charlotte Square
Edinburgh
EH2 4DF

Auditors

Ernst & Young LLP
Ten George Street
Edinburgh
EH2 2DZ

REPORT OF THE DIRECTORS

The Directors submit the Annual Report together with the Accounts of the Company for the year to 31 March 2010

Results and Dividends

	2010 £	2009 £
Profit for the year after tax	20	175
Transferred to profit and loss account	20	175

An interim dividend of £125,000 was paid during the year.

Principal Activity and Status

The Company, which is not a 'Close Company', is an investment dealing company.

The investment objective of the Company is to participate in short-term investment activities, including, but not limited to, trading in securities, underwriting and short-term financing.

It is not the Board's expectation that the Company will trade in the foreseeable future.

During the year the Company reduced its share capital from £100,000 to £1 by the cancellation of 99,999 ordinary shares of £1 each by way of a special resolution supported by a solvency statement pursuant to section 641 of the Companies Act 2006.

Directors

The Directors who held office during the year to 31 March 2010 and their beneficial interests in the Ordinary Shares of the Company at that date are shown below.

	31 March 2010	
	MESCT Securities Limited Ordinary Shares	Montanaro European Smaller Companies Trust plc Ordinary Shares
A R Irvine	-	50,000
R B M Graham	-	34,600

There have been no other changes in the Directors' interests in the shares of the Company and its parent between 31 March 2010 and 9 June 2010.

Disclosure of Information to the Auditor

The Directors confirm that, as far as they are aware, there is no relevant audit information of which the Company's Auditor is unaware and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

By Order of the Board,



 F&C Investment Business Limited
Secretary

9 June 2010

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable laws 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements 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 proper 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 the financial statements comply with the Companies Act 2006. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MESCT SECURITIES LIMITED

We have audited the financial statements of MESCT Securities Limited for the year ended 31 March 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 7. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 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 auditor's 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 Directors' Responsibilities Statement, 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 Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

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 31 March 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

Sue Dawe

Sue Dawe (Senior statutory auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor

Edinburgh

9 June 2010

MESCT SECURITIES LIMITED**PROFIT AND LOSS ACCOUNT**

YEAR TO 31 MARCH	Notes	2010 £	2009 £
Income	1	20	255
Administrative expenses	2	-	(80)
Profit on ordinary activities before taxation		20	175
Taxation	3	-	-
Profit for financial year	6	20	175

No Statement of Recognised Gains or Losses has been prepared as the Company has no gains or losses other than the profit for the year of £20 (2009 – £175).

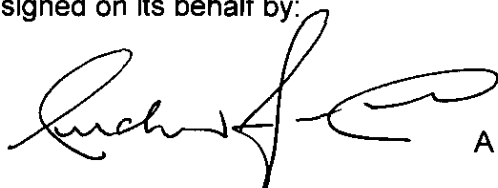
All items in the above statement derive from continuing operations.

The Accounting Policies on page 8 and the notes on pages 9 and 10 form part of these accounts.

MESCT SECURITIES LIMITED**BALANCE SHEET**

AS AT 31 MARCH	Notes	2010 £	2009 £
Current assets			
Debtors	4	461,827	680,001
Cash at bank		3	6,808
		<u>461,830</u>	<u>686,809</u>
Net assets		<u>461,830</u>	<u>686,809</u>
Capital and reserves			
Called-up share capital	5	1	100,000
Special distributable reserve	6	-	-
Profit and loss account	6	461,829	586,809
Total equity shareholder's funds	6	<u>461,830</u>	<u>686,809</u>

The accounts on pages 6 to 10 were approved by the Board of Directors and signed on its behalf by:



A R Irvine, Director

9 June 2010

The Accounting Policies on page 8 and the notes on page 9 and 10 form part of these accounts.

MESCT SECURITIES LIMITED

ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

INCOME

Deposit interest is accounted for on an accruals basis.

INTEREST AND EXPENSES

Expenses and interest payable are dealt with on an accruals basis.

CASH FLOW

Under FRS1 (revised 1996) the Company is exempt from the requirement to prepare a Cash Flow Statement on the grounds that its parent undertaking (Montanaro European Smaller Companies Trust plc) includes the Company in its own published consolidated financial statements.

MESCT SECURITIES LIMITED

NOTES TO THE ACCOUNTS

	2010 £	2009 £
1. INCOME		
Deposit interest	20	255
	<u>20</u>	<u>255</u>

	£	£
2. ADMINISTRATIVE EXPENSES		
Administrative charges	-	80
	<u>-</u>	<u>80</u>

Directors' fees	-	-
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Auditors' remuneration for the year was borne by the parent company, Montanaro European Smaller Companies Trust plc. Total remuneration for the Company and its parent was £16,000 (2009: £16,000) for audit services and £7,000 (2009: £9,000) for other services.

	£	£
3a. TAXATION		
Corporation tax	-	-

There was no corporation tax charge during the period due to group relief surrendered by Montanaro European Smaller Companies Trust plc. No payment was made in respect of this group relief.

	£	£
3b. FACTORS AFFECTING TAX CHARGE FOR THE YEAR		
Profit on ordinary activities before taxation	20	175
Corporation tax at the smaller companies rate of 21%	4	37
Effects of:		
Group relief	(4)	(37)
Current year tax charge	<u>-</u>	<u>-</u>

MESCT SECURITIES LIMITED

NOTES TO THE ACCOUNTS

	2010 £	2009 £
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4. DEBTORS

Amounts due within one year:

Loan to parent company	461,827	680,001
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5. SHARE CAPITAL

	£	£
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Authorised:

100,000 Ordinary Shares of £1 each	100,000	100,000
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Allotted, issued and fully-paid:

1 Ordinary Share of £1	1	1
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During the year the Company reduced its share capital from £100,000 to £1 by the cancellation of 99,999 ordinary shares of £1 each by way of a special resolution supported by a solvency statement pursuant to section 641 of the Companies Act 2006.

	Share Capital £	Special Distributable Reserve	Profit & Loss Account £	Total Share holders' funds £
6. RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENT ON RESERVES				
At 31 March 2008	100,000	-	586,634	686,634
Profit for the year	-	-	175	175
At 31 March 2009	100,000	-	586,809	686,809
Profit for the year	-	-	20	20
Transfer to Special Distributable Reserve	(99,999)	99,999	-	-
Reduction of share capital	-	(99,999)	-	(99,999)
Dividend to parent company	-	-	(125,000)	(125,000)
At 31 March 2010	1	-	461,829	461,830

7. HOLDING COMPANY

The Company is a wholly owned subsidiary of Montanaro European Smaller Companies Trust plc, a listed company registered in Scotland. The Company's results are consolidated in the group accounts of Montanaro European Smaller Companies Trust plc, copies of which are available at 80 George Street, Edinburgh EH2 3BU, the registered office of the Company.