

DUNEDIN INDEPENDENT LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 1998



Lyon Windram Crolla
8 Albany Street
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DUNEDIN INDEPENDENT LIMITED
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YEAR ENDED 31 MAY 1998

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DUNEDIN INDEPENDENT LIMITED
OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS:	J L Dempster M A Emlick Y Irvine
SECRETARY:	M A Emlick
REGISTERED OFFICE:	49 Manor Place Edinburgh EH3 7EG
AUDITORS:	Lyon Windram Crolla 8 Albany Street Edinburgh EH1 3QB
BANKERS:	Bank of Scotland 8 Morningside Road Edinburgh EH10 4DD
SOLICITORS:	Dorman Jeffrey & Co 20 Ainslie Place Edinburgh EH3 6AU
COMPANY NUMBER:	SC155032

DUNEDIN INDEPENDENT LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 May 1998.

1 ACTIVITIES

The company's principal activity during the year was the provision of insurance related services.

2 RESULTS, DEVELOPMENTS AND FUTURE PROSPECTS

The profit for the year after taxation amounted to £84,291 (1997 £40,245). The directors do not recommend payment of a dividend (1997 - £20,000) and recommend that the sum of £84,291 be transferred to reserves. The directors are satisfied with the results for the year and will continue to seek appropriate trading opportunities.

3 DIRECTORS

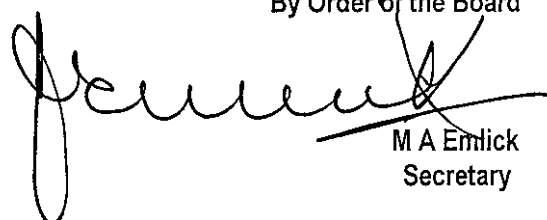
The present membership of the board is set out on page 1. The directors who served during the year and their interests as defined by the Companies Act in the share capital of the company were as follows:

	Ordinary shares of £1 each	
	31 May 1998	31 May 1997
J L Dempster	875	1,100
M A Emlick	1,375	1,400
Y Irvine	250	-
	=====	=====

4 AUDITORS

On 5 November 1998 Rutherford Manson Dowds resigned as auditors and Lyon Windram Crolla were appointed in their place. A resolution to re-appoint Lyon Windram Crolla will be proposed at the Annual General Meeting.

27 January 1999

By Order of the Board

M A Emlick
Secretary

DUNEDIN INDEPENDENT LIMITED

STATEMENT OF DIRECTORS' 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;

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.



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AUDITORS' REPORT TO THE SHAREHOLDERS
OF
DUNEDIN INDEPENDENT LIMITED

We have audited the financial statements set out on pages 5 to 14, which have been prepared under the accounting policies set out on page 8.

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 our 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 the company's affairs as at 31 May 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

27 January 1999

Lyon Windram Crolla
Registered Auditors

DUNEDIN INDEPENDENT LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MAY 1998

	Note	£	1997 £
TURNOVER	2	929,588	722,199
Cost of sales		192,772	180,224
GROSS PROFIT		<u>736,816</u>	<u>541,975</u>
Administrative expenses		618,127	477,389
OPERATING PROFIT		<u>118,689</u>	<u>64,586</u>
Interest receivable and similar income	4	4,104	3,327
Interest payable and similar charges	5	1,031	207
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	<u>121,762</u>	<u>67,706</u>
Tax on profit on ordinary activities	7	37,471	27,461
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>84,291</u>	<u>40,245</u>
Dividends	8	-	20,000
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>84,291</u>	<u>20,245</u>
		=====	=====

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses in 1998 or 1997 other than those included in the profit and loss account.

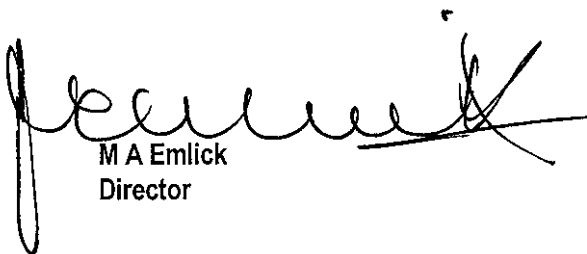
DUNEDIN INDEPENDENT LIMITED

BALANCE SHEET

AT 31 MAY 1998

	Note	£	£	1997 £
FIXED ASSETS				
Tangible assets	9		51,330	41,562
CURRENT ASSETS				
Debtors	10	149,576		72,821
Cash at bank and in hand		166,107		158,699
		<u>315,683</u>		<u>231,520</u>
CREDITORS: Amounts falling due within one year	11	<u>251,466</u>		<u>241,826</u>
NET CURRENT ASSETS/(LIABILITIES)			64,217	(10,306)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>115,547</u>	<u>31,256</u>
CAPITAL AND RESERVES				
Called up share capital	12		2,500	2,500
Profit and loss account	13		113,047	28,756
EQUITY SHAREHOLDERS' FUNDS	14		<u>115,547</u>	<u>31,256</u>

These financial statements were approved by the Directors on 27 January 1999


M A Emlick
Director


J L Dempster
Director

DUNEDIN INDEPENDENT LIMITED

CASH FLOW STATEMENTS

YEAR ENDED 31 MAY 1998

	Note	£	1997 £
Net cash inflow from operating activities	15	50,174	91,834
Returns on investments and servicing of finance	16	3,073	3,120
Taxation		(21,976)	(10,000)
Capital expenditure and financial investment	16	(23,863)	(25,338)
Cash inflow before financing		7,408	59,616
Equity dividends paid		-	(20,000)
Financing	16	7,408	39,616
INCREASE IN CASH IN YEAR	17	7,408	39,616
Reconciliation of net cash flow to movement in net debt		=====	=====
Increase in cash in the year		7,408	39,616
Net funds at 1 June		158,699	119,083
Net funds at 31 May		166,107	158,699
		=====	=====

DUNEDIN INDEPENDENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 1998

1 ACCOUNTING POLICIES

a) Accounting Convention

The financial statements have been prepared under the historical cost convention.

b) Tangible Fixed Assets and Depreciation

Depreciation is provided on a straight line basis, at rates calculated to write off the cost less any estimated residual value, of each asset over its expected useful life as follows:

Office equipment	25% per annum straight line
Fixtures and fittings	20% per annum straight line

c) Operating Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the lease.

d) Deferred Taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

e) Turnover

Turnover represents commission earned during the year. Renewal commission is credited to the profit and loss account on receipt.

f) Pensions

Pension costs are charged to the profit and loss account as they become payable in accordance with the rules of the pension scheme.

2 TURNOVER

Turnover arises wholly from the principal activity of the company from within the United Kingdom.

DUNEDIN INDEPENDENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

YEAR ENDED 31 MAY 1998

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	£	1997 £
Staff costs (including directors)		
Wages and salaries	249,899	193,371
Social security costs	22,551	17,273
Pension contributions	98,337	50,250
	<u>370,787</u>	<u>260,894</u>
	=====	=====
	No.	No.
Average number of persons employed		
Administration	12	6
	<u>=====</u>	<u>=====</u>
 Directors' Remuneration	 £	 £
Emoluments	106,750	74,000
Pension Contributions	98,337	50,250
	<u>205,087</u>	<u>124,250</u>
	=====	=====

All directors accrued retirement benefits under the defined contribution scheme.

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	£	£
Interest on bank deposits	4,104	3,327
	<u>=====</u>	<u>=====</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	£	£
Bank interest	-	207
Other interest	1,031	-
	<u>1,031</u>	<u>207</u>
	=====	=====

DUNEDIN INDEPENDENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

YEAR ENDED 31 MAY 1998

6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	£	1997 £
Profit on ordinary activities before taxation is after charging:		
Depreciation on owned assets	14,095	8,564
Auditors remuneration	3,200	2,750
Hire of equipment	4,853	693
	=====	=====

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	£	£
Based on profit for the year:-		
Corporation tax at 21% (21%)	38,000	28,000
Adjustment in respect of prior period	(529)	(539)
	-----	-----
	37,471	27,461
	=====	=====

The tax charge is disproportionate to the level of profit in the year due to the incidence of expenses disallowable for tax purposes.

8 DIVIDENDS

	£	£
Interim dividends paid in 1997 - £8 per ordinary share	-	20,000
	=====	=====

DUNEDIN INDEPENDENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS - Continued
YEAR ENDED 31 MAY 1998

9 TANGIBLE FIXED ASSETS

	Office Equipment £	Fixtures & Fittings £	Total £
Cost			
At 1 June 1997	18,447	36,834	55,281
Additions	16,844	7,019	23,863
Disposals	-	-	-
	-----	-----	-----
At 31 May 1998	35,291	43,853	79,144
	-----	-----	-----
Depreciation			
At 1 June 1997	6,838	6,881	13,719
Charge for the year	5,894	8,201	14,095
Eliminated on disposal	-	-	-
	-----	-----	-----
At 31 May 1998	12,732	15,082	27,814
	-----	-----	-----
Net book value			
At 31 May 1998	22,559	28,771	51,330
	=====	=====	=====
At 31 May 1997	11,609	29,953	41,562
	=====	=====	=====

10 DEBTORS

	£	1997 £
Trade debtors	-	8,499
Accrued income	102,727	44,785
Prepayments	9,612	14,262
Directors' loans	-	5,275
Other debtors	37,237	-
	-----	-----
	149,576	72,821
	=====	=====

DUNEDIN INDEPENDENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS - Continued
YEAR ENDED 31 MAY 1998

11 CREDITORS: Amounts falling due within one year

	£	1997 £
Trade creditors	25,938	9,999
Other creditors	-	70,000
Accruals	140,968	103,153
Corporation tax	60,471	44,176
ACT payable	5,000	5,000
Other taxation and social security	7,230	9,498
Directors loans	11,859	-
	-----	-----
	251,466	241,826
	=====	=====

The directors' loans are interest free and have no fixed repayment terms. During the year Mark Emlick, one of the directors, borrowed £ 75,349 from the company. The balance on his loan account at the year end was £4,820 due to him.

12 CALLED UP SHARE CAPITAL

	£	£
Authorised		
100,000 ordinary shares of £1 each	100,000	100,000
	=====	=====
 Allotted and Fully Paid		
2,500 ordinary shares of £1 each	2,500	2,500
	=====	=====

DUNEDIN INDEPENDENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS - Continued
YEAR ENDED 31 MAY 1998

13 RESERVES

	£	1997 £
Profit and loss account		
Balance at 1 June 1997	28,756	8,511
Profit for the financial year	84,291	20,245
	-----	-----
Closing balance	113,047	28,756
	=====	=====

14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	£	£
Profit for the financial year	84,291	40,245
Dividends	-	20,000
	-----	-----
	84,291	20,245
Opening shareholders' funds	31,256	11,011
	-----	-----
Closing shareholders' funds	115,547	31,256
	=====	=====

15 RECONCILIATION OF OPERATING PROFIT TO OPERATING ACTIVITIES

	£	£
Operating profit	118,689	64,586
Depreciation charge	14,095	8,564
Increase in debtors	(76,755)	(20,655)
(Decrease)/increase in creditors	(5,855)	39,339
	-----	-----
Net cash inflow from operating activities	50,174	91,834
	=====	=====

DUNEDIN INDEPENDENT LIMITED
DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MAY 1998

16 ANALYSIS OF CASH FLOWS

	£	1997 £
Returns on investments and servicing of finance		
Interest received	4,104	3,327
Interest paid	(1,031)	(207)
	-----	-----
Net cash flow from returns on investments and servicing of finance	3,073	3,120
	=====	=====
Capital expenditure and financial investments		
Purchase of tangible fixed assets	(23,863)	(25,338)
	-----	-----
Net cash flow for capital expenditure and financial investments	(23,863)	(25,338)
	=====	=====
Financing	-	-
	=====	=====

17 ANALYSIS OF NET FUNDS

	At 1 June 1997 £	Cash inflow £	At 31 May 1998 £
Cash at bank and in hand	158,699	7,408	166,107
	=====	=====	=====

18 PENSION SCHEME

The company operates a defined contribution scheme for employees of the company. The assets of the scheme are held in trustee administered funds. Pension contributions during the year amounted to £98,337 (1997 - £50,250)