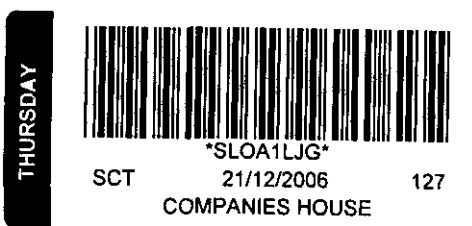


DUNEDIN INDEPENDENT PLC

DIRECTORS AND ADVISERS

Directors	M A Emlick Y S Irvine G F Barnet
Secretary	G F Barnet
Company number	SC155032
Registered office	42 Charlotte Square Edinburgh EH2 4HQ
Registered auditors	Springfords LLP Dundas House Westfield Park Eskbank Edinburgh EH22 3FB
Bankers	Allied Irish Bank 19 Charlotte Square Edinburgh EH2 4DE
Solicitors	CCW LLP 40 Charlotte Square Edinburgh EH2 4HQ



DUNEDIN INDEPENDENT PLC

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DUNEDIN INDEPENDENT PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2006

The directors present their report and financial statements for the year ended 31 May 2006

Directors

The following directors have held office since 1 June 2005

M A Emlick
Y S Irvine
G F Barnet

Principal activities and review of the business

Dunedin Independent plc is a well established, professionally managed and profitable independent financial advisor, based in Edinburgh with clients throughout the United Kingdom

The Company's service to clients includes personal financial planning, investment, tax planning, pensions and employee benefits to both personal and corporate clients

The Company was established in 1994 although it has roots going back to 1989. The Company has developed a blue chip client base from longstanding and trusted relationships with existing clients and professional introducers, including solicitors, accountants and private banks. The nature of the advice and the relationships Dunedin Independent plc builds with its clients has led to the development of three successful Divisions

Wealth Management Division
Corporate Employee Benefits Division
Mortgage Solutions Division

The publication by the FSA of CP121 has brought to the fore the importance of offering a truly independent service. Dunedin Independent plc is in the fortunate position of already operating a well established business model, based on operating profitably in its three key markets. This makes it a very attractive proposition for the new regime, with opportunities to build market share as other players reposition themselves.

Dunedin Independent plc operates as a specialist in its three key markets: wealth management, mortgage solutions and corporate employee benefits and the Company has a client base of over 7000. This includes over 150 corporate clients, for which the Company operates employee benefit schemes.

Dunedin Independent plc is regulated by the FSA and is not authorised to hold client money.

Principal risks and uncertainties

The management of Dunedin Independent plc and the execution of the company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the company are considered to relate to regulatory changes, industry factors outwith Dunedin Independent's control and employee retention. The company applies a risk management strategy to ensure they are continually aware of any material impact these factors might have on the successful operation of the firm.

Key performance indicators

Given the nature of the IFA business, Dunedin Independent's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance and position of the firm.

DUNEDIN INDEPENDENT PLC

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MAY 2006

Results and dividends

The consolidated profit and loss account for the year is set out on page 6

The year end position is set out in the consolidated balance sheet on page 7 The directors are pleased with the development and performance of its business during the year and of its year end position

Directors' interests

The directors' interests in the shares of the company and other group companies were as stated below

Ordinary shares of 1p each	
31 May 2006	1 June 2005

M A Emlick
Y S Irvine
G F Barnet

The interests in the Dunedin Investments Limited group of companies of M A Emlick, Y S Irvine and G F Barnet, who are also directors of the parent company, Dunedin Investments Limited, are shown in the annual report of that company

Creditor payment policy

The group's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU) The Group's "creditor days" at 31 May 2006 were 17 days

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Springfords LLP be reappointed as auditors of the company will be put to the Annual General Meeting

DUNEDIN INDEPENDENT PLC

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MAY 2006

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 group and of the profit or loss of the group 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 and the group will continue in business

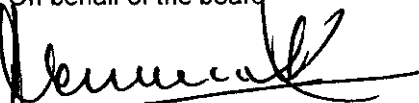
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information

On behalf of the board



M A Emlick

Director

11 December 2006

DUNEDIN INDEPENDENT PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DUNEDIN INDEPENDENT PLC

We have audited the group and parent company financial statements of Dunedin Independent Plc for the year ended 31 May 2006 set out on pages 6 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, and whether in our opinion the information given in the directors' report (including the business review) is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 and the group'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.

DUNEDIN INDEPENDENT PLC

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF DUNEDIN INDEPENDENT PLC

Opinion

In our opinion

the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's and the group's affairs as at 31 May 2006 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and

the information given in the directors' report is consistent with the financial statements

Springfords LLP

Springfords LLP

13 December 2006

Chartered Accountants

Registered Auditors

Dundas House
Westfield Park
Eskbank
Edinburgh
EH22 3FB

DUNEDIN INDEPENDENT PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MAY 2006

	Notes	2006 £	2005 £
Turnover	2	2,959,012	2,915,202
Cost of sales		(917,636)	(999,742)
Gross profit		2,041,376	1,915,460
Administrative expenses		(1,936,976)	(1,865,976)
Operating profit	3	104,400	49,484
Write off intercompany loan			(90,650)
Profit/(loss) on ordinary activities before interest		104,400	(41,166)
Other interest receivable and similar income		3,349	8,458
Interest payable and similar charges	4	(8,679)	(14,347)
Profit/(loss) on ordinary activities before taxation		99,070	(47,055)
Tax on profit/(loss) on ordinary activities	5	(44,390)	(33,204)
Profit/(loss) on ordinary activities after taxation	16	54,680	(80,259)

The profit and loss account has been prepared on the basis that all operations are continuing operations

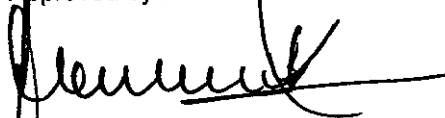
There are no recognised gains and losses other than those passing through the profit and loss account

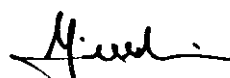
DUNEDIN INDEPENDENT PLC

BALANCE SHEETS AS AT 31 MAY 2006

		Group		Company	
	Notes	2006	2005	2006	2005
		£	£	£	£
Fixed assets					
Intangible assets	7	323,549	345,120	277,613	294,964
Tangible assets	8	92,912	65,067	92,912	65,067
Investments	9	41,675	41,675	41,675	41,675
		<u>458,136</u>	<u>451,862</u>	<u>412,200</u>	<u>401,706</u>
Current assets					
Debtors	10	174,656	85,465	174,656	85,465
Investments	11	144,000	144,000	144,000	144,000
Cash at bank and in hand		439,838	259,257	439,838	259,257
		<u>758,494</u>	<u>488,722</u>	<u>758,494</u>	<u>488,722</u>
Creditors' amounts falling due within one year	12	(683,804)	(455,037)	(683,804)	(455,037)
Net current assets		<u>74,690</u>	<u>33,685</u>	<u>74,690</u>	<u>33,685</u>
Total assets less current liabilities		<u>532,826</u>	<u>485,547</u>	<u>486,890</u>	<u>435,391</u>
Creditors' amounts falling due after more than one year	13	(83,637)	(91,038)	(83,637)	(91,038)
		<u>449,189</u>	<u>394,509</u>	<u>403,253</u>	<u>344,353</u>
Capital and reserves					
Called up share capital	15	50,000	50,000	50,000	50,000
Profit and loss account	16	399,189	344,509	353,253	294,353
Shareholders' funds	17	<u>449,189</u>	<u>394,509</u>	<u>403,253</u>	<u>344,353</u>

Approved by the Board and authorised for issue on 11 December 2006


M A Emlick
Director


Y S Irvine
Director

DUNEDIN INDEPENDENT PLC

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2006

	2006		2005	
	£	£	£	£
Net cash inflow from operating activities		344,611		287,960
Returns on investments and servicing of finance				
Interest received	3,349		8,458	
Interest paid	(8,679)		(14,347)	
Net cash outflow for returns on investments and servicing of finance		(5,330)		(5,889)
Taxation		(37,530)		(80,085)
Capital expenditure and financial investment				
Payments to acquire tangible assets	(71,485)		(21,258)	
Receipts from sales of tangible assets			50,000	
Receipts from sales of investments			2,803	
Net cash (outflow)/inflow for capital expenditure		(71,485)		31,545
Net cash inflow before management of liquid resources and financing		230,266		233,531
Management of liquid resources				
Current asset investments			(144,000)	
				(144,000)
Financing				
Repayment of long term bank loan	(42,352)		(58,526)	
Capital element of finance lease contracts	(7,333)		(2,057)	
Net cash outflow from financing		(49,685)		(60,583)
Increase in cash in the year		180,581		28,948

DUNEDIN INDEPENDENT PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2006

1	Reconciliation of operating profit to net cash inflow from operating activities	2006	2005
		£	£
	Operating profit	104,400	49,484
	Depreciation of tangible assets	43,640	62,235
	Amortisation of intangible assets	21,571	21,571
	(Increase)/decrease in debtors	(89,191)	33,742
	Increase in creditors within one year	264,191	119,925
	Loss on disposal of investments		1,003
	Net cash inflow from operating activities	344,611	287,960

2	Analysis of net funds	1 June 2005	Cash flow	Other non cash changes	31 May 2006
		£	£	£	£
	Net cash				
	Cash at bank and in hand	259,257	180,581		439,838
	Liquid resources				
	Current asset investments	144,000			144,000
	Finance leases	(22,000)	7,334		(14,666)
	Debts falling due within one year	(62,956)	27,618		(35,338)
	Debts falling due after one year	(91,038)	14,734		(76,304)
		(175,994)	49,686		(126,308)
	Net funds	227,263	230,267		457,530

3	Reconciliation of net cash flow to movement in net debt	2006	2005
		£	£
	Increase in cash in the year	180,581	28,948
	Cash outflow from increase in liquid resources		144,000
	Cash outflow from decrease in debt	49,686	60,583
	Movement in net funds in the year	230,267	233,531
	Opening net funds/(debt)	227,263	(6,268)
	Closing net funds	457,530	227,263

DUNEDIN INDEPENDENT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2006

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 May 2006. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra group sales and profits are eliminated fully on consolidation.

1.4 Turnover

Turnover represents gross commission received in cash in the year and accrued income based on commission due on fully completed policy sales at the year end which are less than six months old. Renewal commission is credited to the profit and loss account on receipt of cash. Any commission clawbacks are included within cost of sales.

1.5 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life. The expected life of acquired goodwill is 20 years.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	Over life of lease
Fixtures, fittings & equipment	20 25% Straight Line
Motor vehicles	25% Straight Line

1.7 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.8 Investments

Fixed asset investments are stated at cost less provision for diminution in value.
Current asset investments are stated at the lower of cost and net realisable value.

DUNEDIN INDEPENDENT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2006

1 Accounting policies (continued)

1.9 Pensions

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.10 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit	2006 £	2005 £
Operating profit is stated after charging		
Depreciation of intangible assets	21,571	21,571
Depreciation of tangible assets	43,640	62,235
Operating lease rentals	180,000	180,000
Auditors' remuneration (company £7,500, 2005 £8,000)	7,500	8,000
Remuneration of auditors for non audit work	2,000	3,000

4 Interest payable	2006 £	2005 £
On bank loans and overdrafts	7,690	12,432
Hire purchase interest	989	1,915
	8,679	14,347

DUNEDIN INDEPENDENT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2006

5	Taxation	2006 £	2005 £
	Domestic current year tax		
	U K corporation tax	44,390	37,477
	Adjustment for prior years		(39)
	Current tax charge	<u>44,390</u>	<u>37,438</u>
	Deferred tax		
	Origination and reversal of timing differences		(4,234)
		<u>44,390</u>	<u>33,204</u>
	Factors affecting the tax charge for the year		
	Profit/(loss) on ordinary activities before taxation	<u>99,070</u>	<u>(47,055)</u>
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2005: 30.00%)	<u>29,721</u>	<u>(14,117)</u>
	Effects of		
	Depreciation in excess of capital allowances	4,810	10,579
	Permanent Differences	25,184	50,072
	Marginal relief	(15,166)	(9,057)
	Adjustments to previous periods		(39)
	Other tax adjustments	(159)	
		<u>14,669</u>	<u>51,555</u>
	Current tax charge	<u>44,390</u>	<u>37,438</u>

6 Profit/(loss) for the financial year

As permitted by section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The profit/(loss) for the financial year is made up as follows:

	2006 £	2005 £
Parent company's profit/(loss) for the financial year	<u>58,900</u>	<u>(76,039)</u>

DUNEDIN INDEPENDENT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2006

7 Intangible fixed assets

Group

Goodwill £

Cost

At 1 June 2005 & at 31 May 2006

431,402

Amortisation

At 1 June 2005

86,282

Charge for the year

21,571

At 31 May 2006

107,853

Net book value

At 31 May 2006

323,549

At 31 May 2005

345,120

Intangible fixed assets

Company

Goodwill £

Cost

At 1 June 2005 & at 31 May 2006

347,017

Amortisation

At 1 June 2005

52,053

Charge for the year

17,351

At 31 May 2006

69,404

Net book value

At 31 May 2006

277,613

At 31 May 2005

294,964

DUNEDIN INDEPENDENT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2006

8 Tangible fixed assets Group and company

	Leasehold improvement	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 June 2005		474,227	44,000	518,227
Additions	54,420	17,065		71,485
	<u>54,420</u>	<u>491,292</u>	<u>44,000</u>	<u>589,712</u>
At 31 May 2006				
Depreciation				
At 1 June 2005		418,328	34,832	453,160
Charge for the year	3,628	30,844	9,168	43,640
	<u>3,628</u>	<u>449,172</u>	<u>44,000</u>	<u>496,800</u>
At 31 May 2006				
Net book value				
At 31 May 2006	50,792	42,120		92,912
	<u>50,792</u>	<u>42,120</u>	<u></u>	<u>92,912</u>
At 31 May 2005		55,899	9,168	65,067
	<u></u>	<u>55,899</u>	<u>9,168</u>	<u>65,067</u>

Included above are assets held under finance leases or hire purchase contracts as follows

	Motor vehicles £
Net book values	
At 31 May 2006	
At 31 May 2005	9,168
	<u>9,168</u>
Depreciation charge for the year	
31 May 2006	9,168
31 May 2005	11,000
	<u>9,168</u>

DUNEDIN INDEPENDENT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2006

9 Fixed asset investments Group

	Unlisted investments £
Cost	
At 1 June 2005 & at 31 May 2006	41,675

Fixed asset investments Company

	Unlisted investments £	Shares in group undertakings £	Total £
Cost			
At 1 June 2005 & at 31 May 2006	41,675	151,539	193,214
Provisions for diminution in value			
At 1 June 2005 & at 31 May 2006		151,539	151,539
Net book value			
At 1 June 2005 & at 31 May 2006	41,675		41,675

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Dunedin Lifecare Limited	Scotland	Ordinary Shares	75
Corporate Employee Benefits Limited	Scotland	Ordinary Shares	100

The principal activity of these undertakings for the last relevant financial year was as follows

	Principal activity
Dunedin Lifecare Limited	Dormant
Corporate Employee Benefits Limited	Dormant

The trade and assets of both companies were transferred to Dunedin Independent Plc on 1 June 2002 and as such both companies have been dormant since then

DUNEDIN INDEPENDENT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2006

10 Debtors

	Group 2006 £	2005 £	Company 2006 £	2005 £
Called up share capital not paid	37,500	37,500	37,500	37,500
Other debtors	96,306	25,271	96,306	25,271
Prepayments and accrued income	40,850	22,694	40,850	22,694
	<u>174,656</u>	<u>85,465</u>	<u>174,656</u>	<u>85,465</u>

11 Current asset investments

	Group 2006 £	2005 £	Company 2006 £	2005 £
Investment properties	<u>144,000</u>	<u>144,000</u>	<u>144,000</u>	<u>144,000</u>

12 Creditors amounts falling due within one year

	Group 2006 £	2005 £	Company 2006 £	2005 £
Bank loan	35,338	62,956	35,338	62,956
Net obligations under finance lease and hire purchase contracts	7,333	22,000	7,333	22,000
Trade creditors	13,719	13,770	13,719	13,770
Corporation tax	44,337	37,477	44,337	37,477
Taxes and social security costs	13,111	14,846	13,111	14,846
Director's current account		3,786		3,786
Other creditors	11,744	4,148	11,744	4,148
Accruals and deferred income	558,222	296,054	558,222	296,054
	<u>683,804</u>	<u>455,037</u>	<u>683,804</u>	<u>455,037</u>

The bank loan is secured by a bond and floating charge over all the assets of Dunedin Independent Plc
The interest rate on the bank loan is the bank base rate plus 1 5% p a

DUNEDIN INDEPENDENT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2006

13 Creditors amounts falling due after more than one year

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Bank loans	76,304	91,038	76,304	91,038
Net obligations under finance leases and hire purchase agreements	7,333		7,333	
	<u>83,637</u>	<u>91,038</u>	<u>83,637</u>	<u>91,038</u>
Analysis of loans				
Wholly repayable within five years	111,642	153,994	111,642	153,994
Included in current liabilities	(35,338)	(62,956)	(35,338)	(62,956)
	<u>76,304</u>	<u>91,038</u>	<u>76,304</u>	<u>91,038</u>
Loan maturity analysis				
In more than one year but not more than two years	37,787	66,501		
In more than two years but not more than five years	38,518	24,537		
	<u>76,304</u>	<u>91,038</u>		
Net obligations under finance leases and hire purchase contracts				
Repayable within one year	7,333	22,000		
Repayable between one and five years	7,333			
	<u>14,666</u>	<u>22,000</u>		
Included in liabilities falling due within one year	(7,333)	(22,000)	(7,333)	(22,000)
	<u>7,333</u>	<u></u>	<u>(7,333)</u>	<u>(22,000)</u>

14 Pension costs

Defined contribution

	2006	2005
	£	£
Contributions payable by the group for the year	<u>16,385</u>	<u>18,305</u>

DUNEDIN INDEPENDENT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2006

15 Share capital	2006 £	2005 £
Authorised 5,000,000 Ordinary shares of 1p each	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid 1,250,000 Ordinary shares of 1p each	<u>12,500</u>	<u>12,500</u>
Allotted and called up equity 3,750,000 Ordinary shares of 1p each	<u>37,500</u>	<u>37,500</u>
16 Statement of movements on profit and loss account Group		Profit and loss account £
Balance at 1 June 2005		344,509
Profit for the year		<u>54,680</u>
Balance at 31 May 2006		<u>399,189</u>
Company		Profit and loss account £
Balance at 1 June 2005		294,353
Profit for the year		<u>58,900</u>
Balance at 31 May 2006		<u>353,253</u>

DUNEDIN INDEPENDENT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2006

17 Reconciliation of movements in shareholders' funds	2006	2005
	£	£
Group		
Profit/(Loss) for the financial year	54,680	(80,259)
Opening shareholders' funds	394,509	474,768
	<u>449,189</u>	<u>394,509</u>
Closing shareholders' funds		
	<u>449,189</u>	<u>394,509</u>
	2006	2005
	£	£
Company		
Profit/(Loss) for the financial year	58,900	(76,039)
Opening shareholders' funds	344,353	420,392
	<u>403,253</u>	<u>344,353</u>
Closing shareholders' funds		
	<u>403,253</u>	<u>344,353</u>

18 Financial commitments

At 31 May 2006 the group had annual commitments under non cancellable operating leases as follows

	Land and buildings	
	2006	2005
	£	£
Expiry date		
In over five years	180,000	180,000

19 Capital commitments

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Contracted for but not provided in the financial statements	180,000		180,000	

The current asset investment properties represent the deposits on a number of properties in a development in Dubai. Post year end a further instalment of £180,000 has been paid on these properties. It is planned to sell the investment properties prior to 31 May 2007.

DUNEDIN INDEPENDENT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2006

20 Directors' emoluments	2006 £	2005 £
Emoluments for qualifying services	<u>564,274</u>	<u>486,735</u>

Emoluments disclosed above include the following amounts paid to the highest paid director

Emoluments for qualifying services	<u>372,198</u>	<u>242,587</u>
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21 Transactions with directors

The following directors had interest free loans during the year The movement on these loans are as follows

	Amount outstanding 2006 £	2005 £	Maximum in year £
Mark Emlick	66,072	(3,786)	66,072
Yuill Irvine	4,926	10,335	10,335
Graham Barnet	20,000		20,000

22 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2006 Number	2005 Number
Advisers	6	7
Staff	<u>14</u>	<u>14</u>
	<u>20</u>	<u>21</u>

Employment costs	2006 £	2005 £
Wages and salaries	1,004,155	1,017,087
Social security costs	92,199	58,992
Other pension costs	16,385	18,305
	<u>1,112,739</u>	<u>1,094,384</u>

DUNEDIN INDEPENDENT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2006

23 Control

Dunedin Independent Plc is a 100% subsidiary of Dunedin Investments Limited, which is incorporated in Scotland. The ultimate controlling party is Mark Emlick, majority shareholder of Dunedin Investments Limited.

24 Related party transactions

Group and Company

Belgrave Scotland Limited

During the year Dunedin Independent Plc have rented offices at 41 Charlotte Square, Edinburgh, from Belgrave Scotland Limited (a company of which Mark Emlick is a director and shareholder). The rent paid during the year amounted to £180,000 (2005: £160,000).

Leith Properties Limited

During the year Dunedin Independent Plc have purchased leasehold improvements to the value of £40,000 (2005: £Nil) from Leith Properties Limited (a company of which Mark Emlick is a director).