

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



DUNEDIN INDEPENDENT PLC

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DUNEDIN INDEPENDENT PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2007

The directors present their report and financial statements for the year ended 31 May 2007

Directors

The following directors have held office since 1 June 2006

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 authorised and 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 2007

Results and dividends

The consolidated profit and loss account for the year is set out on page 5

The year end position is set out in the consolidated balance sheet on page 6. The directors are pleased with the development and performance of its business during the year and of its year end position.

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 2007 were 6 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.

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law 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). The financial statements are required by law to 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 group will continue in business.

The directors are responsible for keeping proper accounting records that 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



Y S Irvine
Director

5 December 2007

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 2007 set out on pages 5 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we 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 group's and 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.

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 group's and parent company's affairs as at 31 May 2007 and of the group's profit for the year then ended,

the financial statements 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

5 December 2007

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 2007

	Notes	2007 £	2006 £
Turnover	2	3,038,089	2,959,012
Cost of sales	3	(1,195,667)	(917,636)
Gross profit		1,842,422	2,041,376
Administrative expenses	3	(1,702,923)	(1,936,976)
Operating profit	3	139,499	104,400
Other interest receivable and similar income		3,302	3,349
Amounts written off investments	4	(601)	
Interest payable and similar charges	5	(7,649)	(8,679)
Profit on ordinary activities before taxation		134,551	99,070
Tax on profit on ordinary activities	6	(39,384)	(44,390)
Profit on ordinary activities after taxation		95,167	54,680

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 2007

	Notes	Group 2007 £	2006 £	Company 2007 £	2006 £
Fixed assets					
Intangible assets	8	301,978	323,549	260,262	277,613
Tangible assets	9	82,320	92,912	82,320	92,912
Investments	10	26,675	41,675	26,675	41,675
		<u>410,973</u>	<u>458,136</u>	<u>369,257</u>	<u>412,200</u>
Current assets					
Debtors	11	687,671	174,656	687,671	174,656
Investments	12		144,000		144,000
Cash at bank and in hand		63,647	439,838	63,647	439,838
		<u>751,318</u>	<u>758,494</u>	<u>751,318</u>	<u>758,494</u>
Creditors amounts falling due within one year	13	<u>(577,415)</u>	<u>(683,804)</u>	<u>(577,415)</u>	<u>(683,804)</u>
Net current assets		<u>173,903</u>	<u>74,690</u>	<u>173,903</u>	<u>74,690</u>
Total assets less current liabilities		<u>584,876</u>	<u>532,826</u>	<u>543,160</u>	<u>486,890</u>
Creditors amounts falling due after more than one year	14	<u>(40,520)</u>	<u>(83,637)</u>	<u>(40,520)</u>	<u>(83,637)</u>
		<u>544,356</u>	<u>449,189</u>	<u>502,640</u>	<u>403,253</u>
Capital and reserves					
Called up share capital	16	50,000	50,000	50,000	50,000
Profit and loss account	17	494,356	399,189	452,640	353,253
Shareholders' funds	18	<u>544,356</u>	<u>449,189</u>	<u>502,640</u>	<u>403,253</u>

Approved by the Board and authorised for issue on 5 December 2007


Y S Irvine
Director

DUNEDIN INDEPENDENT PLC

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MAY 2007

	£	2007 £	£	2006 £
Net cash (outflow)/inflow from operating activities		(292,772)		344,611
Returns on investments and servicing of finance				
Interest received	3,302		3,349	
Interest paid	(7,649)		(8,679)	
Net cash outflow for returns on investments and servicing of finance		(4,347)		(5,330)
Taxation		(44,337)		(37,530)
Capital expenditure and financial investment				
Payments to acquire tangible assets	(14,467)		(71,485)	
Receipts from sales of tangible assets	14,295			
Receipts from sales of investments	14,399			
Net cash outflow for capital expenditure		14,227		(71,485)
Net cash (outflow)/inflow before management of liquid resources and financing		(327,229)		230,266
Financing				
Repayment of long term bank loan	(34,296)		(42,352)	
Capital element of hire purchase contracts	(14,666)		(7,333)	
Net cash outflow from financing		(48,962)		(49,685)
Decrease in cash in the year		(376,191)		180,581

DUNEDIN INDEPENDENT PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2007

1 Reconciliation of operating profit to net cash (outflow)/inflow from operating activities		2007	2006
		£	£
Operating profit		139,499	104,400
Depreciation of tangible assets		25,038	43,640
Amortisation of intangible assets		21,571	21,571
Profit on disposal of tangible assets		(14,274)	
Increase in debtors		(369,015)	(89,191)
(Decrease)/Increase in creditors within one year		(95,591)	264,191
Net cash (outflow)/inflow from operating activities		(292,772)	344,611

2 Analysis of net (debt)/funds	1 June 2006	Cash flow	Other non cash changes	31 May 2007
	£	£	£	£
Net cash				
Cash at bank and in hand	439,838	(376,191)		63,647
Liquid resources				
Current asset investments	144,000		(144,000)	
Finance leases	(14,666)	14,666		
Debts falling due within one year	(35,338)	(1,488)		(36,826)
Debts falling due after one year	(76,304)	35,784		(40,520)
	(126,308)	48,962		(77,346)
Net funds/(debt)	457,530	(327,229)	(144,000)	(13,699)

3 Reconciliation of net cash flow to movement in net debt	2007	2006
	£	£
(Decrease)/increase in cash in the year	(376,191)	180,581
Cash outflow from decrease in debt	48,962	49,686
Disposal of current asset investments	(144,000)	
Movement in net (debt)/funds in the year	(471,229)	230,267
Opening net funds	457,530	227,263
Closing net (debt)/funds	(13,699)	457,530

DUNEDIN INDEPENDENT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2007

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 2007. 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, together with commission due on pipeline policy sales which have a commencement date pre year end. 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.

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.

DUNEDIN INDEPENDENT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2007

1 Accounting policies (continued)

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	2007 £	2006 £
Operating profit is stated after charging		
Depreciation of intangible assets	21,571	21,571
Depreciation of tangible assets	25,038	43,640
Operating lease rentals	125,000	180,000
Auditors' remuneration (company £8,500, 2006 £7,500)	8,500	7,500
Remuneration of auditors for non audit work	3,000	3,000
and after crediting		
Profit on disposal of tangible assets	(14,274)	

Included within cost of sales and administrative expenses are exceptional items totalling £360,000. These costs relate to the provision for legal expenses and compensation arising from legal cases lost during the year. The associated costs have been allocated £225,000 to cost of sales and £135,000 to legal and professional fees.

4 Amounts written off investments	2007 £	2006 £
Amounts written off fixed asset investments		
permanent diminution in value	601	

5 Interest payable	2007 £	2006 £
On bank loans and overdrafts	7,389	7,690
Hire purchase interest	207	989
On overdue tax	53	
	7,649	8,679

DUNEDIN INDEPENDENT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2007

6	Taxation	2007 £	2006 £
	Domestic current year tax		
	U K corporation tax	39,384	44,390
	Current tax charge	39,384	44,390
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	134,551	99,070
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2006 30.00%)	40,365	29,721
	Effects of		
	Capital allowances in excess of depreciation	(7,605)	4,810
	Permanent Differences	23,049	25,184
	Marginal relief	(15,196)	(15,166)
	Franked Investment Income	(459)	
	Other tax adjustments	(770)	(159)
		(981)	14,669
	Current tax charge	39,384	44,390

7 Profit 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 for the financial year is made up as follows:

	2007 £	2006 £
Parent company's profit for the financial year	99,387	58,900

DUNEDIN INDEPENDENT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2007

8 Intangible fixed assets

Group

Goodwill £

Cost

At 1 June 2006 & at 31 May 2007

431,402

Amortisation

At 1 June 2006

107,853

Charge for the year

21,571

At 31 May 2007

129,424

Net book value

At 31 May 2007

301,978

At 31 May 2006

323,549

Intangible fixed assets

Company

Goodwill £

Cost

At 1 June 2006 & at 31 May 2007

347,017

Amortisation

At 1 June 2006

69,404

Charge for the year

17,351

At 31 May 2007

86,755

Net book value

At 31 May 2007

260,262

At 31 May 2006

277,613

DUNEDIN INDEPENDENT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2007

9 Tangible fixed assets Group and company

	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 June 2006	54,420	491,292	44,000	589,712
Additions		14,467		14,467
Disposals		(193,145)	(44,000)	(237,145)
At 31 May 2007	54,420	312,614		367,034
Depreciation				
At 1 June 2006	3,628	449,172	44,000	496,800
On disposals		(193,124)	(44,000)	(237,124)
Charge for the year	3,628	21,410		25,038
At 31 May 2007	7,256	277,458		284,714
Net book value				
At 31 May 2007	47,164	35,156		82,320
At 31 May 2006	50,792	42,120		92,912

DUNEDIN INDEPENDENT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2007

10 Fixed asset investments Group

	Unlisted investments £
Cost	
At 1 June 2006	41,675
Disposals	(14,399)
	<hr/>
At 31 May 2007	27,276
	<hr/>
Provisions for diminution in value	
At 1 June 2006	
Charge for the year	601
	<hr/>
At 31 May 2007	601
	<hr/>
Net book value	
At 31 May 2007	26,675
	<hr/>
At 31 May 2006	41,675
	<hr/>

Fixed asset investments Company

	Unlisted investments £	Shares in group undertakings £	Total £
Cost			
At 1 June 2006	41,675	151,539	193,214
Disposals	(14,399)		(14,399)
	<hr/>	<hr/>	<hr/>
At 31 May 2007	27,276	151,539	178,815
	<hr/>	<hr/>	<hr/>
Provisions for diminution in value			
At 1 June 2006		151,539	151,539
Charge for the year	601		601
	<hr/>	<hr/>	<hr/>
At 31 May 2007	601	151,539	152,140
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 May 2007	26,675		26,675
	<hr/>	<hr/>	<hr/>
At 31 May 2006	41,675		41,675
	<hr/>	<hr/>	<hr/>

DUNEDIN INDEPENDENT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2007

10 Fixed asset investments (continued)

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

11 Debtors

	Group 2007 £	2006 £	Company 2007 £	2006 £
Called up share capital not paid	37,500	37,500	37,500	37,500
Other debtors	530,554	96,306	530,554	96,306
Prepayments and accrued income	119,617	40,850	119,617	40,850
	<u>687,671</u>	<u>174,656</u>	<u>687,671</u>	<u>174,656</u>

12 Current asset investments

	Group 2007 £	2006 £	Company 2007 £	2006 £
Investment properties		144,000		144,000
	<u></u>	<u>144,000</u>	<u></u>	<u>144,000</u>

DUNEDIN INDEPENDENT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2007

13 Creditors amounts falling due within one year

	Group 2007 £	2006 £	Company 2007 £	2006 £
Bank loan	36,826	35,338	36,826	35,338
Net obligations under finance lease and hire purchase contracts		7,333		7,333
Trade creditors	19,614	13,719	19,614	13,719
Corporation tax	39,384	44,337	39,384	44,337
Taxes and social security costs	12,065	13,111	12,065	13,111
Other creditors	13,021	11,744	13,021	11,744
Accruals and deferred income	456,505	558,222	456,505	558,222
	<u>577,415</u>	<u>683,804</u>	<u>577,415</u>	<u>683,804</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 2007

14 Creditors amounts falling due after more than one year

	Group 2007 £	2006 £	Company 2007 £	2006 £
Bank loans	40,520	76,304	40,520	76,304
Net obligations under finance leases and hire purchase agreements		7,333		7,333
	<u>40,520</u>	<u>83,637</u>	<u>40,520</u>	<u>83,637</u>
Analysis of loans				
Wholly repayable within five years	77,346	111,642	77,346	111,642
Included in current liabilities	(36,826)	(35,338)	(36,826)	(35,338)
	<u>40,520</u>	<u>76,304</u>	<u>40,520</u>	<u>76,304</u>
Loan maturity analysis				
In more than one year but not more than two years	38,255	37,787	38,255	37,787
In more than two years but not more than five years	<u>2,265</u>	<u>38,518</u>	<u>2,265</u>	<u>38,518</u>
Net obligations under finance leases and hire purchase contracts				
Repayable within one year		7,333		7,333
Repayable between one and five years		7,333		7,333
		<u>14,666</u>		<u>14,666</u>
Included in liabilities falling due within one year		(7,333)		(7,333)
		<u>7,333</u>		<u>7,333</u>

15 Pension costs

Defined contribution

	2007 £	2006 £
Contributions payable by the group for the year	<u>12,532</u>	<u>16,385</u>

DUNEDIN INDEPENDENT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2007

16	Share capital	2007 £	2006 £
	Authorised		
	5,000,000 Ordinary shares of 1p each	50,000	50,000
	Allotted, called up and fully paid		
	1,250,000 Ordinary shares of 1p each	12,500	12,500
	Allotted and called up equity		
	3,750,000 Ordinary shares of 1p each	37,500	37,500
17	Statement of movements on profit and loss account		
	Group		Profit and loss account £
	Balance at 1 June 2006		399,189
	Profit for the year		95,167
	Balance at 31 May 2007		494,356
	Company		Profit and loss account £
	Balance at 1 June 2006		353,253
	Profit for the year		99,387
	Balance at 31 May 2007		452,640

DUNEDIN INDEPENDENT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2007

18 Reconciliation of movements in shareholders' funds	2007	2006
Group	£	£
Profit for the financial year	95,167	54,680
Opening shareholders' funds	449,189	394,509
	<u>544,356</u>	<u>449,189</u>
Closing shareholders' funds	<u>544,356</u>	<u>449,189</u>

	2007	2006
Company	£	£
Profit for the financial year	99,387	58,900
Opening shareholders' funds	403,253	344,353
	<u>502,640</u>	<u>403,253</u>
Closing shareholders' funds	<u>502,640</u>	<u>403,253</u>

19 Financial commitments

At 31 May 2007 the group had annual commitments under non cancellable operating leases as follows

	Land and buildings	
	2007	2006
	£	£
Expiry date		
In over five years	<u>90,900</u>	<u>180,000</u>

20 Capital commitments

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Contracted for but not provided in the financial statements	<u> </u>	<u>180,000</u>	<u> </u>	<u>180,000</u>

DUNEDIN INDEPENDENT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2007

21 Directors' emoluments	2007 £	2006 £
Emoluments for qualifying services	266,108	564,274
Emoluments disclosed above include the following amounts paid to the highest paid director		
Emoluments for qualifying services	135,175	372,198

22 Transactions with directors

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

	Amount outstanding		Maximum
	2007	2006	in year
	£	£	£
Mark Emlick	490,090	66,072	490,090
Yuill Irvine	31,629	4,926	31,629
Graham Barnet		20,000	20,000

The directors intend to repay the outstanding loans within 9 months of the year end

23 Employees

Number of employees

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

	2007 Number	2006 Number
Advisers	7	6
Staff	16	14
	23	20

Employment costs	2007 £	2006 £
Wages and salaries	760,293	1,004,155
Social security costs	64,219	92,199
Other pension costs	12,532	16,385
	837,044	1,112,739

DUNEDIN INDEPENDENT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2007

24 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.

25 Related party transactions

Group and Company

Belgrave Scotland Limited

During the year Dunedin Independent Plc has rented offices at 41 and 42 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 £142,130 (2006: £202,778).

Strategic Investment Management Limited

During the year Strategic Investment Management Limited (a company of which all three directors are shareholders) redeemed preference shares amounting to £14,399 held by the company at cost.

During the year the company sold current asset investments of £344,000 to Mark Emlick (director) at cost.