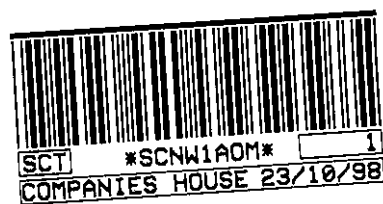
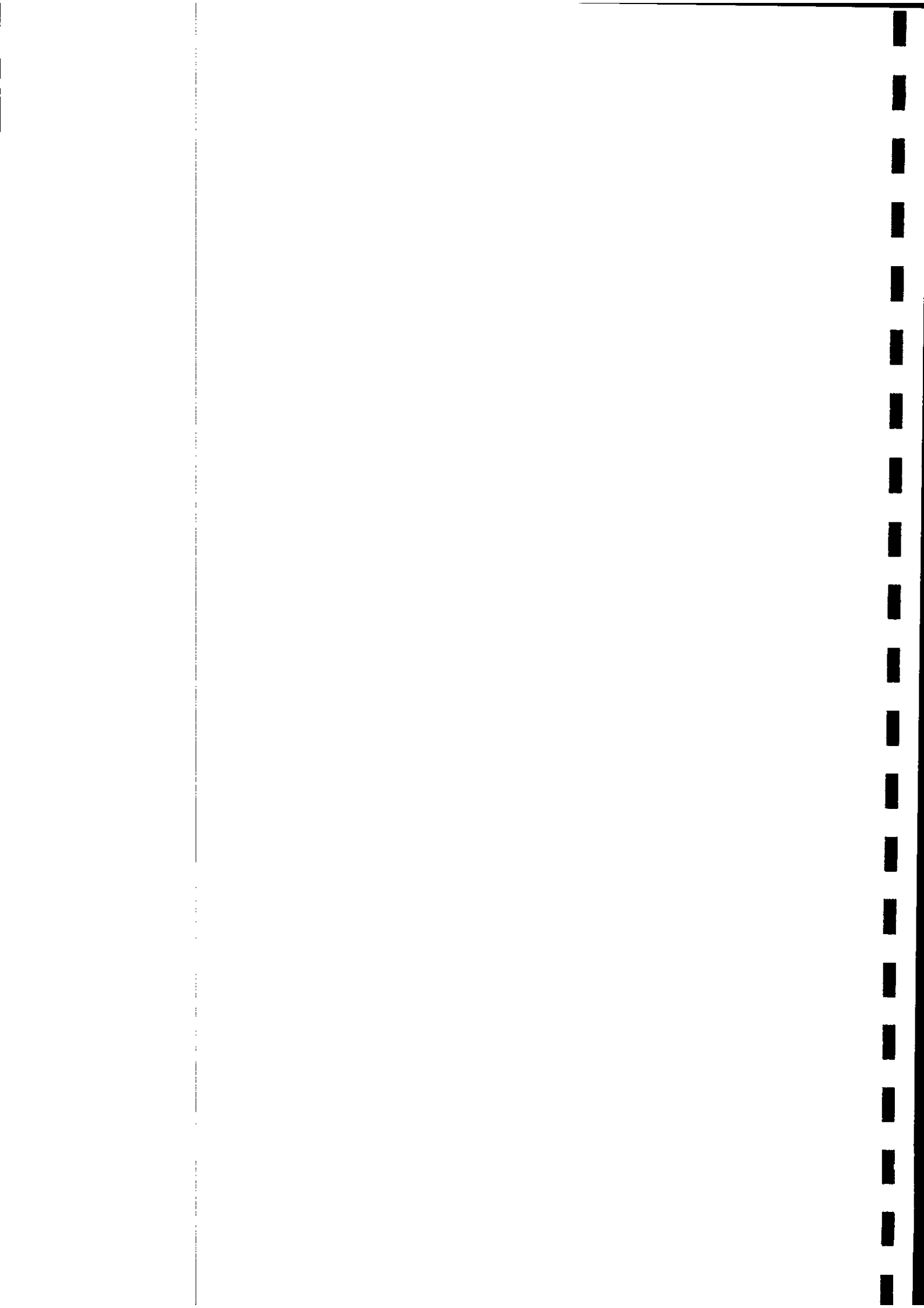


DUNEDIN INDEPENDENT LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 1997



Rutherford Manson Dowds
Chartered Accountants
25 Melville Street
Edinburgh
EH3 7TP

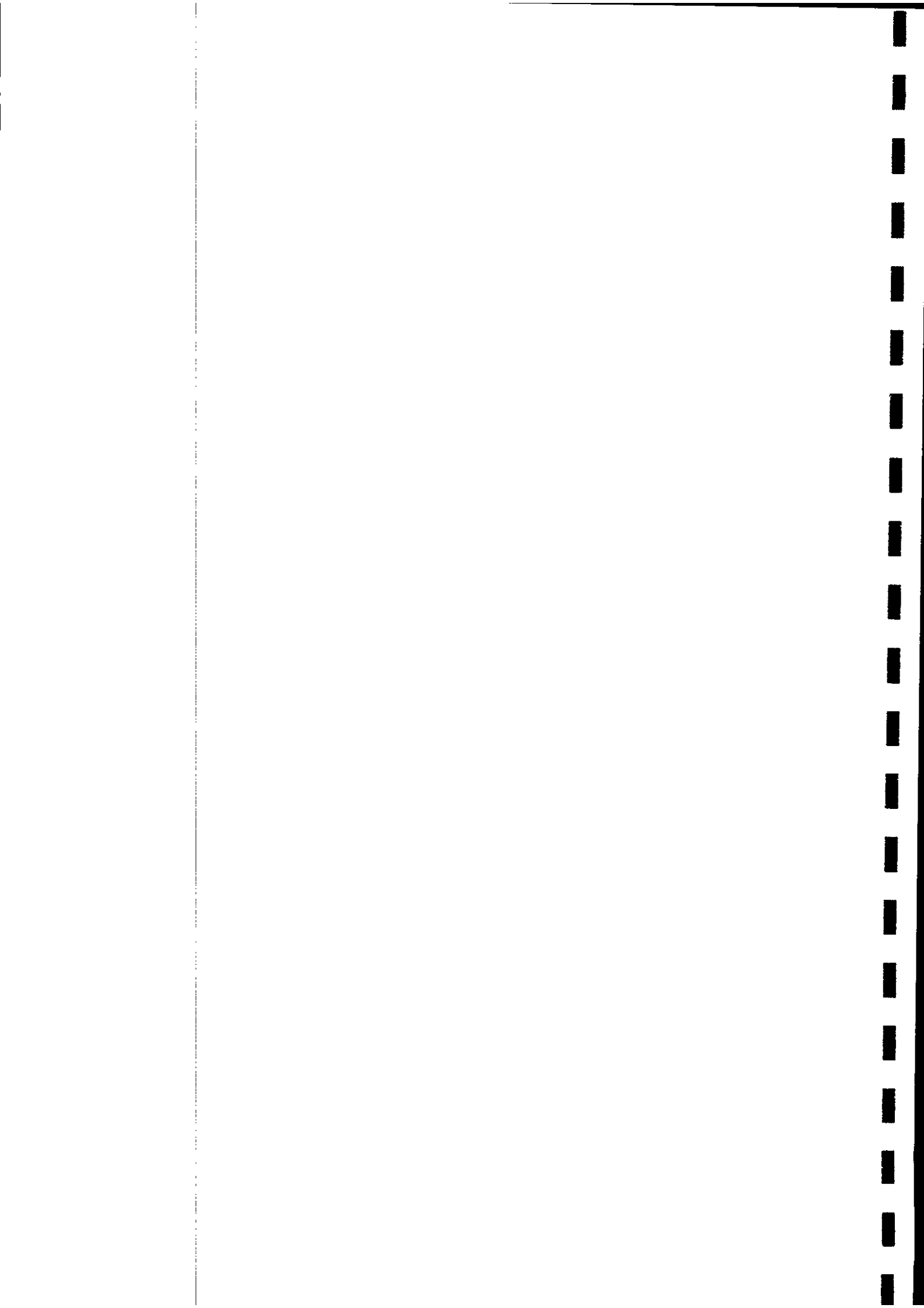


DUNEDIN INDEPENDENT LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 1997

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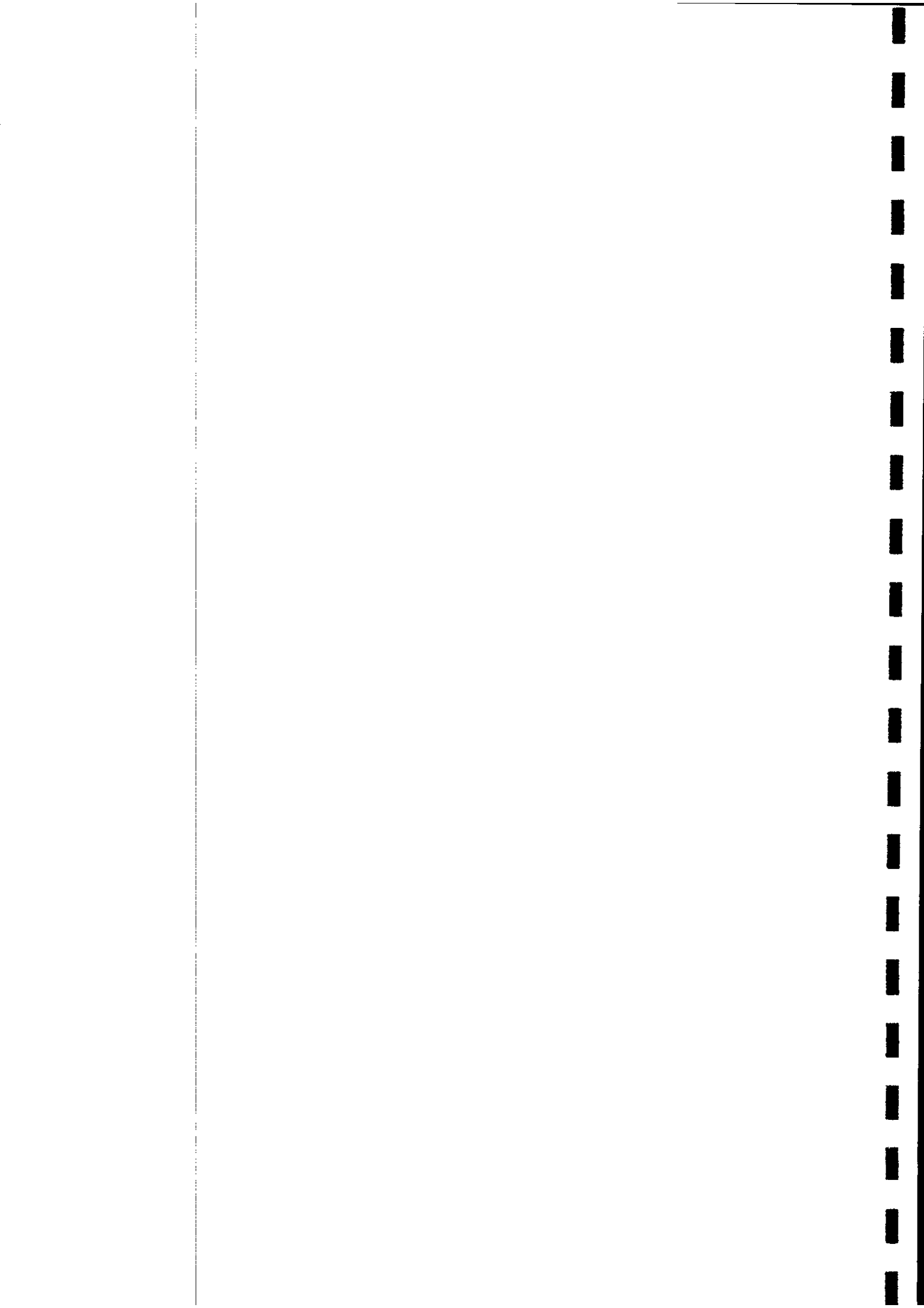
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1	Officers and professional advisers
2	Directors' report
3	Statement of directors' responsibilities
4	Auditors' report
5	Profit and loss account
6	Balance sheet
7 - 9	Cash flow statement
10 - 15	Notes to the financial statements



DUNEDIN INDEPENDENT LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:	J L Dempster M A Emlick Y Irvine
SECRETARY:	M A Emlick
REGISTERED OFFICE:	49 Manor Place Edinburgh EH3 7EG
AUDITORS:	Rutherford Manson Dowds Chartered Accountants 25 Melville Street Edinburgh EH3 7PE
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 audited financial statements for the year ended 31 May 1997.

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 £40,245 (1996 - £101,011). Interim dividends amounting to £20,000 (1996 - £92,500) were paid in the year. The directors do not recommend the payment of a final dividend and recommend that the sum of £20,245 (1996 - £8,511) be transferred to reserves.

3 DIRECTORS

The present membership of the board is set out on page 1.

The interests of the directors in office at 31 May 1997 in the shares of the company were as follows:

	Ordinary shares of £1	
	31 May 1997	31 May 1996
J L Dempster	1,250	1,250
M A Emlick	1,250	1,250
	=====	=====

Y Irvine was appointed a director on 1 June 1997.

4 CLOSE COMPANY

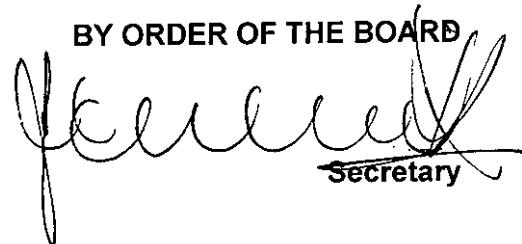
The company is a close company within the terms of the Income and Corporation Taxes Act 1988.

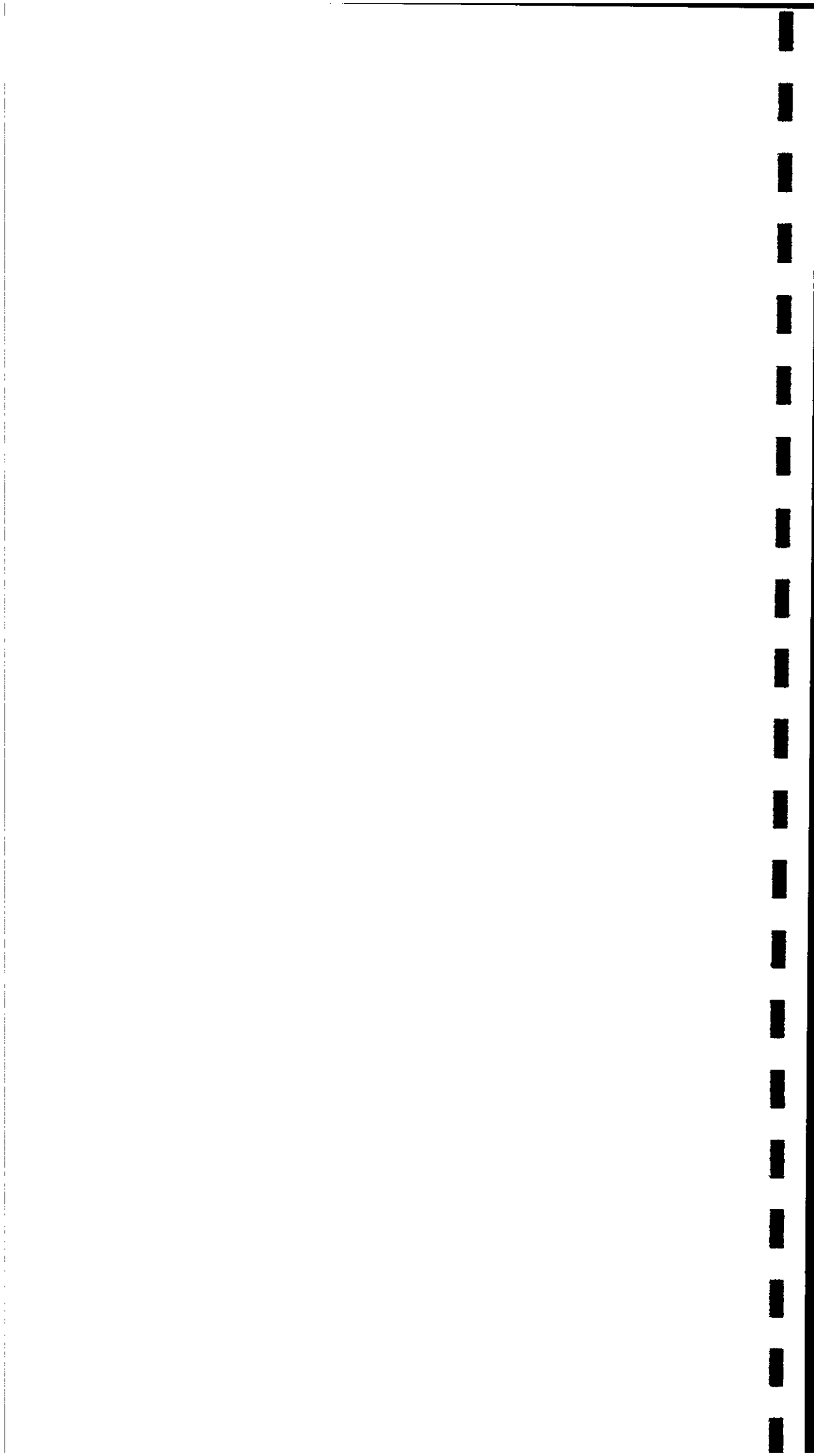
5 AUDITORS

A resolution to re-appoint Rutherford Manson Dowds as auditors will be proposed at the Annual General Meeting.

16 October 1998

BY ORDER OF THE BOARD


Secretary



DUNEDIN INDEPENDENT LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

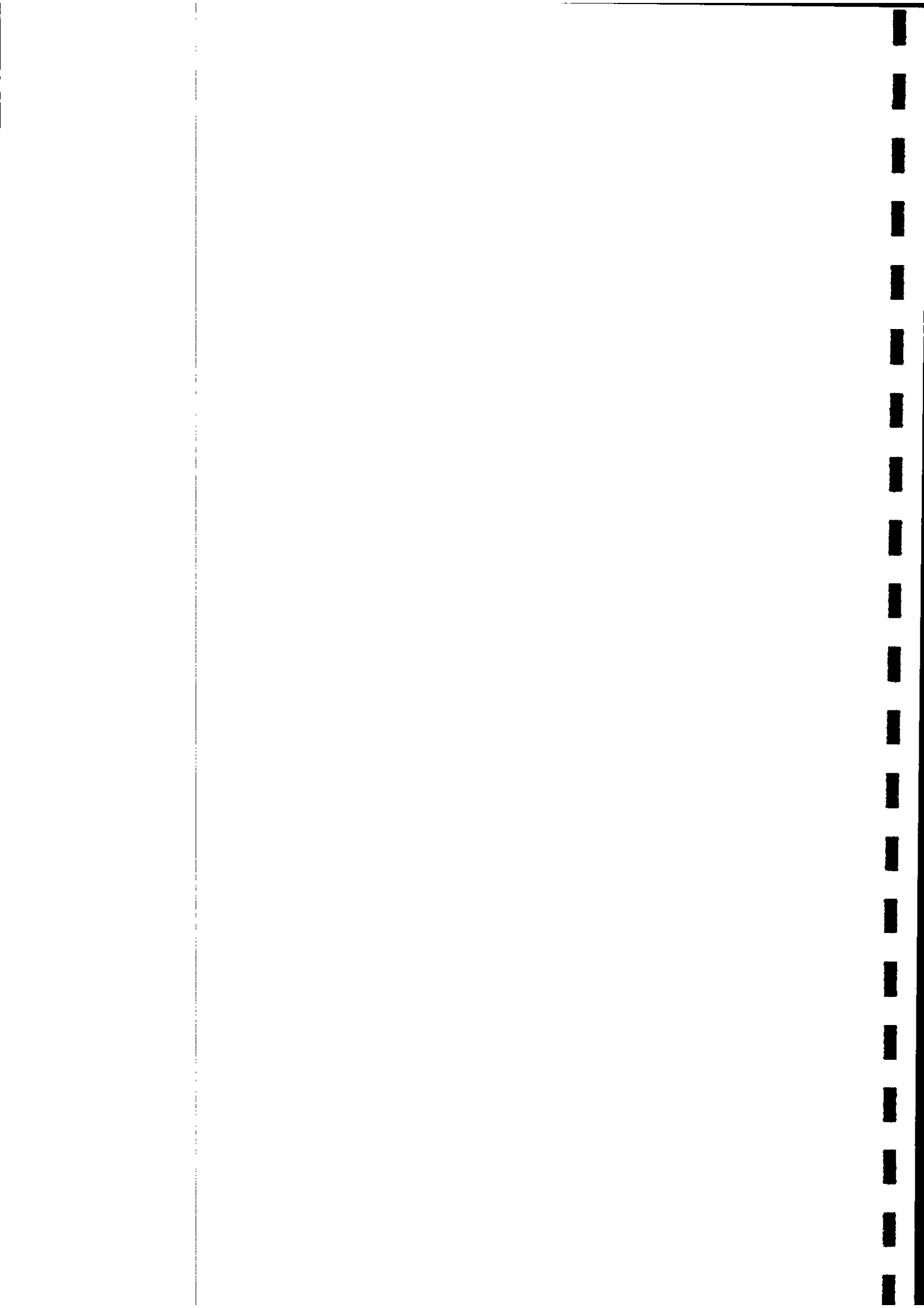
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:-

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.





RMD Chartered Accountants

25 Melville Street
Edinburgh EH3 7PE
Telephone 0131 225 4727
Facsimile 0131 220 1663
E mail rmd@rmd.co.uk

AUDITORS' REPORT TO THE SHAREHOLDERS

OF

DUNEDIN INDEPENDENT LIMITED

We have audited the financial statements set out on pages 5 to 15 which have been prepared under the accounting policies set out on page 10.

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 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

16 October 1998

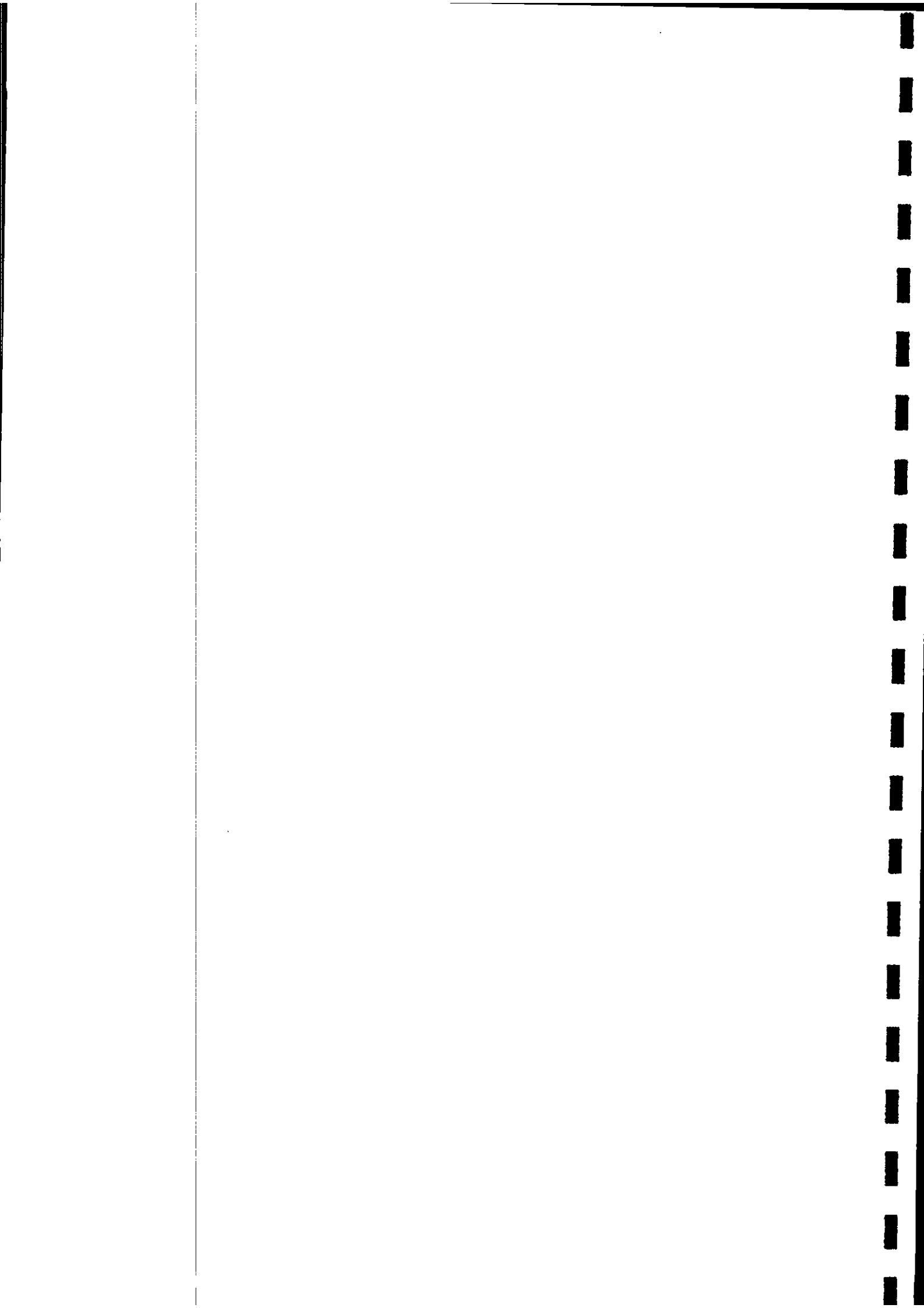

**Chartered Accountants
Registered Auditors**

Partners: C Rutherford AG Manson CM Dowds CI Welsh SM Cowie JD Dryburgh I Steele I Durie DMS Beveridge DJ Crawford
MC Pacitti A Allan GJ Neilly EJ Leigh GA Sheils RG Murray R Archibald DA Campbell

2 Queens Terrace, Aberdeen AB10 1XL, Telephone 01224 625888, Facsimile 01224 625025
17 Blythswood Square, Glasgow G2 4AD, Telephone 0141 248 5532, Facsimile 0141 248 6001
63 Queen Victoria Street, London EC4N 4UA, Telephone 0171 653 6300, Facsimile 0171 652 6333

Registered to carry on audit work and authorised to carry on Investment Business by the Institute of Chartered Accountants of Scotland.

Rutherford Manson Dowds
Represented throughout Europe, North
and South America, Asia, Pacific and all
major commercial centres worldwide
through I A International.



DUNEDIN INDEPENDENT LIMITED

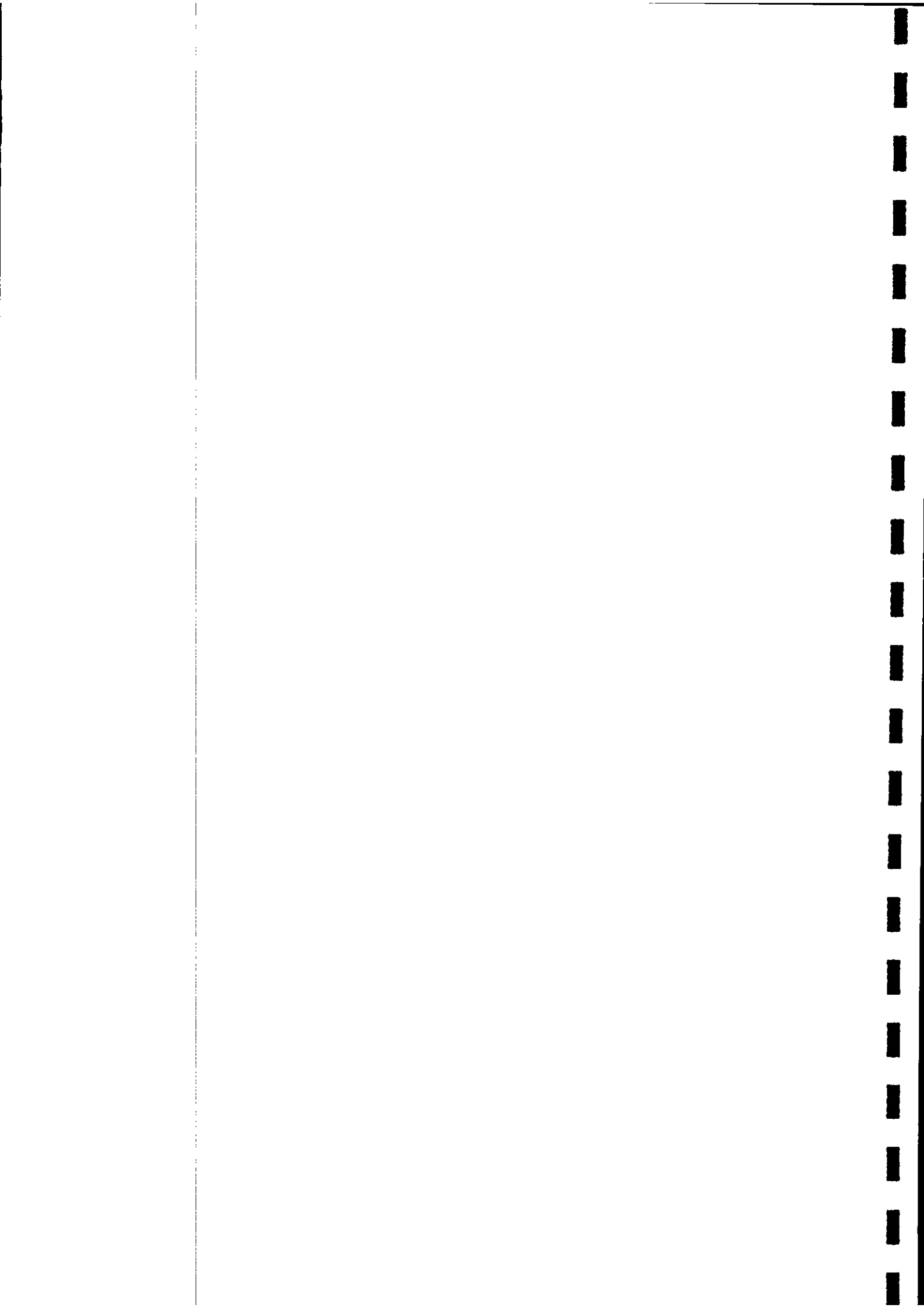
PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MAY 1997

	Note	£	Period from 20.12.94 to 31.5.96 £
TURNOVER	2	722,199	596,892
Cost of sales		180,224	118,871
		-----	-----
GROSS PROFIT		541,975	478,021
Administrative expenses		477,389	332,435
		-----	-----
OPERATING PROFIT		64,586	145,586
Interest receivable and similar income	4	(3,327)	(2,256)
Interest payable and similar charges	5	207	1,991
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	67,706	145,851
Tax on profit on ordinary activities	7	27,461	44,840
		-----	-----
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		40,245	101,011
Dividends	8	20,000	92,500
		-----	-----
RETAINED PROFIT FOR THE FINANCIAL YEAR/PERIOD		20,245	8,511
		=====	=====

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

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



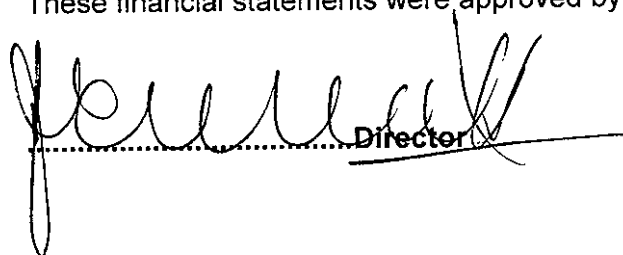
DUNEDIN INDEPENDENT LIMITED

BALANCE SHEET

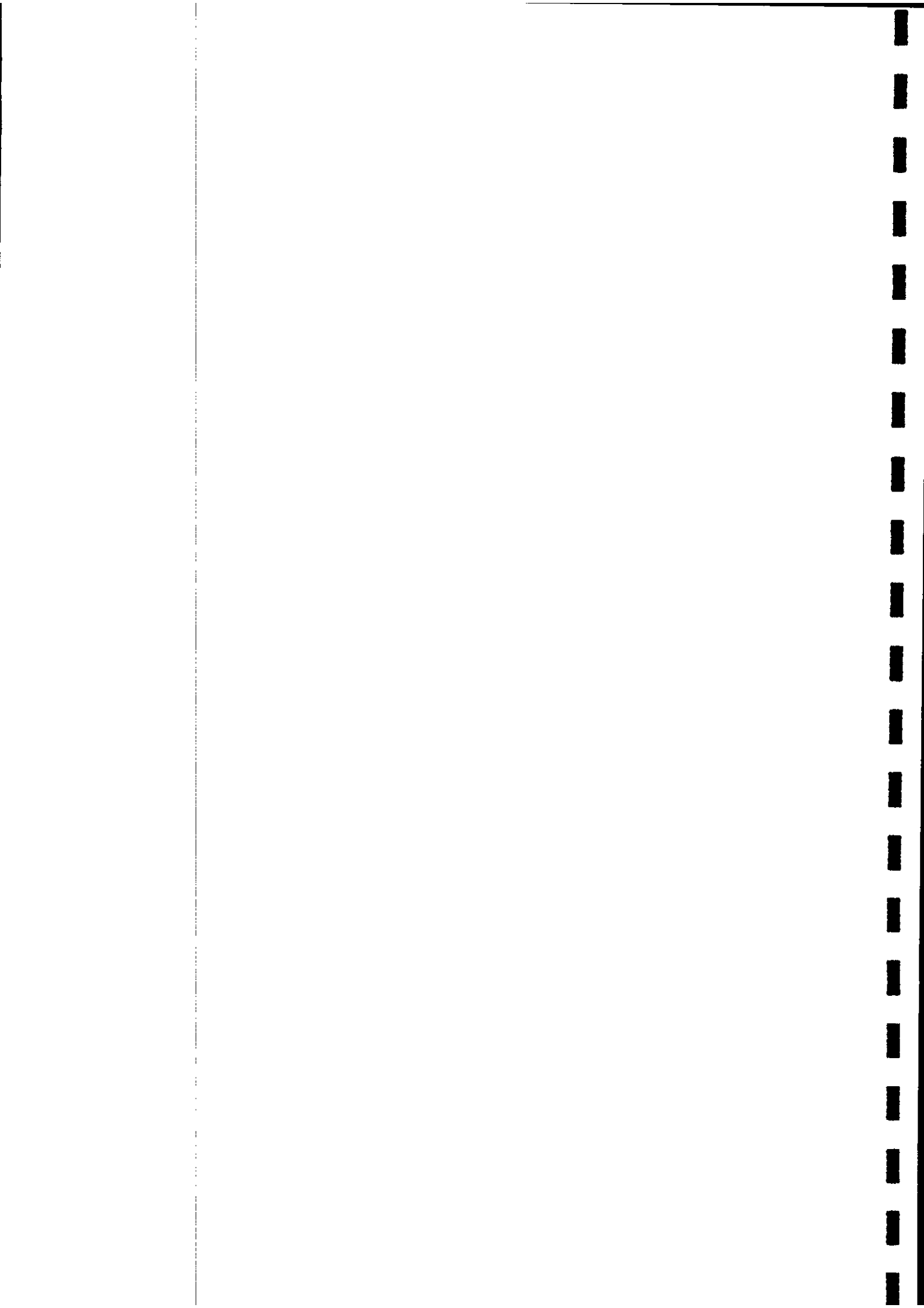
AT 31 MAY 1997

	Note	£	£	1996 £
FIXED ASSETS				
Tangible assets	9		41,562	24,788
CURRENT ASSETS				
Debtors	10	72,821		52,166
Cash at bank and in hand		158,699		119,083
		231,520		171,249
CREDITORS: Amounts falling due within one year	11	241,826		185,026
NET CURRENT LIABILITIES			(10,306)	(13,777)
TOTAL ASSETS LESS CURRENT LIABILITIES			31,256	11,011
CAPITAL AND RESERVES				
Called up share capital	12		2,500	2,500
Profit and loss account	13		28,756	8,511
EQUITY SHAREHOLDERS' FUNDS	14		31,256	11,011

These financial statements were approved by the directors on 16 October 1998.


.....Director

.....Director

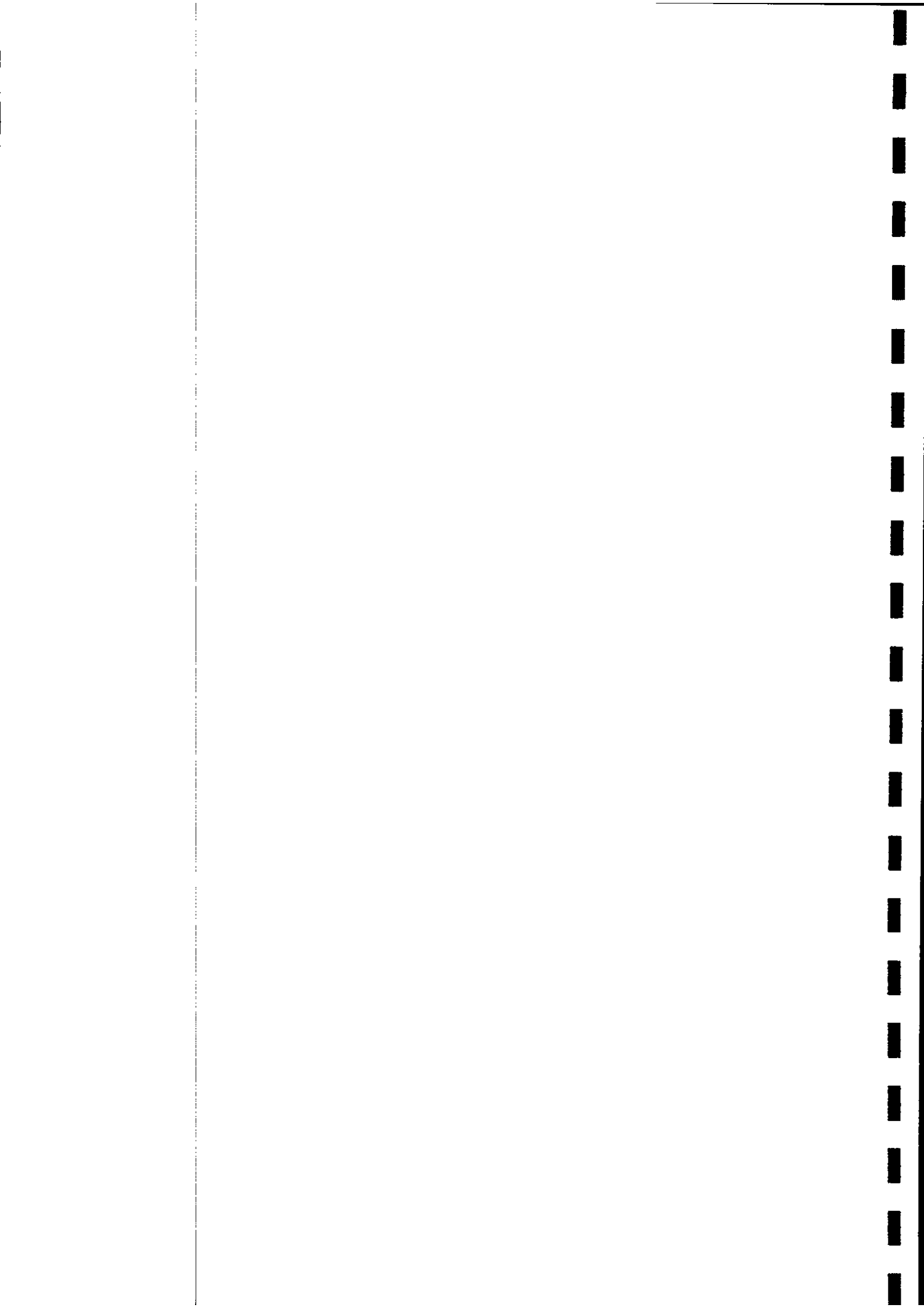


DUNEDIN INDEPENDENT LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 MAY 1997

	Note	£	Period from 20.12.94 to 31.5.96 £
Net cash inflow from operating activities	i	91,834	251,886
Returns on investments and servicing of finance	ii	3,120	265
Taxation		(10,000)	(13,125)
Capital expenditure and financial investment	ii	(25,338)	(29,943)
		-----	-----
Cash inflow before financing		59,616	209,083
Equity dividends paid		(20,000)	(92,500)
		-----	-----
		39,616	116,583
Financing	ii	-	2,500
		-----	-----
INCREASE IN CASH IN YEAR/PERIOD	iii	39,616	119,083
		=====	=====
Reconciliation of net cashflow to movement in net debt			
Increase in cash in the year/period		39,616	119,083
Net funds at 1 June 1996		119,083	-
		-----	-----
Net funds at 31 May 1997		158,699	119,083
		=====	=====



DUNEDIN INDEPENDENT LIMITED

NOTES TO THE CASH FLOW STATEMENT

YEAR ENDED 31 MAY 1997

i RECONCILIATION OF OPERATING PROFIT TO OPERATING ACTIVITIES

		Period from 20.12.94 to 31.5.96
	£	£
Operating profit	64,586	145,586
Depreciation charge	8,564	5,155
Increase in debtors	(20,655)	(52,166)
Increase in creditors	39,339	153,311
	-----	-----
Net cash inflow from operating activities	91,834	251,886
	=====	=====

ii ANALYSIS OF CASH FLOWS

		Period from 20.12.94 to 31.5.96
	£	£
Returns on investments and servicing of finance		
Interest received	3,327	2,256
Interest paid	(207)	(1,991)
	-----	-----
Net cashflow from returns on investments and servicing of finance	3,120	265
	=====	=====
Capital expenditure and financial investments		
Purchase of tangible fixed assets	(25,338)	(29,943)
	-----	-----
Net cash outflow for capital expenditure and financial investments	(25,338)	(29,943)
	=====	=====
Financing		
Proceeds from issue of shares	-	2,500
	=====	=====



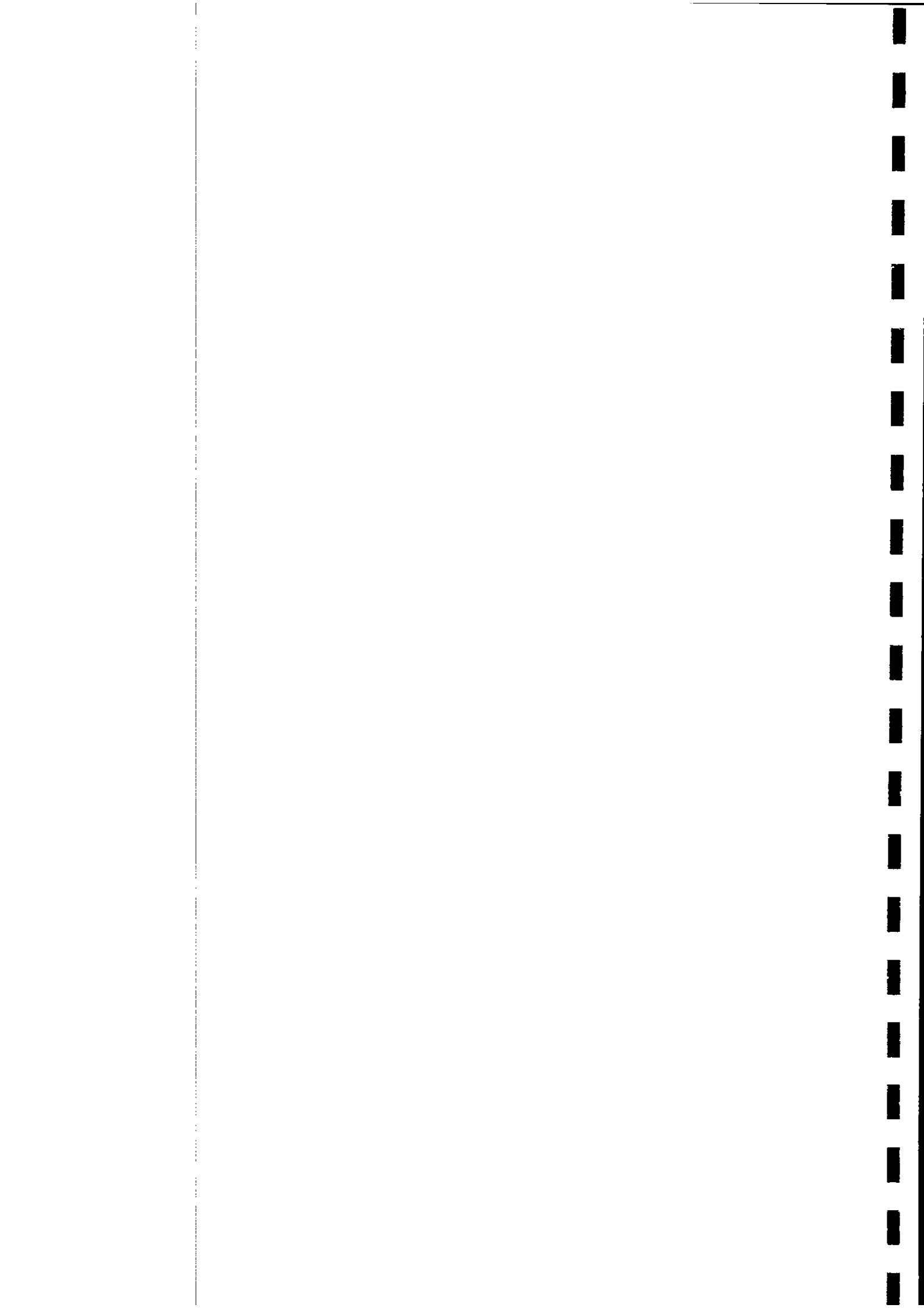
DUNEDIN INDEPENDENT LIMITED

NOTES TO THE CASH FLOW STATEMENT

YEAR ENDED 31 MAY 1997

iii ANALYSIS OF NET FUNDS

	At 1 June 1996 £	Cash inflow £	At 31 May 1997 £
Cash at bank and in hand	119,083	39,616	158,699
	-----	-----	-----
Total	119,083	39,616	158,699
	=====	=====	=====



DUNEDIN INDEPENDENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 1997

1 ACCOUNTING POLICIES

a) Accounting Convention

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

b) Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less 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
Fixtures and fittings	20% per annum

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 leases.

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 commissions earned during the year.

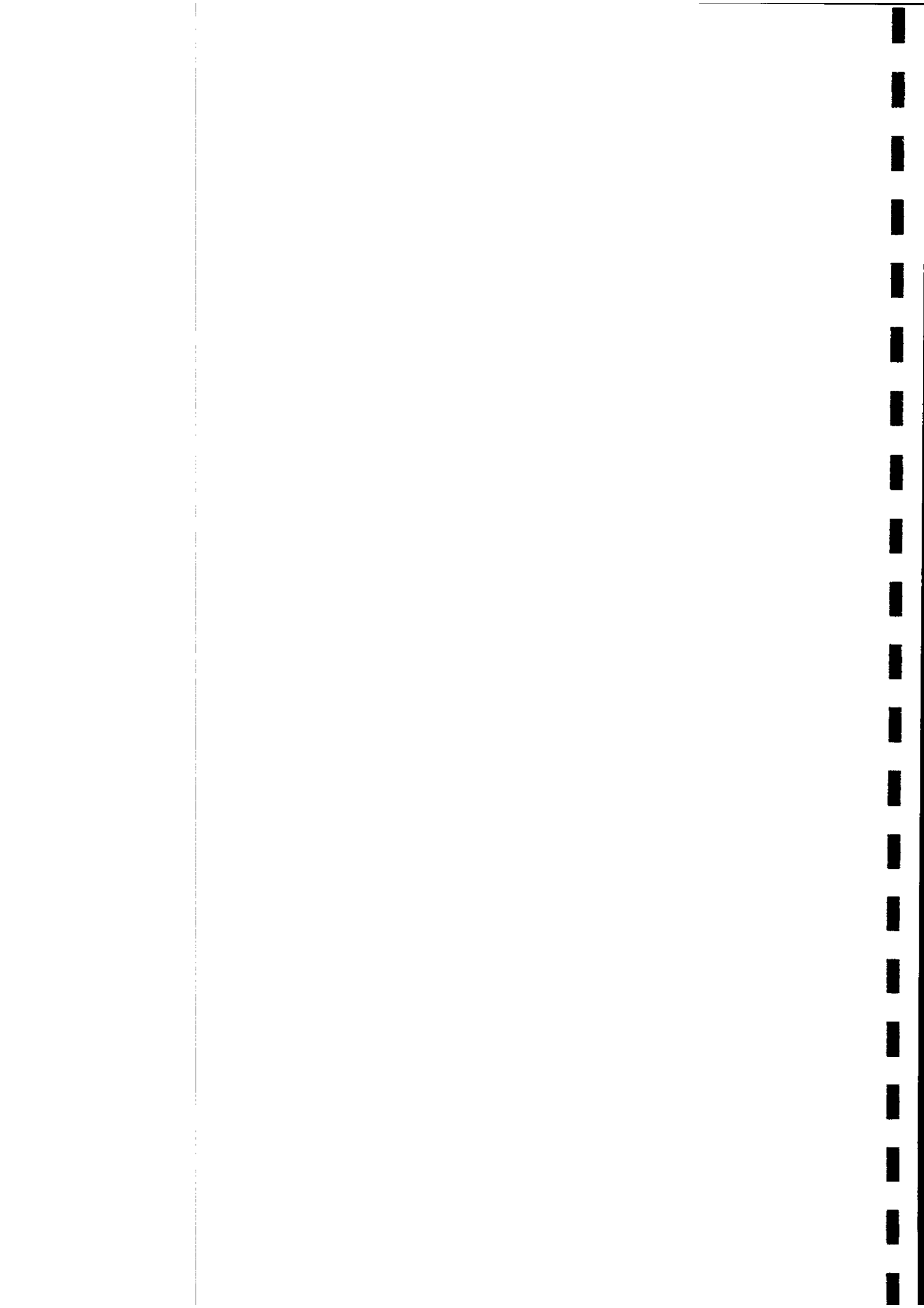
Renewal commission is credited to the profit and loss account on receipt.

f) Pension Costs

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

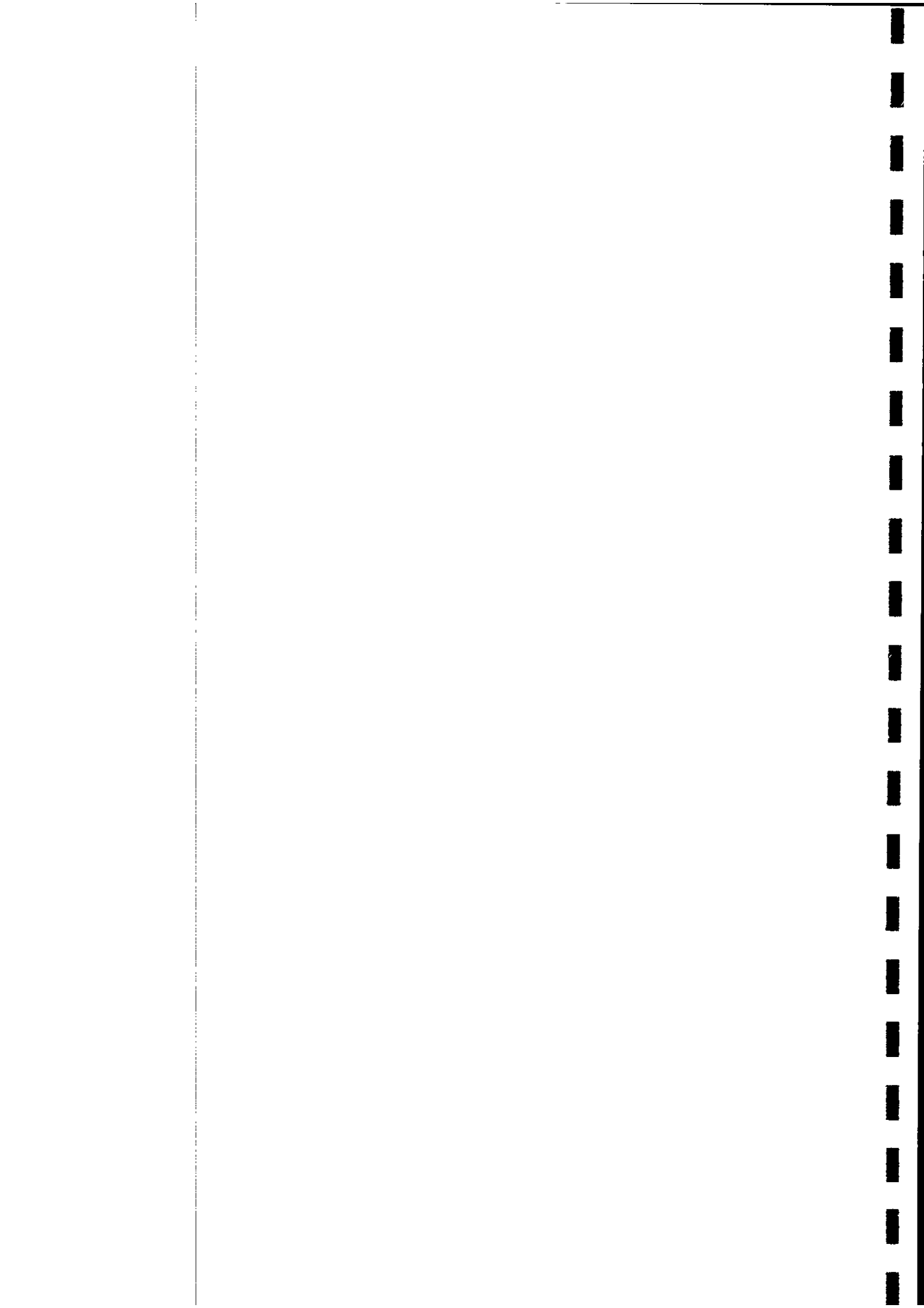
NOTES TO THE FINANCIAL STATEMENTS - Continued

YEAR ENDED 31 MAY 1997

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

		Period from 20.12.94 to 31.5.96
	£	£
Staff costs (including directors)		
Wages and salaries	193,371	93,347
Social security costs	17,273	4,946
Pension contributions	50,250	120,000
	-----	-----
	260,894	218,293
	=====	=====
 Average number of persons employed:	No	No
Administration	6	4
	-----	-----
	£	£
Directors' Remuneration		
Emoluments	74,000	24,667
Pension contributions	50,250	120,000
	-----	-----
	124,250	144,667
	=====	=====

Both directors in office during the year accrued retirement benefits under the defined contribution scheme.



DUNEDIN INDEPENDENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

YEAR ENDED 31 MAY 1997

4 INTEREST RECEIVABLE AND SIMILAR INCOME

**Period from
20.12.94 to
31.5.96
£**

	£	£
Interest on bank deposits	3,327	2,256
	=====	=====

5 INTEREST PAYABLE AND SIMILAR CHARGES

	£	£
Bank interest	207	1,260
Other interest	-	731
	-----	-----
	207	1,991
	=====	=====

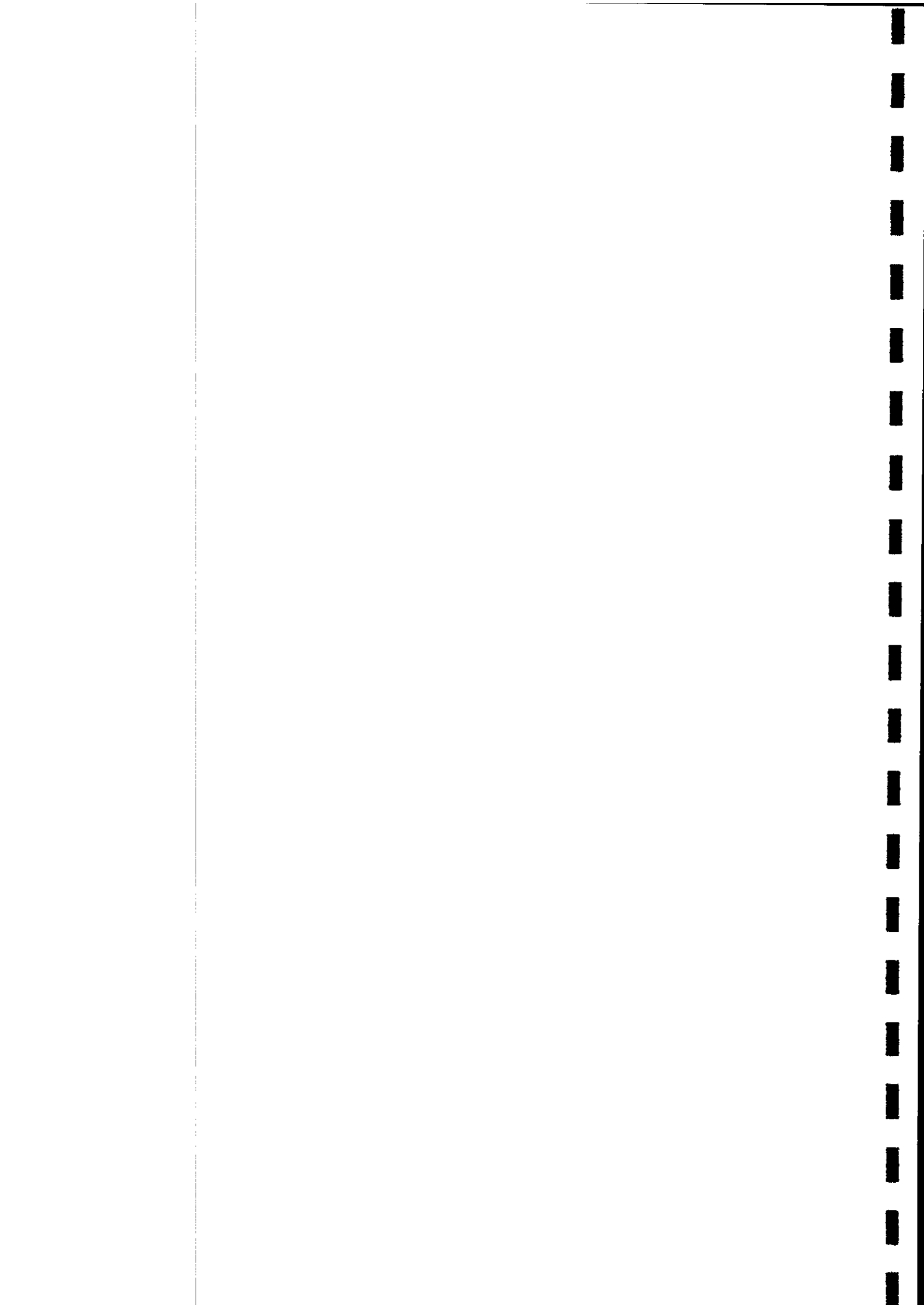
6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	£	£
Profit on ordinary activities before taxation is after charging:		
Depreciation on owned assets	8,564	5,155
Auditors' remuneration	2,750	3,250
Hire of equipment	693	351
	=====	=====

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	£	£
Based on profit for the year/period:		
Corporation tax at 21% (24%)	28,000	44,840
Adjustment in respect of prior period	(539)	-
	-----	-----
	27,461	44,840
	=====	=====

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



DUNEDIN INDEPENDENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

YEAR ENDED 31 MAY 1997

8 DIVIDENDS

	£	Period from 20.12.94 to 31.5.96 £
Interim dividends paid of £8 (1996 - £37) per ordinary share	20,000 =====	92,500 =====

9 TANGIBLE FIXED ASSETS

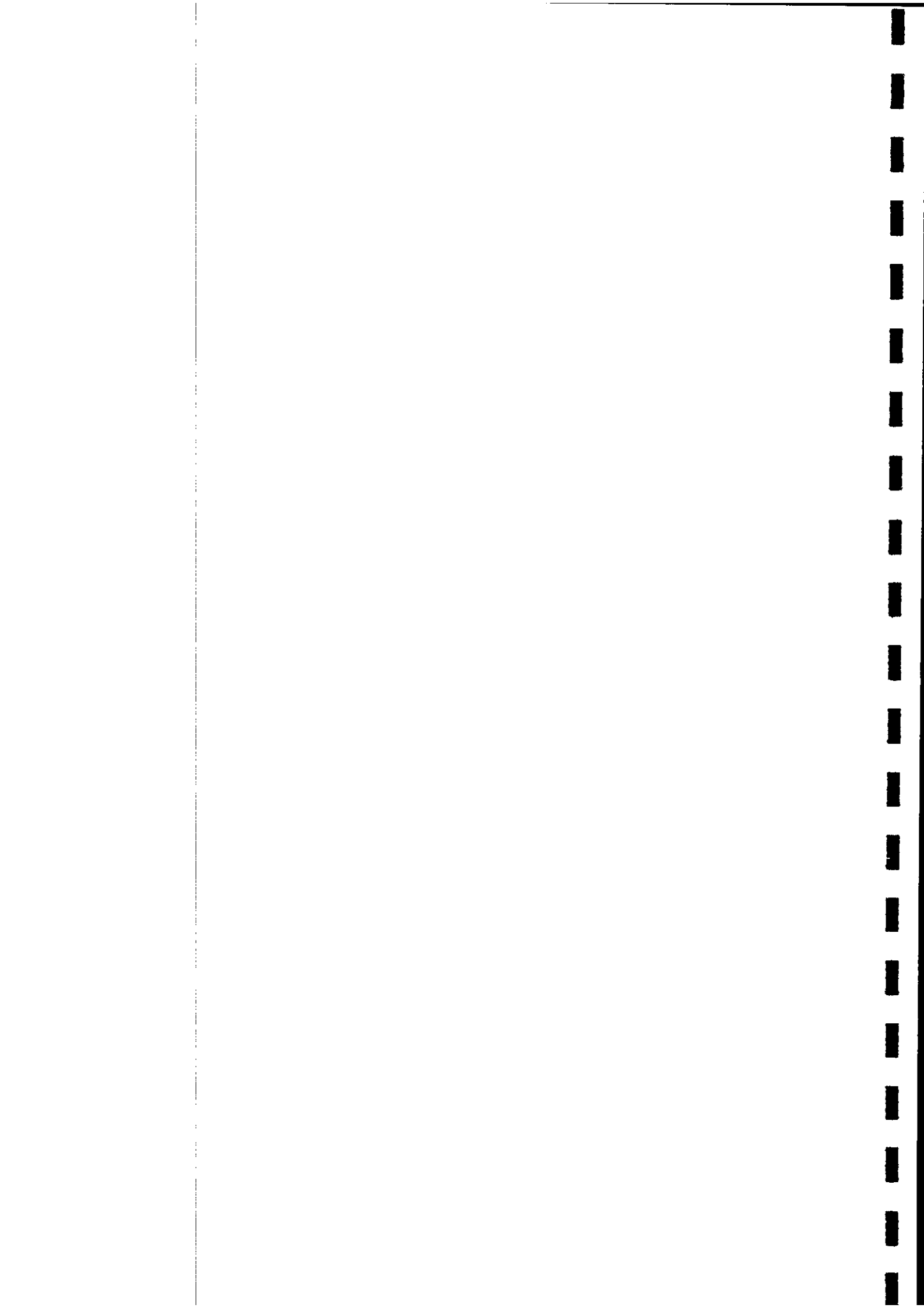
	Office Equipment £	Fixtures & Fittings £	Total £
Cost			
At 1 June 1996	16,757	13,186	29,943
Additions	1,690	23,648	25,338
	-----	-----	-----
At 31 May 1997	18,447	36,834	55,281
	-----	-----	-----
Depreciation			
At 1 June 1996	2,451	2,704	5,155
Charge for year	4,387	4,177	8,564
	-----	-----	-----
At 31 May 1997	6,838	6,881	13,719
	-----	-----	-----
Net book value			
At 31 May 1997	11,609	29,953	41,562
	=====	=====	=====
At 31 May 1996	14,306	10,482	24,788
	=====	=====	=====

10 DEBTORS

	£	1996 £
Trade debtors	8,499	13,937
Accrued income	44,785	38,229
Prepayments	14,262	-
Directors' loans	5,275	-
	-----	-----
	72,821	52,166
	=====	=====

The directors' loans are interest free and has no fixed repayment terms.

During the year Mark Emlick, one of the directors, borrowed £67,250 from the company. The balance on his loan account at the year end was £2,686.



DUNEDIN INDEPENDENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

YEAR ENDED 31 MAY 1997

11 CREDITORS: Amounts falling due within one year

	£	1996 £
Trade creditors	9,999	4,665
Other creditors	70,000	-
Accruals	103,153	130,227
Corporation tax	44,176	21,715
ACT payable	5,000	10,000
Other taxation and social security	9,498	9,327
Directors' loans	-	9,092
	-----	-----
	241,826	185,026
	=====	=====

The directors' loans are interest free and have no fixed repayment terms.

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
	=====	=====

13 PROFIT AND LOSS ACCOUNT

	£	£
Balance at 1 June 1996	8,511	-
Profit for the financial year/period	20,245	8,511
	-----	-----
Balance at 31 May 1997	28,756	8,511
	=====	=====



DUNEDIN INDEPENDENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

YEAR ENDED 31 MAY 1997

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£	1996 £
Profit for the financial year/period	40,245	101,011
Dividends	20,000	92,500
New share capital subscribed	-	2,500
	-----	-----
	20,245	11,011
Opening shareholders' funds	11,011	-
	-----	-----
Closing shareholders' funds	31,256	11,011
	=====	=====

15 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 £50,250 (1996 - £120,000).

