

SPRINGFORDS

CHARTERED ACCOUNTANTS

DUNEDIN INDEPENDENT PLC
ANNUAL REPORT
FOR THE YEAR ENDED 31 MAY 2002
Company Number: SC155032



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COMPANIES HOUSE 14/02/03

BEYOND THE NUMBERS

Dunedin Independent Plc

Directors, officers and advisors

Directors	M A Emlick Y Irvine G Barnet C Guy
Company Number	SC155032
Registered Office	42 Charlotte Square Edinburgh EH3 7EG
Auditors	Springfords Dundas House Westfield Park Eskbank Edinburgh EH22 3FB
Bankers	Bank of Scotland 38 St Andrews Square Edinburgh EH2 2YR
Solicitors	Pagan Business Law 40 Charlotte Square Edinburgh EH2 4HQ

Dunedin Independent Plc

Annual Report for the year ended 31 May 2002

Contents

	Page
Directors' Report	1 - 2
Auditors' Report	3
Group Profit and Loss Account	4
Group Balance Sheet	5
Company Balance Sheet	6
Group Cash Flow Statement	7
Notes to the Financial Statements	8 - 28

Dunedin Independent Plc

Directors' Report for the year ended 31 May 2002

The directors present their annual report, together with the audited financial statements of the company and the group, for the year ended 31 May 2002.

Principal Activity and Review of the Business

The principal activities of the group are the provision of investment advice and insurance related services.

During the year Dunedin Independent passed a special resolution to convert from a private limited company to a public limited company with effect from 16 April 2002.

Results And Dividends

The results for the year are set out on page 4. The loss for the year after taxation and minority interests was £325,601.

The directors do not recommend payment of a final dividend.

Payments of Creditors

The group follows the CBI's prompt payment code and operates by a clearly defined payment policy which has been agreed with all major suppliers. The Group's "creditor days" at 31 May 2002 were 51 days.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

		Ordinary £1 shares	
		31 May 2002	1 June 2001 or date of appointment
M A Emlick		-	1,878
Y Irvine		-	337
G Barnet		-	285
K Welsh	Resigned 9 September 2002	-	-
C Guy	Appointed 20 December 2001	-	-
A Betchley	Appointed 18 February 2002, Resigned 20 January 2003	-	-

The interests in the Dunedin Investments Limited group of companies of M A Emlick, Y S Irvine and G Barnet, who are also directors of the parent company, Dunedin Investments Limited, are shown in the annual report of that company. K Welsh, C Guy and A Betchley have no other interests in any company within the Dunedin Investments Limited group of companies.

Dunedin Independent Plc

**Directors' Report
for the year ended 31 May 2002**

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 the affairs of the company and of the group and of the profit or loss of the company and of the group for that year. In preparing these the directors are required to:


- select suitable accounting policies and 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 of the group 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 of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Springfords were appointed auditors to the company and in accordance with Section 385 of the Companies Act 1985, a resolution proposing their reappointment will be put to the Annual General Meeting.

This report was approved by the Board on 14 February 2003 and signed on its behalf by



M/A Emlick
Director

Dunedin Independent Plc

Independent auditors' report to the shareholder of Dunedin Independent Plc

We have audited the financial statements of Dunedin Independent Plc for the year ended 31 May 2002 which comprise the group profit and loss account, balance sheet and cashflow statement and the company balance sheet and all the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards. This opinion has been prepared for and only for the company's members in accordance with section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come, save where expressly agreed by our prior consent in writing.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom 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 group's and the company's affairs as at 31 May 2002 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Springfords

**Springfords
Chartered Accountants and
Registered Auditors**

14 February 2003

**Dundas House
Westfield Park
Eskbank
Edinburgh
EH22 3FB**

Dunedin Independent Plc

**Consolidated Profit & Loss Account
for the year ended 31 May 2002**

		2002		2001	
	Notes	£	£	£	£
Turnover	2				
Continuing operations		2,405,301		2,738,749	
Acquisitions		<u>230,063</u>		<u>-</u>	
			2,635,364		2,738,749
 Cost of sales	 3		 (846,903)		 (510,358)
Gross profit			<u>1,788,461</u>		<u>2,228,391</u>
 Administrative expenses	 3		 (2,199,336)		 (1,902,413)
Operating (loss)/profit	4				
Continuing operations		(483,003)		325,978	
Acquisitions		<u>72,128</u>		<u>-</u>	
			(410,875)		325,978
 Interest receivable and similar income	 5		 5,388		 10,062
Interest payable and similar charges	6		<u>(19,998)</u>		<u>(704)</u>
(Loss)/profit on ordinary activities before taxation			(425,485)		335,336
 Tax on (loss)/profit on ordinary activities	 9		 <u>84,652</u>		 (104,920)
(Loss)/profit on ordinary activities after taxation			(340,833)		230,416
Minority Interests Equity			<u>15,232</u>		<u>(14,950)</u>
(Loss)/retained profit for the group			<u>(325,601)</u>		<u>215,466</u>
 Retained profit brought forward			 726,215		 510,749
Retained profit carried forward			<u><u>400,614</u></u>		<u><u>726,215</u></u>

There are no recognised gains or losses other than the loss or profit for the above two financial years.

The notes on pages 8 to 28 form an integral part of these financial statements.

Dunedin Independent Plc

Consolidated Balance Sheet
as at 31 May 2002

	Notes	2002		2001	
		£	£	£	£
Fixed Assets					
Intangible assets	11		575,917		-
Tangible assets	12		302,494		325,223
Investments	13		62,500		65,500
			<u>940,911</u>		<u>390,723</u>
Current Assets					
Debtors	15	617,496		288,287	
Investments	16	6,675		8,600	
Cash at bank and in hand		190,487		552,222	
		<u>814,658</u>		<u>849,109</u>	
Creditors: amounts falling due within one year	17	<u>(784,154)</u>		<u>(437,991)</u>	
Net Current Assets			<u>30,504</u>		<u>411,118</u>
Total Assets Less Current Liabilities			971,415		801,841
Creditors: amounts falling due after more than one year	18		(486,057)		(24,176)
Provision for Liabilities and Charges					
Deferred taxation	19		(30,026)		(29,000)
Minority interest	20		(4,718)		(19,950)
Net Assets			<u>450,614</u>		<u>728,715</u>
Capital and Reserves					
Called up share capital	21		50,000		2,500
Profit and loss account			400,614		726,215
Equity Shareholder's funds	22		<u>450,614</u>		<u>728,715</u>

The financial statements were approved by the Board on 14 February 2003 and signed on its behalf by


A Emlick
Director


Y Irvine
Director

The notes on pages 8 to 28 form an integral part of these financial statements.

Dunedin Independent Plc

Company Balance Sheet
as at 31 May 2002

	Notes	2002		2001	
		£	£	£	£
Fixed Assets					
Tangible assets	12		299,089		325,223
Investments	13		704,825		78,500
			<u>1,003,914</u>		<u>403,723</u>
Current Assets					
Debtors	15	534,935		330,410	
Investments	16	6,675		8,600	
Cash at bank and in hand		140,071		436,706	
		<u>681,681</u>		<u>775,716</u>	
Creditors: amounts falling due within one year	17	<u>(806,170)</u>		<u>(427,313)</u>	
Net Current (Liabilities) / Assets			<u>(124,489)</u>		<u>348,403</u>
Total Assets Less Current Liabilities			879,425		752,126
Creditors: amounts falling due after more than one year	18		(486,057)		(24,176)
Provision for Liabilities and Charges	19		<u>(29,359)</u>		<u>(29,000)</u>
Net Assets			<u>364,009</u>		<u>698,950</u>
Capital and Reserves					
Called up share capital	21		50,000		2,500
Profit and loss account			314,009		696,450
Equity Shareholders' Funds	22		<u>364,009</u>		<u>698,950</u>

The financial statements were approved by the Board on 14 February 2003 and signed on its behalf by


M A Emlick
Director

Y Irvine 
Director

The notes on pages 8 to 28 form an integral part of these financial statements.

Dunedin Independent Plc

**Consolidated Cash Flow Statement
for the year ended 31 May 2002**

	Notes	2002 £	2001 £
Reconciliation of operating (loss)/profit to net cash outflow from operating activities			
Operating (loss)/profit		(410,875)	325,978
Depreciation & amortisation		121,544	53,529
Impairment of investments		11,917	-
(Increase) in debtors		(177,803)	(60,626)
Increase in creditors		211,666	194,497
Loss on disposal of fixed assets		9,923	-
Net cash (outflow) inflow from operating activities		<u>(233,628)</u>	<u>513,378</u>
CASH FLOW STATEMENT			
Net cash (outflow) inflow from operating activities		(233,628)	513,378
Returns on investments and servicing of finance	27	(5,876)	9,358
Taxation		(103,906)	(112,039)
Capital expenditure and financial investment	27	(21,798)	(244,921)
Acquisitions and disposals	27	30,611	-
		<u>(334,597)</u>	165,776
Management of liquid resources	27	(9,992)	(3,343)
Financing	27	(17,146)	6,590
(Decrease) increase in cash in the year		<u>(361,735)</u>	<u>169,023</u>
Reconciliation of net cash flow to movement in net debt (Note 28)			
(Decrease) increase in cash in the year		(361,735)	169,023
Cash outflow from increase in debts and lease financing		17,146	410
Cash outflow from increase in liquid resources		9,992	-
		<u>(334,597)</u>	169,433
Change in net debt resulting from cash flows		(334,597)	169,433
Loan notes issued in the year		(620,000)	-
New finance leases		(41,770)	(29,500)
Investments recognised as liquid resources		8,600	-
Impairment of liquid resources		(11,917)	-
Movement in net debt in the year		<u>(999,684)</u>	139,933
Net funds at 1 June 2001		<u>523,132</u>	<u>383,199</u>
Net debt at 31 May 2002		<u>(476,552)</u>	<u>523,132</u>

Dunedin Independent Plc

Notes to Financial Statements for the year ended 31 May 2002

1. Accounting Policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention.

The company has consistently applied all relevant accounting standards.

1.2. Basis of Consolidation

The group financial statements consolidate the accounts of Dunedin Independent Plc and all its subsidiary undertakings made up to 31 May 2002 each year; the group profit and loss account includes the results of all subsidiary undertakings for the period from the date of their acquisition and up to the date of disposal.

Turnover and profits arising on trading between group companies are excluded.

1.3. Turnover

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

1.4. Goodwill

Goodwill may arise on the acquisition of subsidiary and associated undertakings and interests in joint ventures. It represents the excess of cost over fair value of the group share of tangible assets acquired. In accordance with Financial Reporting Standard (FRS) 10 such goodwill is capitalised as an intangible asset and amortised by equal instalments against profit over its expected life. The expected life of purchased goodwill is 20 years.

1.5. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment	-	20% Straight Line
Motor vehicles	-	25% Straight Line
Office Equipment	-	25% Straight Line

The company's investment property is held for long term investment, and is accounted for in accordance with SSAP 19 as follows:

- (i) the property is revalued annually and the surplus or deficit is transferred to the revaluation reserve, and
- (ii) no depreciation is provided in respect of the property.

Although the Companies Act would normally require systematic depreciation of the property the directors believe that the policy of not providing depreciation is necessary in order for the financial statements to give a true and fair view since the property is not held for consumption but for investment. The amount of depreciation which might otherwise have been included cannot be separately identified or quantified.

Dunedin Independent Plc

Notes to Financial Statements for the year ended 31 May 2002

1.6. Leasing

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 constant periodic rates of charge on the net obligations outstanding in each period.

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

1.7. Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Current asset investments are at the lower of cost and net realisable value.

1.8. Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year.

1.9. Deferred taxation

Provision is made for deferred taxation using the incremental liability approach to take account of all timing differences between the incidence of income and expenditure for taxation and accounting purposes that have originated but not reversed at the balance sheet date.

2. Turnover

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

3. Note to the Profit and Loss Account

	2002			2001		
	Continuing £	Acquisitions £	Total £	Continuing £	Acquisitions £	Total £
Cost of sales	<u>803,747</u>	<u>43,156</u>	<u>846,903</u>	<u>510,358</u>	-	<u>510,358</u>
Administrative expenses	<u>2,084,557</u>	<u>114,779</u>	<u>2,199,336</u>	<u>1,902,413</u>	-	<u>1,902,413</u>

Dunedin Independent Plc

**Notes to Financial Statements
for the year ended 31 May 2002**

4. Operating (loss)/profit	2002	2001
	£	£
Operating (loss)/profit is stated after charging:		
Amortisation of intangible assets	12,254	2,000
Depreciation of tangible assets	110,787	55,529
Loss on disposal of tangible fixed assets	9,924	-
Operating lease rentals		
- Plant and machinery	11,696	8,431
- Land and buildings	60,000	60,000
Auditors' remuneration	11,500	5,362
Auditors' remuneration from non-audit work	2,000	9,403
	<u> </u>	<u> </u>
5. Interest receivable and similar income	2002	2001
	£	£
Bank interest	5,388	10,062
	<u> </u>	<u> </u>
6. Interest payable and similar charges	2002	2001
	£	£
On bank loans and overdrafts	1,073	570
On loans repayable between one and two years	14,863	-
Hire purchase interest	4,062	134
	<u> </u>	<u> </u>
	<u>19,998</u>	<u>704</u>

Dunedin Independent Plc

**Notes to Financial Statements
for the year ended 31 May 2002**

7. Employees

Number of employees

The average monthly numbers of employees
(including the directors) during the year were:

	2002	2001
Advisers	13	12
Admin Staff	25	26
	<u>38</u>	<u>38</u>

Employment costs (Including Directors)

	2002	2001
	£	£
Wages and salaries	1,167,098	993,086
Social security costs	102,481	95,853
Other pension costs	23,037	130,188
	<u>1,292,616</u>	<u>1,219,127</u>

7.1. Directors' emoluments

	2002	2001
	£	£
Remuneration and other emoluments	243,889	175,068
Pension contributions	6,825	70,000
	<u>250,714</u>	<u>245,068</u>

	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	1	2

Higest Paid Director

Amounts included above:

	£	£
Emoluments and other benefits	69,861	80,000
Pension contributions	6,825	37,500
	<u>76,686</u>	<u>117,500</u>

Dunedin Independent Plc

Notes to Financial Statements for the year ended 31 May 2002

8. Pension costs

The group operates a defined contribution pension scheme and makes payments into employee personal pensions. The group scheme and its assets are held by independent managers. The pension charge represents contributions due from the group and amounted to £23,037 (2001 - £130,188).

9. Taxation	2002 £	2001 £
UK current year taxation		
UK Corporation Tax	(103,906)	85,678
Transfer to deferred taxation	1,026	29,000
Prior years		
UK Corporation Tax under provision	18,228	(9,758)
	<u>(84,652)</u>	<u>104,920</u>

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%).

The differences are explained below:

	2002 £	2001 £
(Loss)/profit on ordinary activities before taxation	(425,485)	335,336
(Loss)/profit on ordinary activities at the applicable rate of corporation tax 30%	(127,646)	100,601

Effects of:

Timing differences:

Capital allowances in excess of depreciation	(1,794)	(21,779)
Permanent Differences	26,895	20,822
Chargeable gains	-	9,800
Marginal relief	(2,122)	(5,538)
Underprovision	-	(18,228)
Trading losses carried forward	761	-
Current tax charge	<u>(103,906)</u>	<u>85,678</u>

10. Profit for the year attributable to shareholders

As permitted by Section 230 of the Companies Act 1985 the Profit and Loss Account of Dunedin Independent Plc has not been presented with the financial statements.

The results after taxation of the parent undertaking, Dunedin Independent plc, for the year ended 31 May 2002 showed a loss of £382,441 (31 May 2001, Profit - £185,701).

Dunedin Independent Plc
Notes to Financial Statements
for the year ended 31 May 2002

11. Intangible fixed assets

	Goodwill
	£
Group	
Cost	
Additions	588,171
At 31 May 2002	<u>588,171</u>
Amortisation	
Charge for year	12,254
At 31 May 2002	<u>12,254</u>
Net book values	
At 31 May 2002	<u><u>575,917</u></u>

The goodwill addition relates to goodwill arising on the acquisition of Corporate Employee Benefits Limited on 20 December 2001. Refer to note 14 for further details.

Dunedin Independent Plc

**Notes to Financial Statements
for the year ended 31 May 2002**

12. Tangible fixed assets

	Investment property	Fixtures, fittings & equipment	Motor vehicles	Office Equipment	Total
	£	£	£	£	£
Group					
Cost					
At 1 June 2001	50,000	150,603	101,850	165,201	467,654
Additions	-	22,688	142,000	55,110	219,798
Business acquired (See note 14)	-	1,278	-	14,868	16,146
Disposals	-	-	(163,000)	-	(163,000)
At 31 May 2002	50,000	174,569	80,850	235,179	540,598
Depreciation					
At 1 June 2001	-	69,052	4,660	68,719	142,431
Business acquired (See note 14)	-	489	-	14,334	14,823
On disposals	-	-	(29,937)	-	(29,937)
Charge for the year	-	28,375	37,857	44,555	110,787
At 31 May 2002	-	97,916	12,580	127,608	238,104
Net book values					
At 31 May 2002	50,000	76,653	68,270	107,571	302,494
At 31 May 2001	50,000	81,551	97,190	96,482	325,223
Company					
Cost					
At 1 June 2001	50,000	150,603	101,850	165,201	467,654
Additions	-	22,688	142,000	51,531	216,219
Disposals	-	-	(163,000)	-	(163,000)
At 31 May 2002	50,000	173,291	80,850	216,732	520,873
Depreciation					
At 1 June 2001	-	69,052	4,660	68,719	142,431
On disposals	-	-	(29,937)	-	(29,937)
Charge for the year	-	28,232	37,857	43,201	109,290
At 31 May 2002	-	97,284	12,580	111,920	221,784
Net book values					
At 31 May 2002	50,000	76,007	68,270	104,812	299,089
At 31 May 2001	50,000	81,551	97,190	96,482	325,223

Dunedin Independent Plc

**Notes to Financial Statements
for the year ended 31 May 2002**

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

Asset description	2002		2001	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Group and company				
Motor vehicles	<u>68,269</u>	<u>11,045</u>	<u>35,315</u>	<u>1,535</u>

Dunedin Independent Plc

Notes to Financial Statements
for the year ended 31 May 2002

13. Fixed Asset Investments

Group

	Other Unlisted Investments	Total
	£	£
Cost		
At 1 June 2001	65,500	65,500
Disposals	(3,000)	(3,000)
At 31 May 2002	62,500	62,500
Net book values		
At 31 May 2002	62,500	62,500
At 31 May 2001	65,500	65,500

Company

	Subsidiary Undertakings	Other Unlisted Investments	Total
	£	£	£
Cost			
At 1 June 2001	13,000	65,500	78,500
Additions	642,325	-	642,325
Disposals	-	(3,000)	(3,000)
At 31 May 2002	655,325	62,500	717,825
Provisions for diminution in value:			
At 1 June 2001	-	-	-
Movement	13,000	-	13,000
At 31 May 2002	13,000	-	13,000
Net book values			
At 31 May 2002	642,325	62,500	704,825
At 31 May 2001	13,000	65,500	78,500

Dunedin Independent Plc

**Notes to Financial Statements
for the year ended 31 May 2002**

**14. Fixed Asset Investments
Company**

Holdings of 20% or more

The company holds 20% or more of the nominal value of the share capital of the following companies:

Company	Country of incorporation or operation	Holding	Proportion Held
Subsidiary undertaking			
Dunedin Lifecare Limited	Scotland	Ordinary Shares	75%
Corporate Employee Benefits Limited	Scotland	Ordinary Shares	100%

The principal business activity of the above companies is the provision of investment advice and insurance related services. The trade and assets of both companies were transferred to Dunedin Independent Plc on 1 June 2002.

Dunedin Independent Plc

Notes to Financial Statements for the year ended 31 May 2002

On 20 December 2001 the group acquired Corporate Employee Benefits Limited for a consideration of £642,325. The group has adopted acquisition accounting and goodwill arising on the acquisition of Corporate Employee Benefits Limited during the year has been capitalised and will be amortised over its expected useful life of 20 years. The investment in Corporate Employee Benefits Limited has been included in the company's balance sheet at its fair value at the date of acquisition.

Analysis of the acquisition in Corporate Employee Benefits Limited

	Book value £	Fair value to group £
Tangible fixed assets	1,323	1,323
Debtors	69,241	69,241
Cash	52,936	52,936
Corporation tax payable	(20,914)	(20,914)
Other creditors due within one year	(6,580)	(6,580)
Accruals and deferred income	(41,852)	(41,852)
	<u>54,154</u>	<u>54,154</u>
Goodwill arising on acquisition		588,171
Consideration		<u>642,325</u>

The consideration for the acquisition was loan notes of £660,000, payable in three equal annual instalments on the anniversary of the acquisition, less an expected discount on the sale price of £40,000, plus legal and professional fees incurred of £22,325. The final consideration payable is contingent on the future results of Corporate Employee Benefits Limited. The directors' estimate of the present value of the likely discount is £40,000.

The profit after interest and tax of Corporate Employee Benefits Limited in the previous financial year (1 April 2000 to 31 March 2001) was £42.

The summarised profit and loss account for Corporate Employee Benefits Limited for the current financial period from 1 April 2001 to the effective date of acquisition is as follows:

	£
Turnover	450,679
Operating profit	<u>54,307</u>
Net interest receivable (payable)	10,719
Profit before tax	<u>65,026</u>
Taxation and minority interests	(20,914)
Profit for the period from 1 April 2001 to 20 December 2001	<u>44,112</u>

Dunedin Independent Plc

**Notes to Financial Statements
for the year ended 31 May 2002**

15. Debtors

	2002	2001
	£	£
Group		
Amounts owed by group undertakings	90,650	-
Other debtors	184,169	96,652
Called up share capital not paid	47,500	-
Prepayments and accrued income	295,177	191,635
	<u>617,496</u>	<u>288,287</u>
Company		
Amounts owed by group undertakings	90,650	-
Other debtors	168,974	96,652
Called up share capital not paid	47,500	-
Prepayments and accrued income	227,811	233,758
	<u>534,935</u>	<u>330,410</u>

16. Current asset investments

	Listed Investments £
Group and company	
At 1 June 2001	8,600
Additions	9,992
Provision against impairment in value	(11,917)
At 31 May 2002	<u>6,675</u>

Dunedin Independent Plc

**Notes to Financial Statements
for the year ended 31 May 2002**

17. Creditors: amounts falling due within one year	2002 £	2001 £
Group		
Loan notes	180,000	-
Net obligations under finance leases and hire purchase contracts	7,660	4,917
Trade creditors	104,742	55,343
Corporation tax	20,914	85,678
Other taxes and social security costs	32,621	38,144
Directors' accounts	21,102	-
Other creditors	3,433	6,858
Accruals and deferred income	413,682	247,051
	<u>784,154</u>	<u>437,991</u>
Company		
Loan notes	180,000	-
Net obligations under finance leases and hire purchase contracts	7,660	4,917
Trade creditors	103,293	55,343
Amounts owed to group undertaking	73,000	-
Corporation tax	-	75,000
Other taxes and social security costs	30,046	38,144
Directors' loan accounts	21,102	-
Other creditors	3,433	6,858
Accruals and deferred income	387,636	247,051
	<u>806,170</u>	<u>427,313</u>

Dunedin Independent Plc

**Notes to Financial Statements
for the year ended 31 May 2002**

18. Creditors: amounts falling due after more than one year	2002 £	2001 £
Group and Company		
Loan notes	440,000	-
Net obligations under finance leases and hire purchase contracts	46,057	24,176
	<u>486,057</u>	<u>24,176</u>
Loans		
Repayable in one year or less, or on demand (Note 17)	180,000	-
Repayable between one and two years	220,000	-
Repayable between two and five years	220,000	-
	<u>620,000</u>	<u>-</u>
The loan notes were issued during the year, on the purchase of Corporate Employee Benefits Limited. The loan notes accrue interest at the fixed rate of 3%.		
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	7,660	4,917
Repayable between one and five years	46,057	24,176
	<u>53,717</u>	<u>29,093</u>

Dunedin Independent Plc

**Notes to Financial Statements
for the year ended 31 May 2002**

19. Provisions for liabilities and charges

Deferred tax is analysed over the following timing differences:

	Provided	
	2002	2001
Group	£	£
Accelerated capital allowances	<u>30,026</u>	<u>29,000</u>

Movements on the provision for deferred taxation are:

	2002	2001
	£	£
At 1 June 2001	29,000	-
Transferred from profit and loss account	<u>1,026</u>	<u>29,000</u>
At 31 May 2002	<u>30,026</u>	<u>29,000</u>

	Provided	
	2002	2001
Company	£	£
Accelerated capital allowances	<u>29,359</u>	<u>29,000</u>

Movements on the provision for deferred taxation are:

	2002	2001
	£	£
At 1 June 2001	29,000	-
Transferred from profit and loss account	<u>359</u>	<u>29,000</u>
At 31 May 2002	<u>29,359</u>	<u>29,000</u>

Dunedin Independent Plc

**Notes to Financial Statements
for the year ended 31 May 2002**

20. Minority Interest	2002	2001
	£	£
Equity	<u>4,718</u>	<u>19,950</u>

The minority interest represents 35% of the rights to profits of Dunedin Lifecare Limited.

21. Share capital	2002	2001
	£	£
Authorised		
100,000 Ordinary shares of £1 each	-	100,000
5,000,000 Ordinary shares of 1 pence each	<u>50,000</u>	<u>-</u>
Allotted, called up and fully paid equity		
2,500 Ordinary shares of £1 each	-	2,500
250,000 Ordinary shares of 1 pence each	<u>2,500</u>	<u>-</u>
Allotted and called up equity		
4,750,000 of 1 pence each	<u>47,500</u>	<u>-</u>

On 13 June 2001, the company's authorised share capital was reduced by 97,500 ordinary £1 shares, the remaining 2,500 shares were then subdivided into 250,000 1p shares. On 16 April 2002 the authorised share capital was increased by 4,750,000 1p shares. The additional £47,500 of share capital was issued on this date and was unpaid at the year end. Post year end the fully paid up share capital increased to £12,500.

22. Reconciliation of movements in shareholder's funds	2002	2001
	£	£
Group		
(Loss)/profit for the year	(325,601)	215,466
Net proceeds of equity share issue	<u>47,500</u>	<u>-</u>
Net addition to shareholders' funds	(278,101)	215,466
Opening shareholders' funds	<u>728,715</u>	<u>513,249</u>
	<u>450,614</u>	<u>728,715</u>
Company		
(Loss)/profit for the year	(382,441)	185,701
Net proceeds of equity share issue	<u>47,500</u>	<u>-</u>
Net addition to shareholders' funds	(334,941)	185,701
Opening shareholders' funds	<u>698,950</u>	<u>513,249</u>
	<u>364,009</u>	<u>698,950</u>

Dunedin Independent Plc

**Notes to Financial Statements
for the year ended 31 May 2002**

23. Financial commitments

At 31 May 2002 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2002	2001	2002	2001
	£	£	£	£
Expiry date:				
Within one year	-	23,500	-	-
Between one and five years	-	-	8,641	-
In over five years	60,000	60,000	-	-
	<u>60,000</u>	<u>83,500</u>	<u>8,641</u>	<u>-</u>

24. Transactions with directors

The following directors had interest free loans from the company during the year. The movements on these loans are as follows:

	Amount Owing at year end		Maximum
	2002	2001	in year
	£	£	£
M A Emlick	3,881	-	40,484
Y Irvine	-	-	20,751
K Welsh	12,307	-	12,307

Dunedin Independent Plc

Notes to Financial Statements for the year ended 31 May 2002

25. Related party transactions

Mark Emlick

During the year a company car was sold to Mark Emlick, a director of Dunedin Independent Plc, for £13,000. The net book value of the car when sold was £15,000.

Dunedin Independent Plc rent offices at 42 Charlotte Square, Edinburgh, belonging to Mark Emlick. Rental of £60,000 was charged in the year.

During the year, Mark Emlick borrowed up to £40,484 from Dunedin Independent Plc, £3,881 was outstanding as at 31 May 2002.

Belgrave Scotland Limited

During the year a loan outstanding from Belgrave Scotland Limited (a company of which Mark Emlick is a director and shareholder) of £27,602 was written off in the accounts of Dunedin Independent Plc. The loan related to previously recharged costs.

A company car with a net book value of £79,625 was sold to Belgrave Scotland Limited for £70,139.

At 31 May 2002 Dunedin Independent Plc owe Belgrave Scotland Limited £25,000 for rental.

Yuill Irvine

Yuill Irvine, a director of Dunedin Independent Plc, borrowed up to £20,751 from Dunedin Independent Plc in the year, as at 31 May 2002 Dunedin Independent Plc owes Yuill Irvine £21,102.

Commission payments

Dunedin Independent Plc have an arrangement whereby pension policies relating to directors and employees are processed through company administration channels. The company retains no commission in respect of such arrangements. During the year, commission arising from new pension arrangements was paid to Mark Emlick and Yuill Irvine.

Sigma Plc

During the year Dunedin Independent Plc opened an office in London. The office space was rented from Sigma Plc at a cost of £1,000 per month. Graham Barnett a director of Dunedin Independent Plc is also a director of Sigma Plc.

Dunedin Independent Plc sub-let office space at 40 Charlotte Square to Sigma Plc. The rental for this office space and other related costs (such as gas and electricity) recharged to Sigma Plc during the year was £13,633.

Dunedin Independent Plc invested £9,992 in shares in Sigma Plc.

Dunedin Independent Plc

**Notes to Financial Statements
for the year ended 31 May 2002**

Graham Barnet

Graham Barnet, a director of Dunedin Independent Plc, was paid commission on an investment deal undertaken during the year.

Pension scheme

During the year Dunedin Independent Plc, lent Mark Emlick and Yuill Irvine's directors' pension scheme £15,000. This amount is outstanding as at 31 May 2002.

26. Ultimate parent undertaking

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.

Dunedin Independent Plc

**Notes to Financial Statements
for the year ended 31 May 2002**

27. Gross Cash Flows

	2002 £	2001 £
Returns on investments and servicing of finance		
Interest received	5,388	10,062
Interest paid	(7,202)	(704)
Interest element of finance lease rental payments	(4,062)	-
	<u>(5,876)</u>	<u>9,358</u>
Capital expenditure and financial investment		
Payments to acquire tangible assets	(77,798)	(244,921)
Receipts from sales of tangible assets	53,000	-
Receipts from sales of investments	3,000	-
	<u>(21,798)</u>	<u>(244,921)</u>
Acquisitions and disposals		
Payments on acquisition of group interests	(22,325)	-
Net cash (overdraft) acquired with group interests	52,936	-
	<u>30,611</u>	<u>-</u>
Management of Liquid Resources		
Receipts from sales of short term investments	-	88,957
Payments to acquire short term investments	(9,992)	(92,300)
	<u>(9,992)</u>	<u>(3,343)</u>
Financing		
Issue of share capital to minority interest	-	7,000
Capital element of finance lease contracts	(17,146)	(410)
	<u>(17,146)</u>	<u>6,590</u>

Dunedin Independent Plc

Notes to Financial Statements
for the year ended 31 May 2002

28. Analysis of changes in net debt

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Cash at bank and in hand	552,222	(361,735)	-	190,487
Liquid resources	-	9,992	(3,317)	6,675
Debt due within one year	-	-	(180,000)	(180,000)
Debt due after one year	-	-	(440,000)	(440,000)
Finance leases	(29,090)	17,146	(41,770)	(53,714)
	(29,090)	17,146	(661,770)	(673,714)
Net debt	523,132	(334,597)	(665,087)	(476,552)