

Dunedin Independent Plc

Directors, officers and advisors

Directors

M A Emlick
Y Irvine
G Barnet

Secretary

M A Emlick

Company Number

SC155032

Registered Office

42 Charlotte Square
Edinburgh
EH3 7EG

Auditors

Springfords LLP
Dundas House
Westfield Park
Eskbank
Edinburgh
EH22 3FB

Bankers

Bank of Scotland
38 St Andrew Square
Edinburgh
EH2 2YR

Solicitors

CCW LLP
40 Charlotte Square
Edinburgh
EH2 4HQ



Dunedin Independent Plc

Annual Report for the year ended 31 May 2003

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Dunedin Independent Plc

Directors' Report for the year ended 31 May 2003

The directors present their annual report, together with the audited financial statements of the company and the group, for the year ended 31 May 2003.

Principal Activity and Review of the Business

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

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 £113,186.

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 2003 were 28 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 2003	1 June 2002
M A Emlick		-	-
Y Irvine		-	-
G Barnet		-	-
K Welsh	Resigned 9 September 2002	-	-
C Guy	Resigned 25 April 2003	-	-
A Betchley	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 2003

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

On 1 April 2003, Springfords, the company's auditors, transferred their entire business to Springfords LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. Springfords resigned as auditors and the directors appointed Springfords LLP in their place. A resolution to re-appoint Springfords LLP as the company's auditors will be put to the forthcoming Annual General Meeting.

This report was approved by the Board on 3 December 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 2003 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.

This report is made solely to the company's member, 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 member those matters we are required to state to it in an auditor's 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 member 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 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.

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 2003 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Springfords LLP

Springfords LLP
Chartered Accountants and
Registered Auditors

Dundas House
Westfield Park
Eskbank
Edinburgh
EH22 3FB

3 December 2003

Dunedin Independent Plc

**Consolidated Profit and Loss Account
for the year ended 31 May 2003**

		Continuing operations	
	Notes	2003 £	2002 £
Turnover	2	1,681,557	2,635,364
Cost of sales		(170,314)	(846,903)
Gross profit		1,511,243	1,788,461
Administrative expenses		(1,652,960)	(2,199,336)
Group operating loss	3	(141,717)	(410,875)
Profit on sale of an operation		30,000	-
(Loss) on ordinary activities before interest		(111,717)	(410,875)
Interest receivable and similar income	4	2,684	5,388
Interest payable and similar charges	5	(26,697)	(19,998)
Loss on ordinary activities before taxation		(135,730)	(425,485)
Tax on loss on ordinary activities	8	17,826	84,652
Loss on ordinary activities after taxation		(117,904)	(340,833)
Minority Interests			
Equity		4,718	15,232
(Loss) for the group		(113,186)	(325,601)
Retained profit brought forward		400,614	726,215
Retained profit carried forward		287,428	400,614

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

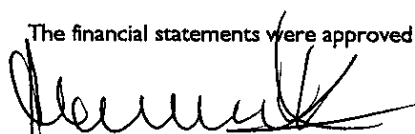
The notes on pages 8 to 26 form an integral part of these financial statements.


Dunedin Independent Plc

Consolidated Balance Sheet
as at 31 May 2003

		2003		2002	
	Notes	£	£	£	£
Fixed Assets					
Intangible assets	10		388,262		575,917
Tangible assets	11		213,849		302,494
Investments	12		37,931		62,500
			<u>640,042</u>		<u>940,911</u>
Current Assets					
Debtors	14	249,325		617,496	
Investments	15	6,675		6,675	
Cash at bank and in hand		54,208		190,487	
		<u>310,208</u>		<u>814,658</u>	
Creditors: amounts falling due within one year	16	(573,013)		(784,154)	
Net Current (Liabilities)/Assets			<u>(262,805)</u>		<u>30,504</u>
Total Assets Less Current Liabilities			377,237		971,415
Creditors: amounts falling due after more than one year	17		(24,057)		(486,057)
Provision for Liabilities and Charges					
Deferred taxation	18		(15,752)		(30,026)
Minority interest	19		-		(4,718)
Net Assets			<u>337,428</u>		<u>450,614</u>
Capital and Reserves					
Called up share capital	20		50,000		50,000
Profit and loss account	21		287,428		400,614
Equity Shareholder's funds	22		<u>337,428</u>		<u>450,614</u>

The financial statements were approved by the Board on 3 December 2003 and signed on its behalf by


M A Emlick
Director

Y Irvine 
Director

The notes on pages 8 to 26 form an integral part of these financial statements.

Dunedin Independent Plc

Company Balance Sheet
as at 31 May 2003

		2003		2002	
	Notes	£	£	£	£
Fixed Assets					
Intangible assets	10		329,666		-
Tangible assets	11		213,849		299,089
Investments	12		37,931		704,825
			<u>581,446</u>		<u>1,003,914</u>
Current Assets					
Debtors	14	249,325		534,935	
Investments	15	6,675		6,675	
Cash at bank and in hand		54,208		140,071	
		<u>310,208</u>		<u>681,681</u>	
Creditors: amounts falling due within one year	16	(573,013)		(806,170)	
Net Current (Liabilities)			<u>(262,805)</u>		<u>(124,489)</u>
Total Assets Less Current Liabilities			318,641		879,425
Creditors: amounts falling due after more than one year	17		(24,057)		(486,057)
Provision for Liabilities and Charges	18		(15,752)		(29,359)
Net Assets			<u>278,832</u>		<u>364,009</u>
Capital and Reserves					
Called up share capital	20		50,000		50,000
Profit and loss account	21		228,832		314,009
Equity Shareholder's Funds	22		<u>278,832</u>		<u>364,009</u>

The financial statements were approved by the Board on 3 December 2003 and signed on its behalf by


M A Emlick
Director

Y Irvine
Director 

The notes on pages 8 to 26 form an integral part of these financial statements.

Dunedin Independent Plc

Consolidated Cash Flow Statement
for the year ended 31 May 2003

	Notes	2003 £	2002 £
Reconciliation of operating loss to net cash inflow from operating activities			
Operating loss		(141,717)	(410,875)
Depreciation & amortisation		121,864	121,544
Impairment of investments		24,569	11,917
Decrease / (increase) in debtors		254,265	(177,803)
(Decrease) / increase in creditors		(302,398)	211,666
(Profit) / loss on disposal of fixed assets		(1,257)	9,923
Sale of an operation		30,000	-
Fair value adjustments		16,769	-
Net cash inflow (outflow) from operating activities		2,095	(233,628)
CASH FLOW STATEMENT			
Net cash inflow (outflow) from operating activities		2,095	(233,628)
Returns on investments and servicing of finance	27	(26,925)	(5,876)
Taxation		86,544	(103,906)
Capital expenditure and financial investment	27	(1,076)	(21,798)
Acquisitions and disposals	27	-	30,611
		60,638	(334,597)
Management of liquid resources	27	-	(9,992)
Financing	27	(196,917)	(17,146)
(Decrease) in cash in the year		(136,279)	(361,735)
Reconciliation of net cash flow to movement in net funds (Note 28)			
(Decrease) in cash in the year		(136,279)	(361,735)
Cash outflow from increase in debts and lease financing		206,917	17,146
Cash inflow from decrease in liquid resources		-	9,992
Change in net funds resulting from cash flows		70,638	(334,597)
Loan notes cancelled / (issued) in the year		140,000	(620,000)
New finance leases		-	(41,770)
Investments recognised as liquid resources		-	8,600
Impairment of liquid resources		-	(11,917)
Movement in net funds in the year		210,638	(999,684)
Net debt at 1 June 2002		(476,555)	523,129
Net debt at 31 May 2003		(265,917)	(476,555)

Dunedin Independent Plc

Notes to Financial Statements for the year ended 31 May 2003

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 2003 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 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.

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 2003

1.6. 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 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. Operating loss

	2003	2002
	£	£
Operating loss is stated after charging:		
Amortisation of intangible assets	30,886	12,254
Depreciation of tangible assets	90,978	110,787
Operating lease rentals		
- Plant and machinery	8,641	11,696
- Land and buildings	60,000	60,000
Auditors' remuneration	10,000	11,500
Auditors' remuneration from non-audit work	2,000	2,000
	<u> </u>	<u> </u>
and after crediting:		
Profit / (loss) on disposal of tangible fixed assets	<u>1,257</u>	<u>(9,924)</u>

Dunedin Independent Plc

**Notes to Financial Statements
for the year ended 31 May 2003**

4. Interest receivable and similar income	2003	2002
	£	£
Bank interest	2,684	5,388

5. Interest payable and similar charges	2003	2002
	£	£
On bank loans and overdrafts	5,152	1,073
On loans repayable between one and two years	17,088	14,863
Hire purchase interest	3,939	4,062
On overdue tax	518	-
	<u>26,697</u>	<u>19,998</u>

6. Employees

Number of employees

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

	2003	2002
	Number	Number
Advisers	10	13
Admin Staff	19	25
	<u>29</u>	<u>38</u>

Employment costs (Including Directors)	2003	2002
	£	£
Wages and salaries	911,573	1,167,098
Social security costs	67,348	102,481
Other pension costs	16,244	23,037
	<u>995,165</u>	<u>1,292,616</u>

Dunedin Independent Plc

**Notes to Financial Statements
for the year ended 31 May 2003**

6.1. Directors' emoluments

	2003	2002
	£	£
Remuneration and other emoluments	342,074	243,889
Pension contributions	-	6,825
	<u>342,074</u>	<u>250,714</u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	-	1
Highest Paid Director	£	£
Amounts included above:		
Emoluments and other benefits	114,880	69,861
Pension contributions	-	6,825
	<u>114,880</u>	<u>76,686</u>

7. 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 £16,244 (2002 - £23,037).

Dunedin Independent Plc

**Notes to Financial Statements
for the year ended 31 May 2003**

8. Taxation	2003	2002
	£	£
UK current year taxation		
UK Corporation Tax	-	(103,906)
Transfer from deferred taxation	(14,274)	1,026
Prior years		
UK Corporation Tax (over) / under provision	(3,552)	18,228
	<u>(17,826)</u>	<u>(84,652)</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:

	2003	2002
	£	£
(Loss)/profit on ordinary activities before taxation	(135,730)	(425,485)
Tax on (loss) on ordinary activities at the applicable rate of corporation tax 30%	(40,719)	(127,646)

Effects of:

Timing differences:		
Depreciation in excess of capital allowances	11,097	(1,794)
Permanent Differences	28,421	26,895
Marginal relief	-	(2,122)
Trading losses carried forward	1,201	761
Current tax charge	<u>-</u>	<u>(103,906)</u>

9. 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 2003 showed a loss of £85,177 (31 May 2002, Loss - £382,441).

Dunedin Independent Plc

**Notes to Financial Statements
for the year ended 31 May 2003**

10. Intangible fixed assets

	Goodwill
	£
Group	
Cost	
At 1 June 2002	588,171
Revision of fair values (see note 13)	(156,769)
	<hr/>
At 31 May 2003	431,402
	<hr/>
Amortisation	
At 1 June 2002	12,254
Charge for year	30,886
	<hr/>
At 31 May 2003	43,140
	<hr/>
Net book values	
At 31 May 2003	388,262
	<hr/>
At 31 May 2002	575,917
	<hr/>
 Company	
Cost	
At 1 June 2002	-
Additions	347,017
	<hr/>
At 31 May 2003	347,017
	<hr/>
Provision for diminution in value	
At 1 June 2002	-
Charge for year	17,351
	<hr/>
At 31 May 2003	17,351
	<hr/>
Net book values	
At 31 May 2003	329,666
	<hr/>
At 31 May 2002	-
	<hr/>

The company goodwill addition relates to the hive-up of trade and assets from Corporate Employee Benefits Limited on 1 June 2002. This goodwill has been created as a transfer from the value of investment in note 12 and represents the purchase price of Corporate Employee Benefits Limited less the remaining net assets of Corporate Employee Benefits Limited after the hive-up of trade and assets.

Dunedin Independent Plc

**Notes to Financial Statements
for the year ended 31 May 2003**

11. Tangible fixed assets

	Investment property	Fixtures, fittings & equipment	Motor vehicles	Office Equipment	Total
	£	£	£	£	£
Group					
Cost					
At 1 June 2002	50,000	174,569	80,850	235,179	540,598
Additions	-	4,406	-	17,120	21,526
Disposals	-	-	(36,850)	-	(36,850)
At 31 May 2003	50,000	178,975	44,000	252,299	525,274
Depreciation					
At 1 June 2002	-	97,916	12,580	127,608	238,104
On disposals	-	-	(17,657)	-	(17,657)
Charge for the year	-	27,396	17,909	45,673	90,978
At 31 May 2003	-	125,312	12,832	173,281	311,425
Net book values					
At 31 May 2003	50,000	53,663	31,168	79,018	213,849
At 31 May 2002	50,000	76,653	68,270	107,571	302,494
Company					
Cost					
At 1 June 2002	50,000	173,291	80,850	216,732	520,873
Additions	-	4,406	-	17,120	21,526
Transfer in (1)	-	1,278	-	18,447	19,725
Disposals	-	-	(36,850)	-	(36,850)
At 31 May 2003	50,000	178,975	44,000	252,299	525,274
Depreciation					
At 1 June 2002	-	97,284	12,580	111,920	221,784
Transfer in (1)	-	632	-	15,688	16,320
On disposals	-	-	(17,657)	-	(17,657)
Charge for the year	-	27,396	17,909	45,673	90,978
At 31 May 2003	-	125,312	12,832	173,281	311,425
Net book values					
At 31 May 2003	50,000	53,663	31,168	79,018	213,849
At 31 May 2002	50,000	76,007	68,270	104,812	299,089

Dunedin Independent Plc

**Notes to Financial Statements
for the year ended 31 May 2003**

(1) The transfer of fixed assets represents the cost and accumulated depreciation of fixed assets transferred from the subsidiary companies on 1 June 2002, as stated in note 13.

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

Asset description	2003		2002	
	Net	Depreciation	Net	Depreciation
	book value	charge	book value	charge
	£	£	£	£
Group and company				
Motor vehicles	31,168	11,000	68,270	11,045

Dunedin Independent Plc

**Notes to Financial Statements
for the year ended 31 May 2003**

12. Fixed Asset Investments

Group

	Other Unlisted Investments £	Total £
Cost		
At 1 June 2002 and At 31 May 2003	62,500	62,500
Provisions for diminution in value:		
Movement	24,569	24,569
At 31 May 2003	24,569	24,569
Net book values		
At 31 May 2003	37,931	37,931
At 31 May 2002	62,500	62,500

Company

	Subsidiary Undertakings £	Other Unlisted Investments £	Total £
Cost			
At 1 June 2002	655,325	62,500	717,825
Revision of fair values (see note 13)	(156,769)	-	(156,769)
Transfer to goodwill (see note 10)	(347,017)	-	(347,017)
At 31 May 2003	151,539	62,500	214,039
Provisions for diminution in value:			
At 1 June 2002	13,000	-	13,000
Movement	138,539	24,569	163,108
At 31 May 2003	151,539	24,569	176,108
Net book values			
At 31 May 2003	-	37,931	37,931
At 31 May 2002	642,325	62,500	704,825

Dunedin Independent Plc

**Notes to Financial Statements
for the year ended 31 May 2003**

**13. 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 trade and assets of both companies were transferred to Dunedin Independent Plc on 1 June 2002 and as such both companies were dormant throughout the year ended 31 May 2003.

Prior year acquisition of Corporate Employee Benefits Limited

The fair value of the consideration payable on the acquisition has fallen by £156,769 from £642,325 to £485,556. This is due to the renegotiation of amounts outstanding with the previous shareholder of Corporate Employee Benefits Limited. Goodwill is now calculated to be £431,402.

14. Debtors

	2003	2002
	£	£
Group		
Amounts owed by group undertakings	90,650	90,650
Other debtors	55,677	184,169
Called up share capital not paid	37,500	47,500
Prepayments and accrued income	65,498	295,177
	<u>249,325</u>	<u>617,496</u>
Company		
Amounts owed by group undertakings	90,650	90,650
Other debtors	55,677	168,974
Called up share capital not paid	37,500	47,500
Prepayments and accrued income	65,498	227,811
	<u>249,325</u>	<u>534,935</u>

Dunedin Independent Plc

**Notes to Financial Statements
for the year ended 31 May 2003**

15. Current asset investments		Listed Investments £
Group and company		
At 31 May 2002 and 2003		6,675
		<u><u> </u></u>
16. Creditors: amounts falling due within one year	2003 £	2002 £
Group		
Loan notes	300,000	180,000
Net obligations under finance leases and hire purchase contracts	2,743	7,660
Trade creditors	39,735	104,742
Corporation tax	-	20,914
Other taxes and social security costs	19,594	32,621
Director's loan account	-	21,102
Other creditors	1,853	3,433
Accruals and deferred income	209,088	413,682
	<u>573,013</u>	<u>784,154</u>
	<u><u> </u></u>	<u><u> </u></u>
Company		
Loan notes	300,000	180,000
Net obligations under finance leases and hire purchase contracts	2,743	7,660
Trade creditors	39,735	103,293
Amounts owed to group undertakings	-	73,000
Other taxes and social security costs	19,594	30,046
Director's loan account	-	21,102
Other creditors	1,853	3,433
Accruals and deferred income	209,088	387,636
	<u>573,013</u>	<u>806,170</u>
	<u><u> </u></u>	<u><u> </u></u>

Dunedin Independent Plc

**Notes to Financial Statements
for the year ended 31 May 2003**

17. Creditors: amounts falling due after more than one year	2003	2002
	£	£
Group and Company		
Loan notes	-	440,000
Net obligations under finance leases and hire purchase contracts	24,057	46,057
	<u>24,057</u>	<u>486,057</u>
Loans		
Repayable in one year or less, or on demand (Note 16)	300,000	180,000
Repayable between one and two years	-	220,000
Repayable between two and five years	-	220,000
	<u>300,000</u>	<u>620,000</u>
The loan notes accrue interest at the fixed rate of 3%.		
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	2,743	7,660
Repayable between one and five years	24,057	46,057
	<u>26,800</u>	<u>53,717</u>

Dunedin Independent Plc

Notes to Financial Statements
for the year ended 31 May 2003

18. Provisions for liabilities and charges

Deferred tax is analysed over the following timing differences:

Group	Provided	
	2003	2002
	£	£
Accelerated capital allowances	15,752	30,026

Movements on the provision for deferred taxation are:

	2003	2002
	£	£
At 1 June 2002	30,026	29,000
Transferred to profit and loss account	(14,274)	1,026
At 31 May 2003	15,752	30,026

Company	Provided	
	2003	2002
	£	£
Accelerated capital allowances	15,752	29,359

Movements on the provision for deferred taxation are:

	2003	2002
	£	£
At 1 June 2002	29,359	29,000
Transferred to profit and loss account	(13,607)	359
At 31 May 2003	15,752	29,359

Dunedin Independent Plc

**Notes to Financial Statements
for the year ended 31 May 2003**

19. Minority Interest	2003	2002
	£	£
Equity	<u> </u>	<u>4,718</u>

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

20. Share capital	2003	2002
	£	£
Authorised equity		
5,000,000 Ordinary shares of 1 pence each	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid equity		
1,250,000 Ordinary shares of 1 pence each	<u>12,500</u>	<u>2,500</u>
Allotted and called up equity		
3,750,000 Ordinary shares of 1 pence each	<u>37,500</u>	<u>47,500</u>

21. Equity Reserves	Profit and loss account £
Group	
At 1 June 2002	400,614
Loss for the year	<u>(113,186)</u>
At 31 May 2003	<u>287,428</u>
Company	
At 1 June 2002	314,009
Loss for the year	<u>(85,177)</u>
At 31 May 2003	<u>228,832</u>

Dunedin Independent Plc

Notes to Financial Statements
for the year ended 31 May 2003

22. Reconciliation of movements in shareholder's funds

	2003 £	2002 £
Group		
Loss for the year	(113,186)	(325,601)
Net proceeds of equity share issue	-	47,500
Net addition to shareholder's funds	(113,186)	(278,101)
Opening shareholder's funds	450,614	728,715
	<u>337,428</u>	<u>450,614</u>
Company		
Loss for the year	(85,177)	(382,441)
Net proceeds of equity share issue	-	47,500
Net addition to shareholder's funds	(85,177)	(334,941)
Opening shareholder's funds	364,009	698,950
	<u>278,832</u>	<u>364,009</u>

23. Financial commitments

At 31 May 2003 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2003	2002	2003	2002
	£	£	£	£
Expiry date:				
Between one and five years	-	-	3,055	8,641
In over five years	60,000	60,000	-	-
	<u>60,000</u>	<u>60,000</u>	<u>3,055</u>	<u>8,641</u>

Dunedin Independent Plc

**Notes to Financial Statements
for the year ended 31 May 2003**

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 in year
	2003 £	2002 £	
M A Emlick	24,395	3,881	154,319
Y Irvine	8,027	-	8,027
K Welsh	-	12,307	12,307

Dunedin Independent Plc

Notes to Financial Statements for the year ended 31 May 2003

25. Related party transactions

Mark Emlick

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

During the year, Mark Emlick borrowed up to £154,319 from Dunedin Independent Plc, £24,395 was outstanding as at 31 May 2003.

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 £44,000.

Yuill Irvine

Yuill Irvine, a director of Dunedin Independent Plc, borrowed up to £8,027 from Dunedin Independent Plc in the year, as at 31 May 2003 this amount is outstanding.

Callum Guy

The loan notes outstanding at the year end are payable to Callum Guy, an ex-director of Dunedin Independent Plc. The loan notes arose in the previous year on the purchase of Corporate Employee Benefits Limited from Callum Guy. During the year £180,000 was paid to Callum Guy and as part of a renegotiation of the purchase price of Corporate Employee Benefits Limited (see note 13), £140,000 of the remaining loan notes were cancelled leaving an outstanding balance of £300,000 which was paid post year end.

Pension scheme

During the prior year Dunedin Independent Plc, lent Mark Emlick and Yuill Irvine's directors' pension scheme £15,000. This amount is still outstanding as at 31 May 2003.

Strategic Investment Management Limited

During the year Dunedin Independent Plc recognised commission from Strategic Investment Management Limited of £232,428. Dunedin Investments Limited (the 100% parent of Dunedin Independent Plc) owns 35% of the ordinary share capital of Strategic Investment Management Limited.

Dunedin Independent Plc

Notes to Financial Statements for the year ended 31 May 2003

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.

27. Gross Cash Flows

	2003 £	2002 £
Returns on investments and servicing of finance		
Interest received	2,684	5,388
Interest paid	(25,670)	(7,202)
Interest element of finance lease rental payments	(3,939)	(4,062)
	<u>(26,925)</u>	<u>(5,876)</u>
Capital expenditure and financial investment		
Payments to acquire tangible assets	(21,526)	(77,798)
Receipts from sales of tangible assets	20,450	53,000
Receipts from sales of investments	-	3,000
	<u>(1,076)</u>	<u>(21,798)</u>
Acquisitions and disposals		
Payments on acquisition of group interests	-	(22,325)
Net cash (overdraft) acquired with group interests	-	52,936
	<u>-</u>	<u>30,611</u>
Management of Liquid Resources		
Payments to acquire short term investments	-	(9,992)
	<u>-</u>	<u>(9,992)</u>
Financing		
Paid up share capital	10,000	-
Repayment of other long term loans	(180,000)	-
Capital element of finance lease contracts	(26,917)	(17,146)
	<u>(196,917)</u>	<u>(17,146)</u>

Dunedin Independent Plc

Notes to Financial Statements
for the year ended 31 May 2003

Analysis of changes in net debt

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Cash at bank and in hand	190,487	(136,279)	-	54,208
Liquid resources	6,675	-	-	6,675
Debt due within one year	(180,000)	180,000	(300,000)	(300,000)
Debt due after one year	(440,000)	-	440,000	-
Finance leases	(53,717)	26,917	-	(26,800)
	(673,717)	206,917	140,000	(326,800)
Net debt	(476,555)	70,638	140,000	(265,917)