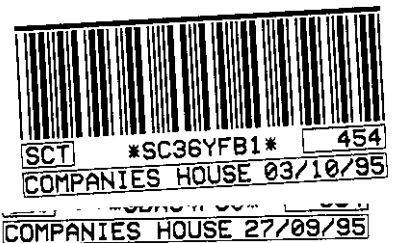


EDINBURGH FUND MANAGERS GROUP PLC

INITIAL ACCOUNTS

For the period from 28 April 1995 to 2 August 1995

Registered No. SC 157875



Edinburgh Fund Managers Group plc

Directors

DIRECTORS

C H Ross (Chairman)

*A M M Grossart CBE (Deputy Chairman)

I A Watt (Chief Executive)

*J W Blair

*J R Cowan CBE

*A D M MacDonald (Appointed 21 September 1995)

*Lord Macfarlane of Bearsden

*Non-executive

SECRETARY

Catherine C J Miller

REGISTERED OFFICE

Donaldson House
97 Haymarket Terrace
Edinburgh EH12 5HD
Telephone: 0131-313 1000
Fax: 0131-313 6300
Telex: 72453

REGISTRARS

The Royal Bank of Scotland plc
Owen House
8 Bankhead Crossway North
Edinburgh EH11 4BR
Telephone: 0131-556 8555

STOCKBROKERS

Panmure Gordon & Co Ltd
35 New Broad Street
London EC2M 1NM

BANKERS

The Royal Bank of Scotland plc
36 St Andrew Square
Edinburgh EH2 2YB

AUDITORS

KPMG
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

Edinburgh Fund Managers Group plc

Statement of directors' responsibilities

Company law requires the directors to prepare initial accounts where a dividend is proposed to be declared during the company's first accounting period. Initial accounts must have been prepared within the meaning of Section 273 of the Companies Act. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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.

Auditors' report



Report of the auditors to the directors of Edinburgh Fund Managers Group plc (pursuant to Section 273(4) of the Companies Act 1985)

We have audited the initial accounts of Edinburgh Fund Managers Group plc as set out on pages 3 to 8.

Respective responsibilities of directors and auditors

As described above, you are responsible for the preparation of the initial accounts. It is our responsibility to form an independent opinion, based on our audit, of those initial accounts, 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 initial accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the initial accounts, 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 initial accounts 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 initial accounts.

Opinion

In our opinion the initial accounts for the period from 28 April 1995 to 2 August 1995 have been properly prepared within the meaning of Section 273 of the Companies Act 1985.

KPMG 
Chartered Accountants
Registered Auditors

Edinburgh, 21 September 1995

Edinburgh Fund Managers Group plc

Profit and loss account

for the period from 28 April 1995 to 2 August 1995


	Notes	£
Income from shares in group undertakings	4	11,623,492
Profit on ordinary activities before taxation		11,623,492
Tax on profit on ordinary activities	5	Nil
Profit on ordinary activities after taxation		11,623,492

Edinburgh Fund Managers Group plc

Balance sheet

at 2 August 1995

	Notes	£	£
Fixed assets			
Investments:	6		
Shares in subsidiary undertakings			1,013,508
Other investments			5,093,789
			<u>6,107,297</u>
Current assets			
Cash and deposits		11,623,492	
		<u>11,623,492</u>	
Creditors: amounts falling due within one year			
Due to subsidiary undertaking		5,115,453	
		<u>5,115,453</u>	
Net current assets			<u>6,508,039</u>
Total assets less current liabilities			<u>12,615,336</u>
Capital and reserves			
Called up share capital	7		968,624
Revaluation reserve	8		23,220
Profit and loss account	9		11,623,492
			<u>12,615,336</u>


C H ROSS, Director


A M M GROSSART, Director

Edinburgh Fund Managers Group plc

Statement of total recognised gains and losses for the period from 28 April 1995 to 2 August 1995

	£
Profit and loss account	11,623,492
Movement in revaluation of investments	23,220
Total recognised gains and losses	<u>11,646,712</u>

Reconciliation of movement in shareholders' funds for the period from 28 April 1995 to 2 August 1995

	£
Profit available for distribution	11,623,492
Other recognised gains and losses	23,220
Issue of shares	968,624
Shareholders' funds at 2 August 1995	<u>12,615,336</u>

Edinburgh Fund Managers Group plc

Cash flow statement

for the period from 28 April 1995 to 2 August 1995

	£	£
Net cash inflow from operating income		Nil
Returns on investments and servicing of finance		
Dividends received		11,623,492
Taxation		Nil
Investing activities		
Purchase of shares in subsidiary undertakings	1,013,508	
Purchase of investments	5,070,569	
Net cash outflow from investing activities		6,084,077
Net cash inflow before financing		5,539,415
Financing		
Issue of shares		968,624
Loan from subsidiary undertaking		5,115,453
Increase in cash and cash equivalent		11,623,492

Edinburgh Fund Managers Group plc

Notes to the initial accounts

1. ACCOUNTING POLICIES

The significant accounting policies adopted in arriving at the financial information set out in these initial accounts are as follows:

Basis of preparation

The financial statements represent the initial accounts of Edinburgh Fund Managers Group plc and have been prepared in accordance with Section 273 of the Companies Act 1985.

Investments

Listed investments are valued at market prices. Unlisted investments are included at a valuation determined by the directors based upon, where appropriate, latest dealing prices, stockbroker valuations, net asset values and other latest known accounting information.

2. TURNOVER

There was no turnover during the period to 2 August 1995.

3. ADMINISTRATIVE EXPENSES

All administrative expenses during the period to 2 August 1995 were borne by a subsidiary company.

4. INCOME FROM SHARES IN SUBSIDIARY UNDERTAKINGS

This represented a dividend paid on 2 August 1995 by its wholly owned subsidiary Edinburgh Fund Managers plc.

5. TAXATION

No provision for taxation has been made as the dividend received was paid under a group income election.

6. INVESTMENTS

	£
Additions at cost	5,070,569
Unrealised appreciation 2 August 1995	23,220
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Market value 2 August 1995	5,093,789
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		£
Listed	— UK	4,199,791
	— Overseas	700,146
Unlisted		193,852
		<hr/>
		5,093,789
		<hr/>

Subsidiary undertakings

Shares in subsidiary undertakings are shown at cost of £1,013,508.

<i>Name</i>	<i>Registered</i>	<i>Nature and place of business</i>	<i>% owned</i>
Edinburgh Fund Managers plc	Scotland	Investment management (UK)	100
Edinburgh Unit Trust Managers Ltd	Scotland	Unit trust management (UK)	100
Edinburgh Oil Management Ltd	Scotland	Oil and gas management (UK)	78

Edinburgh Fund Managers Group plc

Notes to the financial statements continued

7. CALLED UP SHARE CAPITAL

Authorised	Number of shares	£
Ordinary shares of 5p each	40,000,000	2,000,000
	<hr/>	<hr/>
Issued and fully paid		
Issued during period	19,372,486	968,624
	<hr/>	<hr/>
At 2 August 1995	19,372,486	968,624
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On 28 April 1995, 2 ordinary shares of 5p each were allotted. 19,372,484 ordinary shares of 5p each were allotted pursuant to a scheme of arrangement between Edinburgh Fund Managers plc and the holders of its ordinary shares of 5p each dated 12 May 1995 which was sanctioned by the Court of Session on 14 July 1995 and became effective on 1 August 1995.

8. REVALUATION RESERVE

Surplus on revaluation of investments at 2 August 1995	23,220
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At 2 August 1995	23,200
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9. PROFIT AND LOSS RESERVE

Retained profit on ordinary activities	11,623,492
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At 2 August 1995	11,623,492
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10. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 21 September 1995.