

**EDINBURGH FUND MANAGERS GROUP PLC**

**INTERIM ACCOUNTS**

**For the period from 1 February 1998 to 31 July 1998**

**Registered No. SC 157875**



# Edinburgh Fund Managers Group plc

## Directors

\*C H Ross (Chairman)

\*Sir Angus Grossart CBE (Deputy Chairman)

I A Watt (Chief Executive)

M W Balfour

\*J W Blair

\*A D M MacDonald CBE

\*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

## REGISTRARS

Computershare Services plc  
Owen House  
8 Bankhead Crossway North  
Edinburgh EH11 4BR  
Telephone: 0131-523 6666

## JOINT STOCKBROKERS

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

HSBC James Capel  
Thames Exchange  
10 Queens Street Place  
London EC4R 1BL

## BANKERS

Bank of Scotland  
The Mound  
Edinburgh EH1 1YZ

## AUDITORS

KPMG Audit Plc  
Saltire Court  
20 Castle Terrace  
Edinburgh EH1 2EG

# Edinburgh Fund Managers Group plc

## Statement of directors' responsibilities

Company law requires the directors to prepare interim accounts for the purpose of confirming that the company has sufficient distributable reserves to support the payment of a dividend. Accounts must have been prepared within the meaning of Section 272 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 principles 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.

# Edinburgh Fund Managers Group plc

## Profit and loss account

for the six months to 31 July 1998

		6 months to 31 July	
		1998	1997
	Notes	£000	£000
Income from shares in group undertakings	3	3,665	5,959
Profit/(loss) on disposal of investments	4	(165)	20
Other income	5	7	105
Interest payable		<u>(170)</u>	<u>(140)</u>
		3,337	5,944
Administrative expenses	6	<u>54</u>	<u>176</u>
Profit on ordinary activities before taxation		3,283	5,768
Taxation on profit on ordinary activities	7	<u>(68)</u>	<u>1,129</u>
Profit on ordinary activities after taxation		3,351	4,639
Dividends	8	19	(450)
Retained profit for the period added to reserves		<u>3,332</u>	<u>5,089</u>

# Edinburgh Fund Managers Group plc

## Balance sheet at 31 July 1998

	Notes	31 July 1998		31 January 1998	
		£000	£000	£000	£000
<b>FIXED ASSETS</b>					
Investments:	9				
Shares in subsidiary undertakings			85,586		85,477
Other investments			182		5,727
			<u>85,768</u>		<u>91,204</u>
<b>CURRENT ASSETS</b>					
Debtors	10	556		1,177	
Due by subsidiary undertakings		8,425		3,000	
		<u>8,981</u>		<u>4,177</u>	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>					
Bank overdraft		3,495		4,401	
Taxation and social security		273		962	
Other creditors		8,404		6,281	
Proposed final dividend		-		4,710	
		<u>12,172</u>		<u>16,354</u>	
<b>NET CURRENT ASSETS (LIABILITIES)</b>			<u>(3,191)</u>		<u>(12,177)</u>
<b>TOTAL ASSETS</b>					
<b>LESS CURRENT LIABILITIES</b>			<u>82,577</u>		<u>79,027</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	11		1,391		1,385
Capital redemption reserve	12		183		183
Share premium account	12		425		196
Special capital reserve	12		75,177		75,177
Revaluation reserve	12		(67)		(4,659)
Profit and loss account	12		5,468		6,745
<b>EQUITY SHAREHOLDERS' FUNDS</b>			<u>82,577</u>		<u>79,027</u>

Approved by the Board on 22 September 1998 and signed on its behalf by:

C H ROSS,  Chairman

  
SIR ANGUS GROSSART, Deputy Chairman

# Edinburgh Fund Managers Group plc

## Statement of total recognised gains and losses for the 6 months to 31 July 1998

	6 months to 31 July	
	1998	1997
	£000	£000
Profit for the period	3,351	4,639
Movement in revaluation of investments	(17)	139
Total recognised gains and losses relating to the period	<u>3,334</u>	<u>4,778</u>

## Note of historical cost profits for the 6 months to 31 July 1998

	1998	1997
	£000	£000
Reported profit on ordinary activities before taxation	3,283	5,768
Realisation of investment revaluation (losses)/gains of prior year	(4,609)	103
Historical cost profit/(loss) for the period before taxation	<u>(1,326)</u>	<u>5,871</u>
Historical cost profit/(loss) for the period after taxation and dividends	<u>(1,277)</u>	<u>5,192</u>

## Reconciliation of movement in shareholders' funds for the 6 months to 31 July 1998

	1998	1997
	£000	£000
Profit for the period	3,351	4,639
Dividends	19	(450)
Retained profit for the period	<u>3,332</u>	<u>5,089</u>
Other recognised gains and losses	(17)	139
Buy back of shares	-	(19,863)
Issue of shares	235	49
Net addition to shareholders' funds	<u>3,550</u>	<u>(14,586)</u>
Shareholders' funds at 31 January 1998	<u>79,027</u>	<u>91,716</u>
Shareholders' funds at 31 July 1998	<u>82,577</u>	<u>77,130</u>

# Edinburgh Fund Managers Group plc

## Notes to the interim accounts

### 1. ACCOUNTING POLICIES

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

#### Basis of preparation

The financial statements have been prepared in accordance with applicable accounting principles. The financial statements represent the interim accounts of Edinburgh Fund Managers Group plc and have been prepared in accordance with Section 272 of the Companies Act 1985; the figures herein have not been audited. The comparative figures relate to the period 1 February 1997 to 31 July 1997.

#### Investment income and interest

Dividends and interest on investments are credited to the profit and loss account on an ex-dividend basis. Interest on loans and short-term deposits is dealt with on an accruals basis. Income from investments includes income tax deducted, or where applicable, the imputed tax credits.

#### Taxation

- a. Advance corporation tax payable on a proposed dividend, which it is anticipated will be covered by tax credits on franked investment income available for set off within the following year, is not included as taxation payable and recoverable. To the extent that any such advance corporation tax is not so covered, the liability is included as current taxation payable and the recovery provided for in debtors.
- b. Imputed tax credits received on franked investment income are treated as part of the taxation charge.
- c. Deferred taxation is provided for on unrealised appreciation of investments and on short-term timing differences in computing the profits for accounting and taxation purposes offset by any recoverable advance corporation tax which it is anticipated will not be recovered within the following year.

#### 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

As the company is an investment company, there was no turnover during the period to 31 July 1998. The income is shown under notes 3 to 5.

### 3. INCOME FROM SHARES IN SUBSIDIARY UNDERTAKINGS

This represents dividends paid by its wholly owned subsidiaries.

### 4. PROFIT ON DISPOSAL OF INVESTMENTS

	6 months to 31 July	
	1998	1997
	£000	£000
Realised gain/(loss)	(4,774)	123
Gain/(loss) brought to account at 31 January 1998	(4,609)	103
	<u>(165)</u>	<u>20</u>

# Edinburgh Fund Managers Group plc

## Notes to the interim accounts continued

### 5. OTHER INCOME

	6 months to 31 July	
	1998	1997
	£000	£000
Income from listed investments	7	3
Interest received	-	102
	<u>7</u>	<u>105</u>

### 6. ADMINISTRATIVE EXPENSES

Administrative expenses principally represent directors' remuneration. The company has no (1997-1) employees.

Administrative expenses include:

	1998	1997
	£000	£000
Salary and directors' fees	40	126
Social security costs	2	11
Pension scheme contributions	-	15
	<u>42</u>	<u>152</u>

### 7. TAXATION

	1998	1997
	£000	£000
Corporation tax relief at 31 (1997-31.5) percent on net profit for the period	(69)	(63)
Tax on franked investment income	1	1,192
	<u>(68)</u>	<u>1,129</u>

Dividends from shares in group undertakings received under a group income election are not taxable.

### 8. DIVIDENDS

	1998	1997
	£000	£000
Underprovision at 31 January 1998 of final dividend paid 20 May 1998 on 108,559 new shares issued in February and March 1998	19	-
Overprovision at 31 January 1997 of final dividend paid 21 May 1997 on 2,645,000 shares bought back and cancelled	-	(450)
	<u>19</u>	<u>(450)</u>



# Edinburgh Fund Managers Group plc

## Notes to the interim accounts continued

### 9. INVESTMENTS

	£000
Market value 31 January 1998	5,727
Unrealised gain/(loss) 31 January 1998	(4,659)
Cost 31 January 1998	10,386
Disposals at cost	(10,137)
Cost 31 July 1998	249
Unrealised gain/(loss) 31 July 1998	(67)
Market value 31 July 1998	182

The investments held at 31 July 1998 were unlisted.

### Subsidiary undertakings

	£000
Cost 31 January 1998	85,477
Additions at cost	109
Cost 31 July 1998	85,586

<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)	100
DFM (Holdings) Ltd	Scotland	Intermediate holding company (UK)	100
Edinburgh Fund Managers (Private Clients) Ltd	Scotland	Investment management (UK)	100

### 10. DEBTORS

	31 July 1998 £000	31 Jan 1998 £000
Tax recoverable	556	1,177

### 11. CALLED UP SHARE CAPITAL

	Number of shares	£000
<b>Authorised</b>		
Ordinary shares of 5p each	45,000,000	2,250
<b>Issued and fully paid</b>		
At 31 January 1998	27,704,192	1,385
Issued during period	111,942	6
At 31 July 1998	27,816,134	1,391

During the period 111,942 shares were issued on exercise of options granted under executive and savings related share option schemes.

# Edinburgh Fund Managers Group plc

## Notes to the interim accounts continued

### 12. RESERVES

	Capital Redemption reserve £000	Share premium £000	Special Capital reserve £000	Revaluation reserve £000	Profit and loss account £000	Total £000
At 31 January 1998	183	196	75,177	(4,659)	6,745	77,642
Retained profit for the period					3,332	3,332
Shares issued		229				229
Movement in revaluation of investments				4,592	(4,609)	(17)
At 31 July 1998	<u>183</u>	<u>425</u>	<u>75,177</u>	<u>(67)</u>	<u>5,468</u>	<u>81,186</u>