

THOMSON & SHEPHERD INVESTORS LIMITED
FINANCIAL STATEMENTS
FOR
30 NOVEMBER 2002

Company Registration Number SC188650



WILLIAMSON & DUNN
Chartered Accountants & Registered Auditors
3 West Craibstone Street
Aberdeen
AB11 6YW

THOMSON & SHEPHERD INVESTORS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2002

CONTENTS	PAGES
The directors' report	1 to 2
Independent auditors' report to the shareholders	3 to 4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7 to 8
Notes to the financial statements	9 to 15
The following pages do not form part of the financial statements	
Detailed profit and loss account	17
Notes to the detailed profit and loss account	18 to 19

THOMSON & SHEPHERD INVESTORS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 NOVEMBER 2002

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 November 2002.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was the provision of independent financial services.

The results for the year and financial position of the company are as shown in the annexed financial statements.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2002 £	2001 £
Dividends paid on ordinary shares	<u>6,000</u>	<u>54,500</u>

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

		At 30 November 2002	At 1 December 2001
George Blake Shepherd	Ordinary Shares 'A'	12,001	12,001
Gordon Alexander Wilson	Ordinary shares 'B'	<u>12,001</u>	<u>—</u>

Peter Ian McGregor Thomson retired as a director on 30 April 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 affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

THOMSON & SHEPHERD INVESTORS LIMITED

THE DIRECTORS' REPORT *(continued)*

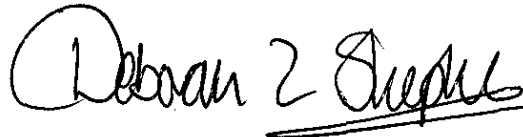
YEAR ENDED 30 NOVEMBER 2002

AUDITORS

A resolution to re-appoint Williamson & Dunn as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
BENEAGLES EXCHANGE
4 ATHOLL PLACE
PERTH
PH1 5ND

Signed on behalf of the directors



Deborah Z Shepherd
Company Secretary

Approved by the directors on ...18.02.03

THOMSON & SHEPHERD INVESTORS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 30 NOVEMBER 2002

We have audited the financial statements on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities on page 1.

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. Our responsibilities do not extend to any other information.

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.

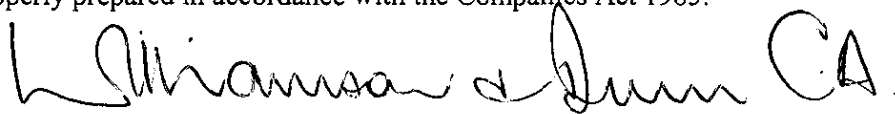
THOMSON & SHEPHERD INVESTORS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS (CONTINUED)

YEAR ENDED 30 NOVEMBER 2002

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 November 2002 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



WILLIAMSON & DUNN

Chartered Accountants & Registered Auditors

3 West Craibstone Street

Aberdeen

AB11 6YW

18-2-2003

THOMSON & SHEPHERD INVESTORS LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 30 NOVEMBER 2002**

	Note	2002 £	2001 £
TURNOVER	2	451,799	387,867
OPERATING COSTS:			
Staff costs	3	254,406	166,865
Depreciation written off fixed assets	4	22,070	12,506
Other operating charges		161,485	138,904
OPERATING PROFIT	4	13,838	69,592
Interest receivable		181	259
Interest payable	6	(4,100)	(2,276)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		9,919	67,575
Tax on profit on ordinary activities	7	2,973	15,984
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		6,946	51,591
Dividends	8	6,000	54,500
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		946	(2,909)
Balance brought forward		635	3,544
Balance carried forward		<u>1,581</u>	<u>635</u>

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

The notes on pages 9 to 15 form part of these financial statements.

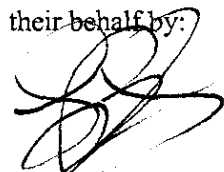
THOMSON & SHEPHERD INVESTORS LIMITED

BALANCE SHEET

30 NOVEMBER 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Tangible assets	9	53,867	61,437
CURRENT ASSETS			
Debtors	10	41,605	40,436
Cash at bank and in hand		26,660	12,441
		<u>68,265</u>	<u>52,877</u>
CREDITORS: Amounts falling due within one year	11	<u>49,041</u>	<u>51,901</u>
NET CURRENT ASSETS		<u>19,224</u>	<u>976</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>73,091</u>	<u>62,413</u>
CREDITORS: Amounts falling due after more than one year	12	<u>27,508</u>	<u>37,647</u>
		<u>45,583</u>	<u>24,766</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	14	—	129
		<u>45,583</u>	<u>24,637</u>
CAPITAL AND RESERVES			
Called-up equity share capital	17	36,003	24,002
Share premium account	18	7,999	—
Profit and Loss Account		1,581	635
SHAREHOLDERS' FUNDS	19	<u>45,583</u>	<u>24,637</u>

These financial statements were approved by the directors on the 18.2.03 and are signed on their behalf by:



G B Shepherd
Director

The notes on pages 9 to 15 form part of these financial statements.

THOMSON & SHEPHERD INVESTORS LIMITED**CASH FLOW STATEMENT****YEAR ENDED 30 NOVEMBER 2002**

	2002	2001
	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	45,189	61,113
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	181	259
Interest paid	(451)	(114)
Interest element of hire purchase	<u>(3,649)</u>	<u>(2,162)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(3,919)	(2,017)
TAXATION	(16,412)	(10,569)
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	<u>(14,500)</u>	<u>(58,256)</u>
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(14,500)	(58,256)
EQUITY DIVIDENDS PAID	(6,000)	(54,500)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING	4,358	(64,229)
FINANCING		
Issue of equity share capital	12,001	—
Share premium on issue of equity share capital	7,999	—
Capital element of hire purchase	<u>(10,139)</u>	<u>47,124</u>
NET CASH INFLOW FROM FINANCING	9,861	47,124
INCREASE/(DECREASE) IN CASH	<u>14,219</u>	<u>(17,105)</u>

The notes on pages 9 to 15 form part of these financial statements.

THOMSON & SHEPHERD INVESTORS LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 30 NOVEMBER 2002

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002	2001
	£	£
Operating profit	13,838	69,592
Depreciation	22,070	12,506
Increase in debtors	(1,169)	(17,564)
Increase/(Decrease) in creditors	10,450	(3,421)
Net cash inflow from operating activities	45,189	61,113

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2002	2001
	£	£
Increase/(Decrease) in cash in the period	14,219	(17,105)
Cash outflow in respect of hire purchase	10,139	(47,124)
	24,358	(64,229)
Change in net debt	24,358	(64,229)
Net debt at 1 December 2001	(35,345)	28,884
Net debt at 30 November 2002	(10,987)	(35,345)

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Dec 2001	Cash flows	At 30 Nov 2002
	£	£	£
Net cash:			
Cash in hand and at bank	12,441	14,219	26,660
Debt:			
Hire purchase agreements	(47,786)	10,139	(37,647)
Net debt	(35,345)	24,358	(10,987)

The notes on pages 9 to 15 form part of these financial statements.

THOMSON & SHEPHERD INVESTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2002

1. ACCOUNTING POLICIES

Basis of accounting

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

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Motor Vehicles	- 25% straight line
Equipment	- 20% reducing balance

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the Profit and Loss Account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the Profit and Loss Account.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences, including those relating to pensions, which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

Deferred taxation assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

THOMSON & SHEPHERD INVESTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2002

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2002	2001
	£	£
United Kingdom	<u>451,799</u>	<u>387,867</u>

3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2002	2001
	No.	No.
Number of administrative staff	6	4
Number of investment staff	3	2
	<u>9</u>	<u>6</u>

The aggregate payroll costs of the above were:

	2002	2001
	£	£
Wages and salaries	221,136	147,450
Social security costs	22,676	12,926
Staff pension costs	5,794	3,989
Other pension costs	4,800	2,500
	<u>254,406</u>	<u>166,865</u>

4. OPERATING PROFIT

Operating profit is stated after charging:

	2002	2001
	£	£
Depreciation	22,070	12,506
Auditors' remuneration		
- as auditors	3,600	3,600
- for other services	-	1,200
Operating lease costs:		
Plant and equipment	<u>256</u>	<u>128</u>

THOMSON & SHEPHERD INVESTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2002

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2002	2001
	£	£
Emoluments receivable	93,016	78,474
Value of company pension contributions to money purchase schemes	4,800	2,500
	<u>97,816</u>	<u>80,974</u>

The number of directors who are accruing benefits under company pension schemes were as follows:

	2002	2001
	No.	No.
Money purchase schemes	<u>2</u>	<u>1</u>

6. INTEREST PAYABLE

	2002	2001
	£	£
Interest payable on bank borrowing	451	114
Finance charges	3,649	2,162
	<u>4,100</u>	<u>2,276</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

Taxation

	2002	2001
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 19% (2001 - 20%)	3,102	16,510
Total current tax	3,102	16,510
Decrease in deferred tax provision		
Capital allowances	(129)	(526)
Total deferred tax (note 14)	(129)	(526)
Tax on profit on ordinary activities	<u>2,973</u>	<u>15,984</u>

THOMSON & SHEPHERD INVESTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2002

8. DIVIDENDS

The following dividends have been paid in respect of the year:

	2002 £	2001 £
Dividend paid on ordinary shares	<u>6,000</u>	<u>54,500</u>

9. TANGIBLE FIXED ASSETS

	Motor Vehicles £	Equipment £	Total £
COST			
At 1 December 2001	69,977	14,534	84,511
Additions	–	14,500	14,500
At 30 November 2002	<u>69,977</u>	<u>29,034</u>	<u>99,011</u>
DEPRECIATION			
At 1 December 2001	16,911	6,163	23,074
Charge for the year	17,495	4,575	22,070
At 30 November 2002	<u>34,406</u>	<u>10,738</u>	<u>45,144</u>
NET BOOK VALUE			
At 30 November 2002	<u>35,571</u>	<u>18,296</u>	<u>53,867</u>
At 30 November 2001	<u>53,066</u>	<u>8,371</u>	<u>61,437</u>

Hire purchase agreements

Included within the net book value of £53,867 is £35,571 (2001 - £49,817) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £14,246 (2001 - £7,165).

10. DEBTORS

	2002 £	2001 £
Trade debtors	36,191	36,499
Other debtors	5,414	3,937
	<u>41,605</u>	<u>40,436</u>

The debtors above include the following amounts falling due after more than one year:

	2002 £	2001 £
Other debtors	<u>–</u>	<u>342</u>

THOMSON & SHEPHERD INVESTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2002

11. CREDITORS: Amounts falling due within one year

	2002 £	2001 £
Trade creditors	24,532	20,164
Other creditors including taxation and social security:		
Corporation tax	3,200	16,510
PAYE and social security	7,307	4,046
VAT	3,863	1,042
Hire purchase agreements	10,139	10,139
	<u>24,509</u>	<u>31,737</u>
	<u>49,041</u>	<u>51,901</u>

12. CREDITORS: Amounts falling due after more than one year

	2002 £	2001 £
Other creditors:		
Hire purchase agreements	27,508	37,647

13. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2002 £	2001 £
Amounts payable within 1 year	10,139	10,139
Amounts payable between 1 and 2 years	27,508	37,647
	<u>37,647</u>	<u>47,786</u>
Hire purchase agreements are analysed as follows:		
Current obligations	10,139	10,139
Non-current obligations	27,508	37,647
	<u>37,647</u>	<u>47,786</u>

14. DEFERRED TAXATION

	2002 £	2001 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	129	655
Profit and Loss Account movement arising during the year	(129)	(526)
Provision carried forward	<u>-</u>	<u>129</u>

THOMSON & SHEPHERD INVESTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2002

14. DEFERRED TAXATION *(continued)*

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2002 £	2001 £
Excess of taxation allowances over depreciation on fixed assets	-	129
	<u>-</u>	<u>129</u>

15. COMMITMENTS UNDER OPERATING LEASES

At 30 November 2002 the company had annual commitments under non-cancellable operating leases as set out below.

	Assets Other Than Land & Buildings	
	2002 £	2001 £
Operating leases which expire:		
Within 2 to 5 years	<u>256</u>	<u>256</u>

16. RELATED PARTY TRANSACTIONS

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

17. SHARE CAPITAL

Authorised share capital:

	2002 £	2001 £
25,000 Ordinary 'A' shares of £1 each	25,000	50,000
25,000 Ordinary 'B' shares of £1 each	25,000	-
	<u>50,000</u>	<u>50,000</u>

Allotted, called up and fully paid:

	2002		2001	
	No.	£	No.	£
Ordinary 'A' shares	24,002	24,002	24,002	24,002
Ordinary 'B' shares	12,001	12,001	-	-
	<u>36,003</u>	<u>36,003</u>	<u>24,002</u>	<u>24,002</u>

During the year a new Memorandum and Articles of Association was adopted and the 50,000 Ordinary Shares were divided into 25,000 'A' and 'B' Ordinary shares, which constitute separate classes of shares and rank equally in all respects except that 'A' shares have 50% voting rights and 'B' shares have 50% voting rights.

THOMSON & SHEPHERD INVESTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2002

18. SHARE PREMIUM ACCOUNT

	2002	2001
	£	£
Premium on shares issued in the year	7,999	—
Balance carried forward	7,999	—

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002		2001
	£	£	£
Profit for the financial year		6,946	51,591
Dividends		(6,000)	(54,500)
		946	(2,909)
New equity share capital subscribed	12,001	—	—
Premium on new share capital subscribed	7,999	—	—
		20,000	—
Net addition/(reduction) to funds		20,946	(2,909)
Opening shareholders' equity funds		24,637	27,546
Closing shareholders' equity funds		45,583	24,637