

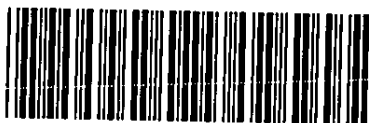
Speirs & Jeffrey Limited

**Directors' report and financial
statements**

Registered number SC98335

Period ended 13 May 2012

TUESDAY



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Directors' report

The directors have pleasure in submitting their report to the members, together with audited financial statements, for the 52 weeks ended 13 May 2012.

Directors

The directors during the period were:

J.R. McCulloch	(Chairman)
G.H.W. Waddell	
W.G. Dickie	
R.L. Crichton	
M.J. Wilson	
S.W.J. Mathieson	
A.A.W. Waddell	
T.M.B. Brown	

Business review and principal activities

The company's sole activity remains stockbroking and related services.

Economic turmoil throughout Europe in particular contributed to a year of considerable stock market volatility in the UK and abroad. Continued fears surrounding sovereign debt default and the lack of political leadership in finding a solution to Europe's problems led to a flight to safety and diversification. A broad client base and attention to managing and advising on clients portfolios generated a consistent level of business activity throughout the year. We remain cautious of the politics of the current situation especially given the considerable number of Government elections we have seen in the last twelve months and will see in the year ahead, USA and Germany in particular. Global growth will be difficult and some countries will see further setbacks which in turn will generate challenging markets in the coming twelve months.

The profit after tax for the period was £3,588,000 (2011: £3,685,000). No dividend on the ordinary shares has been approved for the period (2011: £51.00 per share), leaving a balance of shareholders funds of £6,778,000 (2011: £3,190,000) to be carried forward.

Principal risks and uncertainties

The board carries out regular reviews of the risk environment. The main areas of risk identified by the board are:

Liquidity risk

This is the risk that the company does not have sufficient financial resources to enable it to meet its obligations as and when they fall due. The company operates with modest fixed cost commitments and aims to carry sufficient cash balances. There is no external debt.

Operation risk

This is the risk of loss arising from inadequate or failed internal processes, people or systems. The board regularly reviews the system of internal controls.

Business risk

This is the risk that the firm may not be able to carry out its business plan and strategy. The board regularly reviews the performance of all areas of the business.

Directors' report *(continued)*

Creditors

The company agrees terms and conditions for its business transactions with suppliers. Payment is made on these terms normally within 30 working days, provided the supplier meets its obligations.

Charitable donations

Charitable donations made by the company totalled £17,050 (2011: £16,900) during the period.

Incorporation

The company is incorporated in Scotland with the registered number SC98335.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

In accordance with section 487 of the Companies Act 2006, a resolution for the re-appointment of KPMG Audit Plc as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



S.W.J. Mathieson
Director/Company Secretary
36 Renfield Street
Glasgow

12 July 2012

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Independent auditor's report to the members of Speirs & Jeffrey Limited

We have audited the financial statements of Speirs & Jeffrey Limited for the period ended 13 May 2012 set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Boards (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 13 May 2012 and of its profit for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

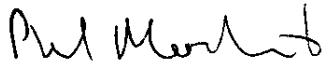
In our opinion the information given in the Director's Report for the period for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Speirs and Jeffrey Limited
(continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Phil Merchant (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
191 West George Street
Glasgow
G2 2LJ

12 July 2012

Profit and loss account

	<i>Note</i>	52 weeks to 13 May 2012 £000	52 weeks to 13 May 2011 £000
Turnover		16,778	16,699
Interest received	2	158	146
		16,936	16,845
Salaries and employment costs	3	8,752	8,388
Other operating expenses	4	3,061	2,993
Financial Services Compensation Scheme Levy		270	353
		12,083	11,734
Operating profit		4,853	5,111
Profit on ordinary activities before taxation		4,853	5,111
Tax on profit on ordinary activities	5	(1,265)	(1,426)
Profit for the financial period		3,588	3,685

A statement of recognised gains and losses is not presented as there are no gains or losses in the period other than the profit for the financial period.

Reconciliation of movement in shareholders' funds

	2012 £000	2011 £000
Profit for the financial period	3,588	3,685
Dividends	-	(3,483)
Balance brought forward	3,190	2,988
Balance carried forward	6,778	3,190
Shareholders' funds comprise:		
Equity	6,778	3,190

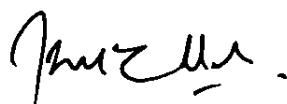
The notes on pages 9 to 13 form part of these financial statements.

Balance sheet

	Note	13 May 2012		13 May 2011	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	7		199		228
Investment in subsidiaries	8		-		-
Investment in shares	9		81		81
			280		309
Current assets					
Debtors - market and client balances		17,470		16,963	
- deferred taxation	10	72		65	
Bank balances and cash	11	13,370		14,126	
		30,912		31,154	
Creditors: amounts falling due within one year					
Market and client balances		18,367		18,553	
Bank overdraft	11	638		693	
Creditors and accruals	12	5,409		9,027	
		24,414		28,273	
Net current assets			6,498		2,881
Net assets					
			6,778		3,190
Capital and reserves					
Called up share capital	13	68		68	
Capital redemption reserve	14	132		132	
Profit and loss account		6,578		2,990	
Shareholders' funds			6,778		3,190

The notes on pages 9 to 13 form part of these financial statements.

These financial statements were approved by the board of directors on 12 July 2012 and were signed on its behalf by:



J.R. McCulloch
Director



R.L. Crichton
Director

Cash flow statement

	52 weeks to 13 May 2012		52 weeks to 13 May 2011	
	£000	£000	£000	£000
Net cash inflow from operating activities				
Profit on ordinary activities before taxation	4,853		5,111	
Interest received	(158)		(146)	
Depreciation	107		122	
Change in net market and client balances	(693)		67	
Change in creditors	9		527	
		4,118		5,681
Returns on investment				
Interest received		158		146
UK corporation tax paid		(1,416)		(1,875)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(78)		(254)
Equity dividends paid		(3,483)		-
Net cash (outflow)/inflow		(701)		3,698
Net cash				
At beginning of period		13,433		9,735
Net (outflow)/inflow		(701)		3,698
At end of period		12,732		13,433

The notes on pages 9 to 13 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

- a) By virtue of the exemption contained in s405 of the Companies Act 2006, the company is not required to present consolidated financial statements on the basis that exclusion of the subsidiary undertakings has no material impact on the financial statements.
- b) The financial statements have been prepared in accordance with UK GAAP under the historical cost convention and in accordance with Companies Act 2006 and applicable accounting standards.
- c) Turnover comprises gross commission, ISA management fees and sundry income all of which arises in the UK.
- d) Depreciation is provided by the company to write off the cost of fixed tangible assets over their estimated useful economic lives as follows:
Office equipment - 25% straight line
- e) Except where otherwise required by accounting standards, full provision for deferred taxation without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date. A deferred taxation asset is recognised when it can be regarded as more likely than not that the asset is recoverable against suitable taxable profits.
- f) Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Balances on foreign currency transactions have been translated into pounds sterling at the rate of exchange ruling at the balance sheet date.
- g) Quoted and unquoted equity shares are carried at the lower of historical cost and realisable value.

2 Interest

	2012 £000	2011 £000
Bank interest received	158	146

3 Salaries and employment costs

	2012 £000	2011 £000
Salaries and commission	6,963	6,959
Social security costs	878	848
Pension costs	911	581
	<u>8,752</u>	<u>8,388</u>
Average number employed (including directors)	<u>118</u>	<u>112</u>

Remuneration of directors

Directors' emoluments	1,783	1,982
Company contributions to money purchase pension schemes	509	160
	<u>2,292</u>	<u>2,142</u>

The emoluments of the highest paid director were £311,000 (2011: £376,000). Nil contributions were made to the money purchase pension schemes by the company on his behalf (2011: nil). Retirement benefits are accruing at the balance sheet date to 7 directors (2011: 6) in respect of money purchase pension schemes.

Notes (continued)

4 Other operating expenses

Other operating expenses include:

	2012 £000	2011 £000
Auditor's remuneration - statutory audit of the company	14	14
- audit of company's subsidiaries	2	2
- other services pursuant to legislation	17	15
- other services	3	3
- tax services	5	3
Depreciation	107	122

5 Taxation

a) Analysis of charge in period:

	2012 £000	2011 £000
Current tax		
UK corporation tax on profits of the period	1,272	1,450
Deferred tax		
Timing differences	(7)	(24)
Taxation on profit on ordinary activities	1,265	1,426

b) Factors affecting tax charge for the period:

	2012 £000	2011 £000
Profit on ordinary activities before taxation	4,853	5,111
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011:28%)	1,262	1,431
Capital allowances in excess of depreciation and other timing differences	22	24
Change in tax rate	(12)	(5)
	1,272	1,450

Notes (continued)

6 Dividends

	2012 £000	2011 £000
Equity - ordinary shares	-	3,483

7 Fixed tangible assets

	Fittings And Equipment £000
<i>Cost</i>	
At 13 May 2011	1,166
Additions	78
At 13 May 2012	1,244
<i>Depreciation</i>	
At 13 May 2011	938
Charge for period	107
At 13 May 2012	1,045
<i>Net book value</i>	
At 13 May 2012	199
At 13 May 2011	228

8 Investment in subsidiaries

Details of the subsidiaries are as follows:

Speirs & Jeffrey Fund Management Limited	-	nominee company.
Speirs & Jeffrey Portfolio Management Limited	-	nominee company.
Speirs & Jeffrey Client Nominees Limited	-	nominee company.

All companies are wholly owned subsidiaries registered in Scotland.

Notes (continued)

9 Investment in shares

	2012 £000	2011 £000
Non-quoted investments	81	81

10 Deferred taxation

	Depreciation in excess/(deficit) of capital allowances £000	Other timing Differences £000	Total £000
At 13 May 2011	7	58	65
Movement in financial period:			
- current period	(11)	23	12
- change in tax rate	(1)	(4)	(5)
At 13 May 2012	(5)	77	72

A deferred tax asset has been recognised at 24% (2011: 26%) representing the rate at which they are expected to reverse.

11 Bank balances and cash

Included within bank balances and cash are client money settlement accounts of £1,480,000 (2011: £2,954,000).

The overdraft balance of £638,000 (2011: £693,000) relates wholly to client money settlement accounts.

12 Creditors and accruals: amounts falling due within one year

	2012 £000	2011 £000
Trade creditors	151	153
Accruals	4,327	4,217
Other tax and social security	404	503
UK corporation tax	527	671
Approved dividend	-	3,483
	5,409	9,027

Notes (continued)

13 Called up share capital

	2012	2011
	£000	£000
<i>Allotted, called up and fully paid</i>		
Equity:		
£68,300 (2011: 68,300) ordinary shares of £1 each	68	68

14 Capital redemption reserve

	2012	2011
	£000	£000
Capital redemption reserve	132	132