

ALAN R MACKAY & COMPANY LIMITED

ANNUAL ACCOUNTS

FOR THE YEAR ENDED

31ST DECEMBER 2004

SC114821



ALAN R MACKAY & COMPANY LIMITED
REPORT AND ACCOUNTS FOR THE YEAR ENDED
31ST DECEMBER 2004

<u>CONTENTS</u>	<u>PAGE</u>
DIRECTORS AND OFFICERS	1
CHAIRMAN'S REVIEW	2
DIRECTORS' REPORT	3 - 4
DIRECTORS' RESPONSIBILITIES	5
AUDITORS' REPORT	6
PROFIT AND LOSS ACCOUNT	7
BALANCE SHEET	8
CASH FLOW STATEMENT	9
NOTES TO THE ACCOUNTS	10 - 15

ALAN R MACKAY & COMPANY LIMITED

DIRECTORS AND OFFICERS

DIRECTORS: A R MacKay, ACII - Chairman
I T Warnock, ACII - Managing Director
D MacKay
K Fitzgerald
L Dillett
D Skinner

SECRETARY: Mrs J C MacKay

SOLICITORS: The McKinstry Company
39 Sandgate
AYR
KA7 1BG

BANKERS: Royal Bank of Scotland PLC
AYR
KA7 1BY

AUDITORS: Galbraith McEwan & Company
Chartered Accountants
23 Barns Street
AYR
KA7 1XB

REGISTERED OFFICE: 38 Miller Road
AYR
KA7 2AY

ALAN R MACKAY & COMPANY LIMITED

CHAIRMAN'S REVIEW

RESULTS

Your Company has had a successful year with Turnover increasing by 10.5% to £994,669. However, Operating Costs rose by 15.3%. Operating Profit was decreased from £99,289 to £70,629.

BOARD OF DIRECTORS

The changes in Directors are as per Page 1.

STAFF

I cannot stress too much the contribution made by our staff in all aspects of work and I wish to record sincere appreciation on my behalf for all they have achieved.

DIVIDEND

The Company has been able to maintain the dividend at 30p per share.

FUTURE PROSPECTS

The Company has consolidated its position and despite continuing hardening trading conditions, the Company hopes to grow during the forthcoming year.

ALAN R MACKAY

CHAIRMAN

ALAN R MACKAY & COMPANY LIMITED

DIRECTORS' REPORT

The Directors submit their Report and Accounts for the year ended 31st December 2004.

RESULTS AND DIVIDENDS

The trading Profit for the year, after Taxation, amounted to £54,461.
A Dividend of £30,000 was paid. The Retained Profit for the year of £24,461 was transferred to Reserves.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Report of the progress and prospects of the Company are given in the Chairman's Review.

PRINCIPAL ACTIVITIES

The principal activity of the Company was the provision of insurance broking services.

FIXED ASSETS

The changes in Fixed Assets during the year are summarised in the Notes to the Accounts.

DIRECTORS AND THEIR INTEREST

The Directors at 31st December 2004 and their interests in the Share Capital of the Company were as follows:-

	Ordinary Shares of £1 each	
	as at	as at
	31st Dec 2004	31st Dec 2003
A R MacKay	5,000	5,000
D MacKay	76,500	76,500
I T Warnock	5,000	5,000
K Fitzgerald	500	500
L Dillet	-	-
D Skinner	-	-

In accordance with the Company's Articles of Association, the following Directors shall retire and being eligible offer themselves for re-Election:-

A R MacKay
D MacKay
I T Warnock
K Fitzgerald
L Dillet
D Skinner

CLOSE COMPANY /.....

ALAN R MACKAY & COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)

CLOSE COMPANY

The Company is a Close Company within the provisions of the Income and Corporation Taxes Act 1988.

AUDITORS

A resolution proposing the re-appointment of Galbraith McEwan & Company, Chartered Accountants as Auditors in accordance with Section 385 of the Companies Act will be put to the Members at the Annual General Meeting.

By Order of the Board

Secretary

Alan Mackay

ALAN R MACKAY & COMPANY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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 and of the Profit or Loss of the Company for that period. In preparing those Financial Statements, the Directors are required to:-

- Select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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, as amended. 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.

The Directors confirm that they have complied with these requirements.

REPORT OF THE AUDITORS TO THE MEMBERS OF

ALAN R MACKAY & COMPANY LIMITED

We have audited the Financial Statements on Pages 7 to 15, which have been prepared under the historical cost convention and on the basis of the Accounting Policies set out on Page 10.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on Page 5 the Company's Directors are responsible for the preparation of Financial Statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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.

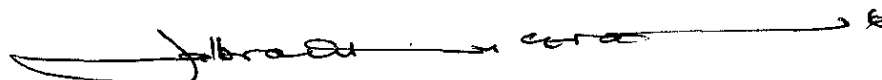
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

OPINION

No amortisation of Goodwill purchased prior to 1st January 2003 has been made, contrary to FRS 10.

In our opinion amortisation over a twenty year period should have been made. This would have the effect of reducing the Profit and Loss Account Reserve and Net Assets by £85,663.

Except for the above, in our opinion the Financial Statements give a true and fair view of the state of the Company's affairs as at 31st December 2004 and of its Profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



AYR
28th April 2005

Galbraith McEwan & Company
CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS

ALAN R MACKAY & COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2004

	Notes	2004	2003
TURNOVER - CONTINUING OPERATIONS	2	994,669	900,369
		-----	-----
Net Operating Expenses	3	924,040	801,080
		-----	-----
OPERATING PROFIT - CONTINUING OPERATIONS	5	70,629	99,289
Interest Receivable	7	14,087	8,689
		-----	-----
		84,716	107,978
Interest Payable	8	5,373	6,379
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		79,343	101,599
Tax on Profit on Ordinary Activities	9	24,882	26,543
		-----	-----
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		54,461	75,056
Dividends	10	30,000	30,000
		-----	-----
RETAINED PROFIT FOR THE FINANCIAL YEAR		24,461	45,056
Retained Profit Brought Forward		151,257	106,201
		-----	-----
RETAINED PROFIT CARRIED FORWARD		175,718	151,257
		=====	=====

The Company has no recognised gains or losses other than the profit or loss for the year, therefore no Statement of Total Recognised Gains and Losses has been presented.

The Notes on Pages 10 to 15 form part of the Accounts.

ALAN R MACKAY & COMPANY LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 2004

	Notes	2004	2003
FIXED ASSETS			
Intangible Asset	11	209,059	194,656
Tangible Assets	12	88,487	84,222
Investments	13	9,820	9,820
		<u>307,366</u>	<u>288,698</u>
CURRENT ASSETS			
Debtors	14	691,528	522,415
Cash at Bank and in Hand		714,913	481,317
		<u>1,406,441</u>	<u>1,003,732</u>
CREDITORS:			
Amounts falling due within one year	15	1,385,787	999,072
NET CURRENT ASSETS		<u>20,654</u>	<u>4,660</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>328,020</u>	<u>293,358</u>
CREDITORS:			
Amounts falling due after more than one year	16	52,302	42,101
		<u>275,718</u>	<u>251,257</u>
CAPITAL AND RESERVES			
Called Up - Share Capital	17	100,000	100,000
Profit and Loss Account		175,718	151,257
		<u>275,718</u>	<u>251,257</u>

The Financial Statements on Pages 7 to 15 were approved by the Board of Directors on 28th April 2005 and signed on its behalf by:-

.....  DIRECTOR

.....  DIRECTOR

ALAN R MACKAY & COMPANY LIMITED

CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2004

	Notes	2004	2003
NET CASH INFLOW FROM OPERATING ACTIVITIES	19(i)	355,306	409,736
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest Received	14,087		8,689
Interest Paid	(5,373)		(6,379)
		8,714	2,310
TAXATION		(26,732)	(2,593)
CAPITAL EXPENDITURE			
Payments to Acquire Tangible Fixed Assets	(74,468)		(49,206)
Payments to Acquire Intangible Fixed Assets	(34,403)		(35,000)
Receipts from Sale of Tangible Fixed Assets	23,500		25,100
		(85,371)	(59,106)
		251,917	350,347
EQUITY DIVIDENDS		(30,000)	(30,000)
		221,917	320,347
FINANCING			
Loan Advances	56,607		38,910
Repayments of Capital Element under Hire Purchase Contracts	(44,928)		(40,199)
		11,679	(1,289)
INCREASE IN CASH		233,596	319,058

ALAN R MACKAY & COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2004

1. ACCOUNTING CONVENTION

The Accounts are prepared under the Historical Cost Convention.

DEPRECIATION

Depreciation is provided on all Tangible Fixed Assets on the following basis:-

Office Furniture & Equipment	-	25% Reducing Balance
Motor Vehicles	-	25% Reducing Balance
Tenant's Improvements	-	20% Straight Line
Computer Equipment	-	33.3% Straight Line

HIRE PURCHASE COMMITMENTS

Assets obtained under Hire Purchase are capitalised in the Balance Sheet. The Interest element of the obligations is charged to the Profit and Loss Account over the period of hire and represents a constant proportion of the balance of capital repayments outstanding.

DEFERRED TAXATION

Deferred taxation has not been provided in these Accounts as no liability is deferred by reason of differences between profits as computed for taxation purposes and profits as stated in the Accounts.

GOODWILL

Goodwill represents the cost of acquiring certain clients accounts and no amortisation has been applied for Goodwill purchased prior to 1st January 2003 which is a departure from FRS 10.

2. TURNOVER

Turnover arises from the operation as Insurance Brokers and represents the amount of services provided.

Turnover includes amounts earned as commission from undertaking insurance broking transactions on behalf of clients. It also includes fee income derived from pre-negotiated fees for carrying out insurance broking transactions on behalf of clients.

3. COST OF SALES AND NET OPERATING EXPENSES

	2004	2003
Administrative Expenses-Continuing Operations	924,040	801,080
	=====	=====

4. SEGMENTAL INFORMATION

The information disclosed in the Profit and Loss Account relates solely to the one class of business, being that of Insurance Broking, and also within the one geographical location, being the United Kingdom. As such no additional segmental information is disclosed in the Financial Statements.

5. OPERATING PROFIT

ALAN R MACKAY & COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2004 (CONTINUED)

5. OPERATING PROFIT

This is stated after charging:-

	2004	2003
Auditors Remuneration - Audit Fees	4,500	4,500
Other	5,488	6,135
Depreciation of Owned Fixed Assets	5,076	9,027
Depreciation of Assets held under Hire Purchase Contracts	44,918	37,184
Loss on Disposal of Fixed Assets	751	12,387
(Gain) on Disposal of Fixed Assets	(4,042)	(419)
	=====	=====

6. STAFF COSTS

Salaries	478,134	410,273
Social Security Costs	53,289	41,739
Other Pension Costs	51,800	37,397
	=====	=====
	583,223	489,409
	=====	=====

The average weekly number of employees during the year was:-

19	17
=====	=====

DIRECTORS REMUNERATION

Fees	279,252	201,925
Pension Scheme Contributions	41,818	31,078
	=====	=====
	321,070	233,003
	=====	=====

7. INTEREST RECEIVABLE

Bank Interest (Gross)	14,087	8,689
	=====	=====

8. INTEREST PAYABLE

Bank Interest	-	5
Hire Purchase Interest repayable within 5 years	5,373	6,374
	=====	=====
	5,373	6,379
	=====	=====

9. TAXATION

ALAN R MACKAY & COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2004 (CONTINUED)

9. TAXATION

	2004	2003
Corporation Tax Calculated at Current Rates Based on Profit for Year		
Corporation Tax	24,700	26,550
Under/(Overprovided) in Previous Year	182	(7)
	<u>24,882</u>	<u>26,543</u>
	=====	=====

10. DIVIDENDS

Ordinary Dividends		
Dividend Paid		
Pence per Share (2003:30p per Share)	30,000	30,000
	<u>30,000</u>	<u>30,000</u>
	=====	=====

11. INTANGIBLE ASSETS

Goodwill	209,059	194,656
	<u>209,059</u>	<u>194,656</u>
	=====	=====

12. TANGIBLE ASSETS

	Total	Motor Vehicles	Office Furniture & Equipment	Tenants Improvements
COST:				
As at 1st January 2004	206,700	85,624	113,444	7,632
Additions	74,468	68,625	5,588	255
Disposals	(34,873)	(33,510)	(1,363)	-
	<u>246,295</u>	<u>120,739</u>	<u>117,669</u>	<u>7,887</u>
	=====	=====	=====	=====
As at 31st December 2004	246,295	120,739	117,669	7,887
	<u>246,295</u>	<u>120,739</u>	<u>117,669</u>	<u>7,887</u>
	=====	=====	=====	=====
DEPRECIATION:				
As at 1st January 2004	122,479	30,618	84,544	7,317
Charge for Year	49,994	25,469	24,117	408
Disposals	(14,664)	(13,398)	(1,266)	-
	<u>157,809</u>	<u>42,689</u>	<u>107,395</u>	<u>7,725</u>
	<u>157,809</u>	<u>42,689</u>	<u>107,395</u>	<u>7,725</u>
	=====	=====	=====	=====
As at 31st December 2004	157,809	42,689	107,395	7,725
	<u>157,809</u>	<u>42,689</u>	<u>107,395</u>	<u>7,725</u>
	=====	=====	=====	=====
NET BOOK VALUE:				
As at 31st December 2004	88,486	78,050	10,274	162
	<u>88,486</u>	<u>78,050</u>	<u>10,274</u>	<u>162</u>
	=====	=====	=====	=====
As at 31st December 2003	84,222	55,006	28,900	315
	<u>84,222</u>	<u>55,006</u>	<u>28,900</u>	<u>315</u>
	=====	=====	=====	=====

The net Book Value of Fixed Assets at 31st December 2004 includes amounts for assets held under Hire Purchase Contracts of £76,012 (2003:£72,418).

13. UNLISTED INVESTMENTS

ALAN R MACKAY & COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2004 (CONTINUED)

13. UNLISTED INVESTMENTS

	2004	2003
Isle of Arran Distillers Ltd - Bond	420	420
Debentures Murrayfield and Hampden	9,400	9,400
	<u>9,820</u>	<u>9,820</u>
	=====	=====

14. DEBTORS

Trade Debtors	684,830	519,179
Prepayments	6,698	3,236
	<u>691,528</u>	<u>522,415</u>
	=====	=====

15. CREDITORS - Amounts Falling Due Within One Year

Obligations under Hire Purchase		
Contracts (Note 16)	33,937	32,460
Trade Creditors	1,179,205	775,226
Corporation Tax	24,700	26,550
Accruals	98,727	111,559
Other Creditors	28,140	36,762
Directors Loan Account	(62)	52
Other Taxes and Social Security Costs	21,140	16,463
	<u>1,385,787</u>	<u>999,072</u>
	=====	=====

16. CREDITORS - Amounts Falling Due After One Year

Obligations under Hire Purchase Contracts	52,303	42,101
	<u>52,303</u>	<u>42,101</u>
Amounts Payable Within One Year	39,678	36,412
In the Second to Fifth Year Inclusive	62,261	47,014
	<u>101,939</u>	<u>83,425</u>
Less: Finance Charges Allocated to		
Future Periods	15,699	8,864
	<u>86,240</u>	<u>74,561</u>
	=====	=====
Analysed as Follows:-		
Current Obligations (Note 15)	33,937	32,460
Non-Current Obligations	52,303	42,101
	<u>86,240</u>	<u>74,561</u>
	=====	=====

17. SHARE CAPITAL

ALAN R MACKAY & COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2004 (CONTINUED)

17. SHARE CAPITAL

	2004	2003
Authorised		
Ordinary Shares of £1 each	200,000	200,000
	=====	=====
Allotted, Called up and Fully Paid		
Ordinary Shares of £1 each	100,000	100,000
	=====	=====

18. CAPITAL COMMITMENTS

The aggregate amount of the Company's contracts for Capital Expenditure not provided in the Accounts is £Nil (2003 - £ NIL).

The aggregate amount of Capital Expenditure authorised by the Directors which has not been contracted for is £Nil (2003 - £Nil).

19. NOTES TO THE CASH FLOW STATEMENT

(i) RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

Operating Profit	70,629	99,289
Depreciation Charges	69,994	53,211
(Increase) in Debtors	(169,113)	(57,944)
Increase in Creditors	387,087	303,212
Loss on Sale of Assets	751	12,387
(Gain) on Sale of Assets	(4,042)	(419)
	-----	-----
Net Cash Inflow from Operating Activities	355,306	409,736
	=====	=====

(ii) RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

Increase/(Decrease) in Cash During the Year	233,596	319,058
Net Funds as at 1st January 2004	481,317	162,259
	-----	-----
Net Funds at 31st December 2004	714,913	481,317
	=====	=====

(iii) ANALYSIS OF CHANGES IN NET FUNDS

	At 31/12/04	Cash Flow	At 1/1/04
Cash at Bank and in Hand	714,913	233,596	481,317
	=====	=====	=====

20. RECONCILIATION AND MOVEMENT IN SHAREHOLDERS FUNDS

ALAN R MACKAY & COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2004 (CONTINUED)

20. RECONCILIATION AND MOVEMENT IN SHAREHOLDERS FUNDS

	2004	2003
Profit for the Financial Year	54,461	75,057
Dividends	(30,000)	(30,000)
Opening Shareholders Funds	24,461 251,257	45,057 206,200
Closing Shareholders Funds	275,718 =====	251,257 =====