

BALMORAL ASSET MANAGEMENT LIMITED

Company No: 182721

FINANCIAL STATEMENTS

– for the period ended –

31 DECEMBER 1998

DAVID MARSHALL ASSOCIATES

Chartered Accountants
5a Lansdowne Crescent
Edinburgh EH12 5EQ

AV



BALMORAL ASSET MANAGEMENT LIMITED

DIRECTORS

Stuart MacDonald
Simon P Eaton Turner
J Ritchie W Sherret (resigned 22.1.99)
Alexander J Murray (resigned 12.1.99)

SECRETARY

Stuart MacDonald

BUSINESS ADDRESS

2 Commercial Street
Leith
Edinburgh
EH6 6JA

REGISTERED OFFICE

6 Kirkwood Crescent
Crossford
Dunfermline
Fife
KY12 8PR

AUDITORS

David Marshall Associates
Chartered Accountants
5a Lansdowne Crescent
Edinburgh
EH12 5EQ

PRINCIPAL BANKERS

Bank of Scotland
2 North Junction Street
Edinburgh
EH6 6HN

BALMORAL ASSET MANAGEMENT LIMITED

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BALMORAL ASSET MANAGEMENT LIMITED

REPORT OF THE DIRECTORS

The directors present their report and audited financial statements for the period ended 31 December 1998.

PRINCIPAL ACTIVITIES

The company did not trade during the period. The company commenced trading as Independent Financial Advisors on 1 February 1999.

DIRECTORS AND THEIR INTERESTS

The directors at the balance sheet date and their interests in the company at that date and at the beginning of the period were as follows:

	<u>Class of share</u>	<u>Number of shares</u>
Stuart MacDonald	Ordinary shares	49
Simon P Eaton Turner	Ordinary shares	-
J Ritchie W Sherret (resigned 22.1.99)	Ordinary shares	-
Alexander J Murray (resigned 12.1.99)	Ordinary shares	1

Simon P Eaton Turner and J Ritchie W Sherret are directors of Balmoral Corporate Insurance Brokers Ltd which owns 49 shares in the Company.

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 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. 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.

CLOSE COMPANY

The company is a close company as defined by the Income and Corporation Taxes Act 1988.

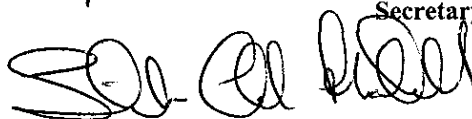
AUDITORS

The auditors, David Marshall Associates, Chartered Accountants, were appointed during the year and are willing to be reappointed in accordance with section 385 of the Companies Act 1985.

By Order of the Board

Date: 27 October 1999

Stuart MacDonald
Secretary



BALMORAL ASSET MANAGEMENT LIMITED

**AUDITORS' REPORT TO THE MEMBERS OF
BALMORAL ASSET MANAGEMENT LIMITED**

We have audited the financial statements on pages 3 to 6 which have been prepared under the historical cost convention and the accounting policies set out in note 1 to the financial statements.

Respective responsibilities of the director and auditors

As described in the Director's Report the company director is 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 mis-statement, 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

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 1998 and of its profit for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.


.....

DAVID MARSHALL ASSOCIATES
Chartered Accountants
Registered Auditors

**5a Lansdowne Crescent
Edinburgh
EH12 5EQ**

Date: 29 October 1999

BALMORAL ASSET MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 1998

	£
Tax on profit on ordinary activities	-
PROFIT FOR THE FINANCIAL PERIOD	

The notes on pages 5 and 6 form part of these financial statements.

The Company did not trade during the period.

BALMORAL ASSET MANAGEMENT LIMITED

BALANCE SHEET AT 31 DECEMBER 1998

	Notes	£	£
CURRENT ASSETS			
Debtors	2	129	
Cash at bank and in hand		9,971	
		<u>10,100</u>	
NET CURRENT ASSETS			<u>10,100</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			10,100
CREDITORS: Amounts falling due after more than one year	3	(10,000)	
		<u>100</u>	
CAPITAL AND RESERVES	4		<u>100</u>
Called up share capital			<u>100</u>
SHAREHOLDERS FUNDS	5		<u>100</u>

The financial statements were approved
by the board on 27th OCTOBER 1999
and signed on its behalf by



.....
Stuart MacDonald

Director

The notes on pages 5 to 6 form part of these financial statements.

BALMORAL ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 1998

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

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

1.2 DEFERRED TAXATION

Deferred taxation is provided where there is a reasonable probability of the amount becoming payable in the foreseeable future.

2. DEBTORS

£

Prepayments

129

129

**3. CREDITORS: AMOUNTS FALLING DUE
AFTER MORE THAN ONE YEAR**

£

Other creditors

10,000

10,000

4. SHARE CAPITAL

£

Authorised

10,000 Ordinary shares of £1 each

10,000

Allotted, called up and fully paid

Equity interests:

100 Ordinary shares of £1 each

100

BALMORAL ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 1998

5. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£
New share capital subscribed	<u>100</u>
Shareholders' funds at 31 December 1998	<u>100</u>
Represented by:-	
Equity interests	<u>100</u>
	<u>100</u>