

BALMORAL ASSET MANAGEMENT LIMITED

Company No: 182721

FINANCIAL STATEMENTS

- for the year ended -

31ST DECEMBER 2000

DAVID MARSHALL ASSOCIATES

Chartered Accountants

6 Hill Street

Edinburgh, EH2 3JZ



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COMPANIES HOUSE 21/09/01

BALMORAL ASSET MANAGEMENT LIMITED

DIRECTORS

Stuart MacDonald
Simon P Eaton Turner
J Ritchie W Sherret (resigned 22.1.99) (appointed 1.11.99)
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
6 Hill Street
Edinburgh
EH2 3JZ

SOLICITORS

Dickson Minto WS
11 Walker Street
Edinburgh
EH3

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 year ended 31 December 2000.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company commenced trading as an Independent Financial Advisor on 27 January 1999. The directors are satisfied with the results for the year.

DIVIDENDS

The directors do not recommend payment of a dividend.

DIRECTORS AND THEIR INTERESTS

J Ritchie W Sherret and Simon P Eaton Turner are directors of Balmoral Corporate Insurance Brokers Ltd who own 33 (1999:49) shares in the company.

	<u>Class of shares</u>	<u>Number of shares</u>	<u>2000</u>	<u>1999</u>
Stuart MacDonald	Ordinary shares		66	51
Simon P Eaton Turner	Ordinary shares		-	-
J Ritchie W Sherret	Ordinary shares		-	-
Resigned 22 January 1999				
Appointed 1 November 1999				
Alexander J Murray	Ordinary shares		-	-
Resigned 12 January 1999				

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, are willing to be reappointed in accordance with section 385 of the Companies Act 1985.

By Order of the Board

Date: 20 February 2001

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 11 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 directors and auditors

As described in the Directors' Report 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

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



DAVID MARSHALL ASSOCIATES
Chartered Accountants
Registered Auditors

6 Hill Street
Edinburgh
EH2 3JZ

Date: 20 February 2001

BALMORAL ASSET MANAGEMENT LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2000**

	Notes	2000 £	1999 £
TURNOVER		494,442	247,860
Cost of sales		(295,641)	(161,321)
GROSS PROFIT		198,801	86,539
Administrative expenses		(160,600)	(95,132)
OPERATING PROFIT	2	38,201	(8,593)
Interest payable	3	(508)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		37,693	(8,593)
Tax on profit on ordinary activities	6	(4,844)	-
PROFIT FOR THE FINANCIAL YEAR	13	32,849	(8,593)

None of the company's activities were acquired or discontinued during the above two financial years.

The company has no recognised gains or losses other than those dealt with in the profit and loss account.

The notes on pages 6 to 11 form part of these financial statements.

BALMORAL ASSET MANAGEMENT LIMITED**BALANCE SHEET AT 31ST DECEMBER 2000**

	Notes	2000 £	1999 £
FIXED ASSETS			
Tangible assets	7	33,700	4,162
CURRENT ASSETS			
Debtors	8	70,863	41,583
Cash at bank and in hand		14,893	7,972
		<u>85,756</u>	<u>49,555</u>
CREDITORS: Amounts falling due within one year	9	<u>(69,988)</u>	<u>(52,210)</u>
NET CURRENT ASSETS		15,768	(2,655)
TOTAL ASSETS LESS CURRENT LIABILITIES		49,468	1,507
CREDITORS: Amounts falling due after more than one year	10	<u>(25,112)</u>	<u>(10,000)</u>
		<u>24,356</u>	<u>(8,493)</u>
CAPITAL AND RESERVES			
Called up share capital	12	100	100
Profit and loss account	13	24,256	(8,593)
SHAREHOLDERS FUNDS	14	<u>24,356</u>	<u>(8,493)</u>

The financial statements were approved
by the board on 20 February 2001
and signed on its behalf by

Stuart MacDonald

J Ritchie W Sherre

Directors

The notes on pages 6 to 11 form part of these financial statements.

BALMORAL ASSET MANAGEMENT LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2000**

	Notes	2000 £	1999 £
CASH FLOW FROM OPERATING ACTIVITIES	15	21,774	3,165
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	16	(508)	-
CAPITAL EXPENDITURE	16	(13,407)	(5,164)
Cash inflow before use of liquid resources and financing		7,859	(1,999)
FINANCING	16		
Decrease in debt		(938)	-
		(938)	-
INCREASE IN CASH IN THE YEAR		6,921	(1,999)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT FUNDS 17

INCREASE IN CASH IN THE YEAR	6,921	(1,999)
Cash outflow from decrease in lease financing	938	-
Change in net debt funds resulting from cash flows	7,859	(1,999)
New finance leases	(19,800)	-
Movement in net debt funds in the year	(11,941)	(1,999)
Net debt funds at 1 January 2000	(2,028)	(29)
Net funds at 31 December 2000	(13,969)	(2,028)

The notes on pages 6 to 11 form part of these financial statements.

BALMORAL ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2000

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

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

The financial statements have been prepared on the going concern basis, the applicability of which, is dependent on the continuing financial support of the directors.

1.2 TURNOVER

Turnover represents the commissions received and receivable on business written during the year.

1.3 DEPRECIATION

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost, less estimated residual value, of the tangible assets over their estimated useful lives:-

Computer equipment	25% Straight line
Fixtures and fittings	25% Straight line
Motor vehicles	25% Straight line

1.4 DEFERRED TAXATION

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

1.5 LEASING AND HIRE PURCHASE

Assets acquired under finance leases or hire purchase contracts are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Finance charges and interest are taken to the profit and loss account in constant proportion to the remaining balance of capital repayments or net obligations outstanding.

1.6 PENSIONS

Pension contributions are charged to the profit and loss account as incurred. These contributions are invested separately from the company's assets.

2. OPERATING PROFIT

	2000 £	1999 £
The operating profit is stated after charging:		
Depreciation	3,669	1,002

3. INTEREST PAYABLE

	2000 £	1999 £
Hire purchase interest	508	-
	508	-

BALMORAL ASSET MANAGEMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2000****4. DIRECTORS AND EMPLOYEES**

	2000	1999
	£	£
Staff costs:		
Wages and salaries	235,105	105,291
Social security costs	12,407	9,348
Other pension costs	10,200	9,350
	<u>257,712</u>	<u>123,989</u>

The average number of employees during the year was made up as follows:

	Number	Number
Fee earning	6	5
Administration	4	4
	<u>10</u>	<u>9</u>

Directors' emoluments:

	£	£
Remuneration for management services	110,681	50,072
Pension contributions	9,000	8,250
	<u>119,681</u>	<u>58,322</u>

The number of directors for whom payments have been made into the following pension schemes:

	Number	Number
Money purchase	1	1
	<u>1</u>	<u>1</u>

The division of directors' emoluments is as follows:

	£	£
£Nil - £5,000	1	2
£5,001 - £10,000	1	-
£45,001 - £50,000	-	1
£85,001 - £90,000	1	-

5. PENSION COSTS

The company operates a money purchase pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable by the company amounted to £10,200 . (1999£9,350). All contributions were paid in the year.

BALMORAL ASSET MANAGEMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2000****6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2000 £	1999 £
The taxation charge comprises:		
U.K. corporation tax at 20% (1999 - %)	4,844	-
	<u>4,844</u>	<u>-</u>

7. TANGIBLE ASSETS

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
<u>Cost</u>				
At 1 January 2000	3,187	1,977	-	5,164
Additions	4,742	3,265	25,200	33,207
At 31 December 2000	<u>7,929</u>	<u>5,242</u>	<u>25,200</u>	<u>38,371</u>
<u>Depreciation</u>				
At 1 January 2000	715	287	-	1,002
Charge for year	895	674	2,100	3,669
At 31 December 2000	<u>1,610</u>	<u>961</u>	<u>2,100</u>	<u>4,671</u>
<u>Net book value at 31 December 2000</u>	<u>6,319</u>	<u>4,281</u>	<u>23,100</u>	<u>33,700</u>
<u>Net book value at 31 December 1999</u>	<u>2,472</u>	<u>1,690</u>	<u>-</u>	<u>4,162</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	2000 £	1999 £
Net book values:		
Motor vehicles	<u>23,100</u>	<u>-</u>
Depreciation charge for the year:		
Motor vehicles	<u>2,100</u>	<u>-</u>

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

BALMORAL ASSET MANAGEMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2000****8. DEBTORS**

	2000 £	1999 £
Trade debtors	65,545	35,428
Other debtors	-	675
Prepayments and accrued income	5,318	5,480
	<u>70,863</u>	<u>41,583</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Trade creditors	46,334	35,324
Corporation tax	4,844	-
Other taxes and social security costs	9,726	-
Net obligations under finance lease and hire purchase contracts	3,750	-
Accruals and deferred income	5,334	16,886
	<u>69,988</u>	<u>52,210</u>

During the year the company made purchases of £70,218 for goods, services and commissions from Balmoral Corporate Insurance Brokers Ltd of which J Ritchie W Sherret and Simon P Eaton Turner are directors. The balance outstanding at the balance sheet date was £1,293. The transactions were made on normal commercial terms.

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2000 £	1999 £
Loans	10,000	10,000
Net obligations under finance leases and hire purchase contracts	15,112	-
	<u>25,112</u>	<u>10,000</u>

The loan is from a director of the company and is not repayable within 2 years.

BALMORAL ASSET MANAGEMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2000****11. NET OBLIGATIONS UNDER FINANCE LEASES
AND HIRE PURCHASE CONTRACTS**

	2000 £	1999 £
<u>The company's net obligations under finance leases and hire purchase contracts are repayable as follows:</u>		
In one year, or less or on demand	3,750	-
Between one and two years	3,750	-
Between two and five years	11,862	-
	19,362	-
Included in current liabilities	(3,750)	-
	15,612	-

12. SHARE CAPITAL

	2000 £	1999 £
<u>Authorised</u>		
Equity interests:		
10,000 Ordinary shares of £1 each	10,000	10,000
<u>Allotted, called up and fully paid</u>		
Equity interests:		
100 Ordinary shares of £1 each	100	100

13. PROFIT AND LOSS ACCOUNT

	2000 £	1999 £
Accumulated losses at 1 January 2000	(8,593)	-
Profit for the financial year	32,849	(8,593)
	24,256	(8,593)

BALMORAL ASSET MANAGEMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2000****14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2000 £	1999 £
Profit for the financial year	32,849	(8,593)
Shareholders' funds at 1 January 2000	(8,493)	100
Shareholders' funds at 31 December 2000	<u>24,356</u>	<u>(8,493)</u>
Represented by:-		
Equity interests	<u>24,356</u>	<u>(8,493)</u>
	<u>24,356</u>	<u>(8,493)</u>

15. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	2000 £	1999 £
Operating profit	38,201	(8,593)
Depreciation	3,669	1,002
Increase in debtors	(29,280)	(41,454)
Increase in creditors due within one year	9,184	52,210
Cash flow from operating activities	<u>21,774</u>	<u>3,165</u>

16. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2000 £	1999 £
Returns on investments and servicing of finance		
Interest element on hire purchase contracts	(508)	-
Net cash outflow from returns on investments and servicing of finance	<u>(508)</u>	<u>-</u>
Capital expenditure		
Purchase of tangible fixed assets	(13,407)	(5,164)
Net cash outflow from capital expenditure	<u>(13,407)</u>	<u>(5,164)</u>
Financing		
Repayment of capital on hire purchase contracts and finance leases rentals	(938)	-
Net cash outflow from financing	<u>(938)</u>	<u>-</u>