

Balmoral Asset Management Ltd
Financial Statements
For
31st December 2007

Company Registration Number SC182721



CARTERS ACCOUNTANTS LLP
Chartered Accountants & Registered Auditors
Pentland House
Saltire Centre
Glenrothes
Fife
KY6 2AH

Balmoral Asset Management Ltd

Financial Statements

Year Ended 31st December 2007

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Balmoral Asset Management Ltd

Officers and Professional Advisers

The Board of Directors

Stuart MacDonald
Alan Reid
Mark Burrell

Company Secretary

Stuart MacDonald

Registered Office

21 Manor Place
Edinburgh
EH3 7DX

Auditor

Carters Accountants LLP
Chartered Accountants
& Registered Auditors
Pentland House
Saltire Centre
Glenrothes
Fife
KY6 2AH

Bankers

Bank of Scotland
2 North Junction Street
Edinburgh
EH6 6HN

Solicitors

Dickson Minto WS
16 Charlotte Square
Edinburgh
EH2 4DF

Balmoral Asset Management Ltd

The Directors' Report

Year Ended 31st December 2007

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st December 2007

Principal Activities

The principal activity of the company during the year continued to be that of the provision of independent financial advisory services

The Directors and their Interests in the 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 31 December 2007	At 1 January 2007
Stuart MacDonald	Ordinary 'A' Shares	590	590
Alan Reid	Ordinary 'B' Shares	170	170
	Ordinary 'C' Shares	10	10
Mark Burrell	Ordinary 'B' Shares	90	90
	Ordinary 'D' Shares	<u>10</u>	<u>10</u>

Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 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 that disclose with reasonable accuracy at any time the financial position of the company and 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

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Balmoral Asset Management Ltd

The Directors' Report *(continued)*

Year Ended 31st December 2007

Donations

During the year the company made the following contributions

	2007	2006
	£	£
Charitable	<u>200</u>	<u>250</u>

Small Company Provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

Registered office
21 Manor Place
Edinburgh
EH3 7DX

Signed by order of the directors



Stuart MacDonald
Company Secretary

Approved by the directors on 27/02/08

Balmoral Asset Management Ltd

Independent Auditor's Report to the Shareholders of Balmoral Asset Management Ltd

Year Ended 31st December 2007

We have audited the financial statements of Balmoral Asset Management Ltd for the year ended 31 December 2007 on pages 6 to 15, which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007) and on the basis of the accounting policies set out on pages 9 to 10

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed

Respective Responsibilities of Directors and Auditor

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, 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 other transactions 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

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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

Balmoral Asset Management Ltd

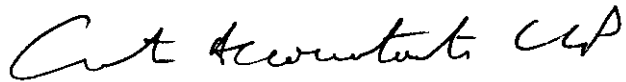
Independent Auditor's Report to the Shareholders of Balmoral Asset Management Ltd *(continued)*

Year Ended 31st December 2007

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31st December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



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Our audit was completed on 27/2/08 and our opinion was expressed at that date

Balmoral Asset Management Ltd

Profit and Loss Account

Year Ended 31st December 2007

	Note	2007 £	2006 £
Sales		1,860,350	1,529,150
Cost of sales		868,399	469,102
Gross Profit		991,951	1,060,048
Administrative expenses		476,982	469,739
Operating Profit	2	514,969	590,309
Income from fixed asset investments	4	3,799	—
Interest receivable		16,449	7,619
Amounts written off investments	5	(2,670)	(10,000)
Profit on Ordinary Activities Before Taxation		532,547	587,928
Tax on profit on ordinary activities	6	143,496	161,411
Profit for the Financial Year		389,051	426,517

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

Balmoral Asset Management Ltd

Statement of Total Recognised Gains and Losses

Year Ended 31st December 2007

	2007	2006
	£	£
Profit for the financial year attributable to the shareholders	389,051	426,517
Unrealised (loss)/profit on investments	<u>(8,736)</u>	<u>8,736</u>
Total gains and losses recognised since the last annual report	<u><u>380,315</u></u>	<u><u>435,253</u></u>

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

Balmoral Asset Management Ltd

Balance Sheet

31st December 2007

	Note	2007 £	2006 £
Fixed Assets			
Tangible assets	8	21,278	18,921
Investments	9	400,601	128,736
		<u>421,879</u>	<u>147,657</u>
Current Assets			
Debtors	10	271,337	304,264
Cash at bank and in hand		355,726	172,028
		<u>627,063</u>	<u>476,292</u>
Creditors: Amounts Falling due Within One Year	11	<u>457,825</u>	<u>386,385</u>
Net Current Assets		169,238	89,907
Total Assets Less Current Liabilities		<u>591,117</u>	<u>237,564</u>
Provisions for Liabilities			
Deferred taxation	12	1,143	905
		<u>589,974</u>	<u>236,659</u>
Capital and Reserves			
Called up equity share capital	15	100	100
Revaluation reserve	16	—	8,736
Profit and loss account	17	589,874	227,823
Shareholders' Funds		<u>589,974</u>	<u>236,659</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2007)

These financial statements were approved by the directors and authorised for issue on 27/2/08, and are signed on their behalf by



Stuart MacDonald



Mark Burrell

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

Balmoral Asset Management Ltd

Notes to the Financial Statements

Year Ended 31st December 2007

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007)

Turnover

The turnover shown in the profit and loss account represents amounts receivable for services provided

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

Plant & Machinery	25% Straight Line
Fixtures, Fittings & Equipment	25% Straight Line

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 tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Balmoral Asset Management Ltd

Notes to the Financial Statements

Year Ended 31st December 2007

1. Accounting Policies *(continued)*

Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Investments

Unlisted investments are included at market value less amounts written off. Listed investments are included at market value. Profits or losses arising from disposal of fixed asset investments are treated as part of the result from ordinary activities.

2. Operating Profit

Operating profit is stated after charging:

	2007	2006
	£	£
Depreciation of owned fixed assets	8,724	5,521
Auditor's fees	<u>3,500</u>	<u>3,500</u>

3. Directors' Emoluments

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

	2007	2006
	£	£
Aggregate emoluments	474,053	238,081
Value of company pension contributions to money purchase schemes	<u>62,000</u>	<u>44,250</u>
	<u>536,053</u>	<u>282,331</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2007	2006
	No	No
Money purchase schemes	<u>3</u>	<u>3</u>

4. Income from Fixed Asset Investments

	2007	2006
	£	£
Dividends received	2,323	—
Interest received	<u>1,476</u>	<u>—</u>
	<u>3,799</u>	<u>—</u>

Balmoral Asset Management Ltd

Notes to the Financial Statements

Year Ended 31st December 2007

5. Amounts Written Off Investments

	2007	2006
	£	£
Amount written off investments	–	10,000
Loss in market value of investments	2,670	–
	<u>2,670</u>	<u>10,000</u>

6. Taxation on Ordinary Activities

	2007	2006
	£	£
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year	143,258	160,506
Total current tax	143,258	160,506
Deferred tax		
Origination and reversal of timing differences (note 12)		
Capital allowances	238	1,060
Adjustment in respect of previous years		
Deferred tax:		
Capital allowances		(155)
Total deferred tax (note 12)	238	905
Tax on profit on ordinary activities	<u>143,496</u>	<u>161,411</u>

7. Dividends

Equity dividends

	2007	2006
	£	£
Paid		
Equity dividends on Ordinary 'A' Shares	–	89,500
Equity dividends on Ordinary 'B' Shares	–	109,500
Equity dividends on Ordinary 'C' Shares	10,000	23,500
Equity dividends on Ordinary 'D' Shares	17,000	16,250
	<u>27,000</u>	<u>238,750</u>

Balmoral Asset Management Ltd

Notes to the Financial Statements

Year Ended 31st December 2007

8. Tangible Fixed Assets

	Plant & Machinery £	Fixtures, Fittings and Equipment £	Total £
Cost			
At 1st January 2007	38,683	30,413	69,096
Additions	5,150	5,931	11,081
At 31st December 2007	<u>43,833</u>	<u>36,344</u>	<u>80,177</u>
Depreciation			
At 1st January 2007	24,157	26,018	50,175
Charge for the year	6,168	2,556	8,724
At 31st December 2007	<u>30,325</u>	<u>28,574</u>	<u>58,899</u>
Net Book Value			
At 31st December 2007	<u>13,508</u>	<u>7,770</u>	<u>21,278</u>
At 31st December 2006	<u>14,526</u>	<u>4,395</u>	<u>18,921</u>

9. Investments

	Unlisted £	Listed £	Total £
Cost or Valuation			
At 1st January 2007	10,000	128,736	138,736
Additions		313,383	313,383
Disposals		(30,111)	(30,111)
Revaluations		(11,407)	(11,407)
At 31st December 2007	<u>10,000</u>	<u>400,601</u>	<u>410,601</u>
Amounts Written Off			
At 1st January 2007 and 31st December 2007	<u>10,000</u>	<u>—</u>	<u>10,000</u>
Net Book Value			
At 31st December 2007	<u>—</u>	<u>400,601</u>	<u>400,601</u>
At 31st December 2006	<u>—</u>	<u>128,736</u>	<u>128,736</u>

Listed investments

Listed investments having a historical net book value of £403,271 (2006 £120,000) are held by the company and had a market value of £400,601 at the end of the year (2006 £128,736)

Balmoral Asset Management Ltd

Notes to the Financial Statements

Year Ended 31st December 2007

10. Debtors

	2007	2006
	£	£
Trade debtors	243,743	276,775
Other debtors	1,542	1,141
Prepayments and accrued income	26,052	26,348
	<u>271,337</u>	<u>304,264</u>

11. Creditors: Amounts Falling due Within One Year

	2007	2006
	£	£
Trade creditors	20,845	16,567
Other creditors including taxation and social security		
Corporation tax	142,730	160,506
PAYE and social security	22,323	19,420
Other creditors	194,928	182,948
Accruals and deferred income	76,999	6,944
	<u>457,825</u>	<u>386,385</u>

12. Deferred Taxation

The movement in the deferred taxation provision during the year was

	2007	2006
	£	£
Provision brought forward	905	
Profit and loss account movement arising during the year	238	905
Provision carried forward	<u>1,143</u>	<u>905</u>

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

	2007	2006
	£	£
Excess of taxation allowances over depreciation on fixed assets	1,143	905
	<u>1,143</u>	<u>905</u>

Balmoral Asset Management Ltd

Notes to the Financial Statements

Year Ended 31st December 2007

13. Commitments under Operating Leases

At 31st December 2007 the company had aggregate annual commitments under non cancellable operating leases as set out below

	2007 £	2006 £
Operating leases which expire. Within 2 to 5 years	<u>38,940</u>	<u>38,940</u>

14. Related Party Transactions

The company was under the control of Stuart MacDonald throughout the current and previous year

Included in other creditors are amounts due to the directors in respect of commissions payable of £139,239 (2006 £145,306)

15. Share Capital

Authorised share capital:

	2007 £	2006 £
25,000 Ordinary 'A' shares of £0 10 each	2,500	2,500
25,000 Ordinary 'B' shares of £0 10 each	2,500	2,500
25,000 Ordinary 'C' shares of £0 10 each	2,500	2,500
25,000 Ordinary 'D' shares of £0 10 each	2,500	2,500
	<u>10,000</u>	<u>10,000</u>

Allotted, called up and fully paid:

	2007		2006	
	No	£	No	£
Ordinary 'A' shares of £0 10 each	590	59	590	59
Ordinary 'B' shares of £0 10 each	390	39	390	39
Ordinary 'C' shares of £0 10 each	10	1	10	1
Ordinary 'D' shares of £0 10 each	10	1	10	1
	<u>1,000</u>	<u>100</u>	<u>1,000</u>	<u>100</u>

All classes of shares of the company rank pari passu

Balmoral Asset Management Ltd

Notes to the Financial Statements

Year Ended 31st December 2007

16. Revaluation Reserve

	2007	2006
	£	£
Balance brought forward	8,736	–
Revaluation of investments	(8,736)	8,736
Balance carried forward	<u>–</u>	<u>8,736</u>

17. Profit and Loss Account

	2007	2006
	£	£
Balance brought forward	227,823	40,056
Profit for the financial year	389,051	426,517
Equity dividends paid	(27,000)	(238,750)
Balance carried forward	<u>589,874</u>	<u>227,823</u>