REGISTRAR

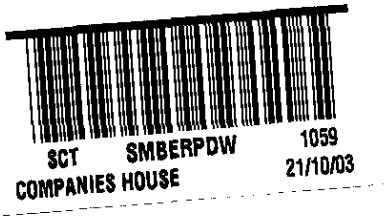
DOUGLAS BAILLIE LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 2002

Company Registration Number SC187613



FRENCH DUNCAN
Chartered Accountants & Registered Auditor
375 West George Street
Glasgow
G2 4LW

DOUGLAS BAILLIE LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2002

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DOUGLAS BAILLIE LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Mr D R G Baillie Mr D S Baillie
Company secretary	Mrs J A Binner
Registered office	Harvard House Perth Airport Scone Perthshire PH2 6PL
Auditors	French Duncan Chartered Accountants & Registered Auditors 375 West George Street Glasgow G2 4LW
Bankers	The Royal Bank of Scotland plc 12 Dunkeld Road Perth
Solicitors	McGrigor Donald 70 Wellington Street Glasgow G2 6SB

DOUGLAS BAILLIE LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 2002

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st December 2002.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the period was independent financial advisors.

The company continues to attract company pension scheme business, high net worth individuals and companies seeking high quality financial advice at a time when margins are under pressure and the costs of compliance continue to escalate.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2002	2001
	£	£
Dividends paid on ordinary shares	**87,750**	40,000

THE DIRECTORS AND THEIR INTERESTS IN 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:

		Ordinary Shares of £1 each	
		At	At
		31 December 2002	1 January 2002 or later date of appointment
Mr D R G Baillie		**43,537**	43,537
Mr D S Baillie	(Appointed 15 May 2002)	**–**	–

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 at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 10, and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

state whether applicable 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

DOUGLAS BAILLIE LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST DECEMBER 2002

presume that the company will continue in business.

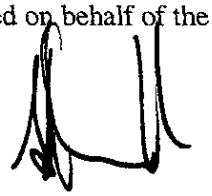
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution to re-appoint French Duncan as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Harvard House
Perth Airport
Scone
Perthshire
PH2 6PL

Signed on behalf of the directors



Mr D R G Baillie
Director

Approved by the directors on 9/10/03

DOUGLAS BAILLIE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31ST DECEMBER 2002

We have audited the financial statements on pages 6 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 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 auditors' 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 THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on pages 2 to 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom 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.

DOUGLAS BAILLIE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 31ST DECEMBER 2002

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 2002 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

375 West George Street
Glasgow
G2 4LW

09/10/03.

FRENCH DUNCAN
Chartered Accountants
& Registered Auditors

DOUGLAS BAILLIE LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST DECEMBER 2002

	Note	2002 £	2001 £
TURNOVER	2	**608,143**	642,461
Administrative expenses		**558,000**	515,535
OPERATING PROFIT	3	**50,143**	126,926
Loss on disposal of fixed assets	6	**–**	(2,310)
		50,143	124,616
Interest receivable		**24**	296
Interest payable and similar charges	7	**(2,357)**	(5,524)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**47,810**	119,388
Tax on profit on ordinary activities	8	**18,801**	37,042
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		**29,009**	82,346
Dividends	9	**87,750**	40,000
(LOSS)/RETAINED PROFIT FOR THE FINANCIAL YEAR		**(58,741)**	42,346
Balance brought forward		**219,110**	176,764
BALANCE CARRIED FORWARD		**160,369**	219,110

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

DOUGLAS BAILLIE LIMITED

BALANCE SHEET

31ST DECEMBER 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Intangible assets	10	**143,471**	167,717
Tangible assets	11	**70,654**	86,898
		214,125	254,615
CURRENT ASSETS			
Debtors	12	**169,342**	153,572
Cash at bank and in hand		**862**	1,227
		170,204	154,799
CREDITORS: Amounts falling due within one year	13	**174,519**	137,364
NET CURRENT (LIABILITIES)/ASSETS		**(4,315)**	17,435
TOTAL ASSETS LESS CURRENT LIABILITIES		**209,810**	272,050
CREDITORS: Amounts falling due after more than one year	14	**–**	5,383
		209,810	266,667
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	16	**5,904**	4,020
		203,906	262,647
CAPITAL AND RESERVES			
Called-up equity share capital	19	**43,537**	43,537
Profit and loss account		**160,369**	219,110
SHAREHOLDERS' FUNDS	20	**203,906**	262,647

These financial statements were approved by the directors on the ....9/10/03.... and are signed on their behalf by:

.....

MR D R G BAILLIE
Director

DOUGLAS BAILLIE LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31ST DECEMBER 2002

	2002 £	2001 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	**66,031**	181,493
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	**24**	296
Interest paid	**(1,650)**	(3,075)
Interest element of hire purchase	**(707)**	(2,449)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	**(2,333)**	(5,228)
TAXATION	**–**	(93,104)
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	**(34,097)**	(41,391)
Receipts from sale of fixed assets	**23,700**	11,634
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	**(10,397)**	(29,757)
EQUITY DIVIDENDS PAID	**(87,750)**	(40,000)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING	**(34,449)**	13,404
FINANCING		
Capital element of hire purchase	**(5,873)**	(20,145)
NET CASH OUTFLOW FROM FINANCING	**(5,873)**	(20,145)
DECREASE IN CASH	**(40,322)**	(6,741)

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002 £	2001 £
Operating profit	**50,143**	126,926
Amortisation	**24,246**	24,246
Depreciation	**26,641**	25,352
Increase in debtors	**(15,770)**	(50,692)
(Decrease)/increase in creditors	**(19,229)**	55,661
Net cash inflow from operating activities	**66,031**	181,493

DOUGLAS BAILLIE LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31ST DECEMBER 2002

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2002 £	2001 £
Decrease in cash in the period	(40,322)	(6,741)
Cash outflow in respect of hire purchase	5,873	20,145
Change in net debt resulting from cash flows	(34,449)	13,404
New finance leases	–	(19,914)
Movement in net debt in the period	(34,449)	(6,510)
Net debt at 1 January 2002	(15,709)	(9,199)
Net debt at 31 December 2002	(50,158)	(15,709)

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2002 £	Cash flows £	At 31 Dec 2002 £
Net cash:			
Cash in hand and at bank	1,227	(365)	862
Overdrafts	(5,678)	(39,957)	(45,635)
	(4,451)	(40,322)	(44,773)
Debt:			
Hire purchase agreements	(11,258)	5,873	(5,385)
Net debt	(15,709)	(34,449)	(50,158)

DOUGLAS BAILLIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2002

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

Goodwill

Goodwill is the difference between the fair value of the consideration given on the acquisition of the business and the aggregate fair value of the separable net assets acquired.

Amortisation

Amortisation 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:

Goodwill	-	over 10 years

Fixed assets

All fixed assets are initially recorded at cost.

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:

Fixtures & Fittings	-	20% Straight line
Motor Vehicles	-	20% Straight line
Equipment	-	20% straight line

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that they are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable. Deferred tax balances are not discounted. Deferred tax assets are only recognised where it is reasonably certain that the asset will be recoverable in the foreseeable future.

DOUGLAS BAILLIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2002

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2002	2001
	£	£
United Kingdom	**608,143**	642,461

3. OPERATING PROFIT

Operating profit is stated after charging:

	2002	2001
	£	£
Amortisation	**24,246**	24,246
Depreciation of owned fixed assets	**24,092**	24,715
Depreciation of assets held under hire purchase agreements	**2,549**	637
Auditors' remuneration		
- as auditors	**3,600**	3,600
- for other services	**6,819**	4,947
Inter-company balances forgiven	**24,500**	31,628

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2002	2001
	No	No
Number of administrative staff	**8**	6
Number of management staff	**1**	1
	9	7

The aggregate payroll costs of the above were:

	2002	2001
	£	£
Wages and salaries	**252,675**	252,187
Social security costs	**27,440**	27,270
	280,115	279,457

5. DIRECTORS' EMOLUMENTS

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

	2002	2001
	£	£
Aggregate emoluments	**57,288**	104,656

DOUGLAS BAILLIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2002

6. LOSS ON DISPOSAL OF FIXED ASSETS

	2002 £	2001 £
Loss on disposal of fixed assets	–	(2,310)

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £	2001 £
Interest payable on bank borrowing	**1,187**	515
Finance charges	**707**	2,449
Other similar charges payable	**463**	2,560
	2,357	5,524

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2002 £	2001 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 20/19% (2001 - 30%)	**16,917**	35,700
Total current tax	**16,917**	35,700
Deferred tax:		
Increase in deferred tax provision (note 16)		
Other	**1,884**	1,342
Tax on profit on ordinary activities	**18,801**	37,042

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19% (2001 - 30%).

	2002 £	2001 £
Profit on ordinary activities before taxation	**47,810**	119,388
Profit on ordinary activities by rate of tax	**9,203**	35,816
Expenses not deductible for tax purposes	**9,826**	17,597
Income not chargeable for tax purposes	**–**	(444)
Capital allowances in excess of depreciation	**(2,112)**	(2,707)
Marginal relief	**–**	(14,562)
Total current tax (note 8(a))	**16,917**	35,700

DOUGLAS BAILLIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2002

9. DIVIDENDS

The following dividends have been paid in respect of the year:

	2002	2001
	£	£
Dividend paid on ordinary shares	87,750	40,000

10. INTANGIBLE FIXED ASSETS

	Goodwill
	£
COST	
At 1st January 2002 and 31st December 2002	242,463
AMORTISATION	
At 1st January 2002	74,746
Charge for the year	24,246
At 31st December 2002	98,992
NET BOOK VALUE	
At 31st December 2002	143,471
At 31st December 2001	167,717

11. TANGIBLE FIXED ASSETS

	Fixtures & Fittings	Motor Vehicles	Equipment	Total
	£	£	£	£
COST				
At 1st January 2002	16,049	69,940	56,600	142,589
Additions	1,018	10,800	22,279	34,097
Disposals	–	(39,500)	–	(39,500)
At 31st December 2002	17,067	41,240	78,879	137,186
DEPRECIATION				
At 1st January 2002	5,784	22,070	27,837	55,691
Charge for the year	3,363	9,688	13,590	26,641
On disposals	–	(15,800)	–	(15,800)
At 31st December 2002	9,147	15,958	41,427	66,532
NET BOOK VALUE				
At 31st December 2002	7,920	25,282	37,452	70,654
At 31st December 2001	10,265	47,870	28,763	86,898

DOUGLAS BAILLIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2002

11. TANGIBLE FIXED ASSETS *(continued)*

Hire purchase agreements
Included within the net book value of £70,654 is £9,556 (2001 - £12,108) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £2,549 (2001 - £637).

12. DEBTORS

	2002	2001
	£	£
Trade debtors	**32,353**	27,502
Other debtors	**36,958**	4,500
Directors current accounts	**84,022**	113,723
Prepayments and accrued income	**16,009**	7,847
	169,342	153,572

Directors' loan accounts at the beginning of the year were a debtor of £113,723 and at the end of the year the balance was a debtor of £84,022. The highest balance during the year was a debtor of £207,882. The directors' loan account has been reduced by £75,000 since the year end.

13. CREDITORS: Amounts falling due within one year

	2002	2001
	£	£
Bank loans and overdrafts	**45,635**	5,678
Trade creditors	**5,543**	20,066
Corporation tax	**51,801**	34,884
PAYE and social security	**35,821**	5,944
Hire purchase agreements	**5,385**	5,875
Other creditors	**18,155**	–
Accruals and deferred income	**12,179**	64,917
	174,519	137,364

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2002	2001
	£	£
Bank loans and overdrafts	**45,635**	5,678

Mr D R G Baillie has also provided a personal guarantee.

14. CREDITORS: Amounts falling due after more than one year

	2002	2001
	£	£
Other creditors:		
Hire purchase agreements	**–**	5,383

DOUGLAS BAILLIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2002

15. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2002 £	2001 £
Amounts payable within 1 year	**5,902**	6,438
Amounts payable between 2 to 5 years	**–**	5,900
	5,902	12,338
Less interest and finance charges relating to future periods	**(517)**	(1,080)
	5,385	11,258
Hire purchase agreements are analysed as follows:		
Current obligations	**5,385**	5,875
Non-current obligations	**–**	5,383
	5,385	11,258

16. DEFERRED TAXATION

	2002 £	2001 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	**4,020**	2,678
Profit and loss account movement arising during the year	**1,884**	1,342
Provision carried forward	**5,904**	4,020

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

	2002 £	2001 £
Other timing differences	**5,904**	4,020
	5,904	4,020

17. CONTINGENCIES

The company has completed its performance review and has investigated all its files in accordance with the FSA Pension Review guidelines, all cases have now been completed with no outstanding liabilities.

DOUGLAS BAILLIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2002

18. RELATED PARTY TRANSACTIONS

During the year Douglas Baillie Ltd paid expenses of £5,683 (2001 - £9,333) on behalf of G60 Ltd, a company under the control of Mr D R G Baillie. The company also advanced funds of £15,500 to G60 Ltd. The amount due from this company at the year end was £16,196. (2001 - £Nil).

During the year Douglas Baillie Ltd advanced funds of £24,500 to G60 Technologies Ltd, a company under the control of Mr D R G Baillie. The amount due from this company was £24,500, (2001 - £Nil), however this balance was forgiven at the year end.

During the year expenses of £16,808 were paid on behalf of DB Consultancy Ltd, a company under the control of of Mr D R G Baillie. The amount due from this company at the year end was £16,808

The company was under the control of Mr D R G Baillie throughout the current and previous year. Mr Baillie is the managing director and majority shareholder.

19. SHARE CAPITAL

Authorised share capital:

	2002	2001
	£	£
60,000 Ordinary shares of £1 each	**60,000**	60,000

Allotted, called up and fully paid:

	2002		2001	
	No	**£**	No	£
Ordinary shares of £1 each	**43,537**	**43,537**	43,537	43,537

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2001
	£	£
Profit for the financial year	**29,009**	82,346
Dividends	**(87,750)**	(40,000)
	(58,741)	42,346
Opening shareholders' equity funds	**262,647**	220,301
Closing shareholders' equity funds	**203,906**	262,647