REGISTRAR.

Company Registration No. SC187613 (Scotland)

DOUGLAS BAILLIE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

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

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COMPANIES HOUSE 29/10/2006

DOUGLAS BAILLIE LIMITED

COMPANY INFORMATION

Directors	Mr D R G Baillie Mr D S Baillie
Secretary	Mrs J A Binner
Company number	SC187613
Registered office	Harvard House Perth Airport Scone Perthshire PH2 6PL
Auditors	French Duncan LLP 375 West George Street Glasgow G2 4LW
Bankers	The Royal Bank of Scotland plc 12 Dunkeld Road Perth PH1 5RB
Solicitors	MacKechnie & Associates 27 Park Circus Glasgow G3 6AP

DOUGLAS BAILLIE LIMITED

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DOUGLAS BAILLIE LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2005

The directors present their report and financial statements for the year ended 31 December 2005

Principal activities and review of the business
The principal activity of the company continued to be that of 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 results for the year are set out on page 5

Directors
The following directors have held office since 1 January 2005

Mr D R G Baillie
Mr D S Baillie

Directors' interests
The directors' interests in the shares of the company were as stated below

	Ordinary shares of £ 1 each	
	31 December 2005	**1 January 2005**
Mr D R G Baillie	29,025	29,025
Mr D S Baillie	14,512	14,512

Auditors
In accordance with section 385 of the Companies Act 1985, a resolution proposing that French Duncan LLP be reappointed as auditors of the company will be put to the Annual General Meeting

DOUGLAS BAILLIE LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 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

On behalf of the board

Mr D R G Baillie
Director
26 October 2006

DOUGLAS BAILLIE LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF DOUGLAS BAILLIE LIMITED

We have audited the financial statements of Douglas Baillie Limited for the year ended 31 December 2005 set out on pages 5 to 16 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of the directors and auditors

As described in the Statement of Directors' Responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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 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 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

DOUGLAS BAILLIE LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF DOUGLAS BAILLIE LIMITED

Opinion

In our opinion the financial statements

give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985

French Duncan LLP

26 October 2006

Chartered Accountants
Registered Auditor

375 West George Street
Glasgow
G2 4LW

DOUGLAS BAILLIE LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	Year ended 31 December 2005 £	Year ended 31 December 2004 £
Turnover	2	495,487	570,803
Administrative expenses		(350,560)	(450,203)
Other operating income		10,500	6,000
Operating profit	3	155,427	126,600
Other interest receivable and similar income	4	15	13
Interest payable and similar charges	5	(5,947)	(4,750)
Profit on ordinary activities before taxation		149,495	121,863
Tax on profit on ordinary activities	6	(35,038)	(28,852)
Profit for the year	15	114,457	93,011

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

DOUGLAS BAILLIE LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2005

	Notes	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Intangible assets	8		70,732		94,978
Tangible assets	9		12,410		17,587
			83,142		112,565
Current assets					
Debtors	10	188,613		180,842	
Cash at bank and in hand		995		1,020	
		189,608		181,862	
Creditors: amounts falling due within one year	11	(168,224)		(177,411)	
Net current assets			21,384		4,451
Total assets less current liabilities			104,526		117,016
Creditors: amounts falling due after more than one year	12		(1,428)		(3,875)
			103,098		113,141
Capital and reserves					
Called up share capital	14		43,537		43,537
Profit and loss account	15		59,561		69,604
Shareholders' funds	16		103,098		113,141

Approved by the Board and authorised for issue on 26 October 2006



Mr D R G Baillie
Director

DOUGLAS BAILLIE LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005

	£	Year ended 31 December 2005 £	£	Year ended 31 December 2004 £
Net cash inflow from operating activities		205,362		161,670
Returns on investments and servicing of finance				
Interest received	15		13	
Interest paid	(5,947)		(4,750)	
Net cash outflow for returns on investments and servicing of finance		(5,932)		(4,737)
Taxation				(35,919)
Capital expenditure				
Payments to acquire tangible assets			(700)	
Receipts from sales of tangible assets			3,025	
Net cash (outflow)/inflow for capital expenditure				2,325
Equity dividends paid		(124,500)		(117,350)
Net cash inflow before management of liquid resources and financing		74,930		5,989
Financing				
Capital element of hire purchase contracts	(2,447)		(1,020)	
Net cash outflow from financing		(2,447)		(1,020)
Increase in cash in the year		72,483		4,969

DOUGLAS BAILLIE LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005

1	**Reconciliation of operating profit to net cash inflow from operating activities**	**2005**	**2004**
		£	**£**
	Operating profit	155,427	126,600
	Depreciation of tangible assets	5,177	21,054
	Amortisation of intangible assets	24,246	24,246
	Loss on disposal of tangible assets		2,596
	Increase in debtors	(7,771)	(4,601)
	Increase/(decrease) in creditors within one year	28,283	(8,225)
	Net cash inflow from operating activities	205,362	161,670

2	**Analysis of net debt**	**1 January 2005**	**Cash flow**	**Other non cash changes**	**31 December 2005**
		£	**£**	**£**	**£**
	Net cash				
	Cash at bank and in hand	1,020	(25)		995
	Bank overdrafts	(89,155)	72,508		(16,647)
		(88,135)	72,483		(15,652)
	Bank deposits				
	Debt				
	Finance leases	(6,322)	2,447		(3,875)
	Net debt	(94,457)	74,930		(19,527)

3	**Reconciliation of net cash flow to movement in net debt**	**2005**	**2004**
		£	**£**
	Increase in cash in the year	72,483	4,969
	Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	2,447	(6,322)
	Movement in net debt in the year	74,930	(1,353)
	Opening net debt	(94,457)	(93,104)
	Closing net debt	(19,527)	(94,457)

DOUGLAS BAILLIE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1 3 Turnover

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

1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life

1 5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Computer equipment	20% straight line
Fixtures, fittings & equipment	20% straight line
Motor vehicles	20% straight line

1 6 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives Obligations under such agreements are included in creditors net of the finance charge allocated to future periods The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

1.7 Pensions

The company operates a defined contribution scheme for the benefit of its employees Contributions payable are charged to the profit and loss account in the year they are payable

1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005

3 Operating profit

	2005	2004
	£	£
Operating profit is stated after charging		
Amortisation of intangible assets	24,246	24,246
Depreciation of tangible assets	5,177	21,054
Loss on disposal of tangible assets		2,596
Auditors' remuneration	3,700	2,714
Remuneration of auditors for non audit work	9,670	9,076

4 Investment income

	2005	2004
	£	£
Bank interest	15	13

5 Interest payable

	2005	2004
	£	£
On bank loans and overdrafts	5,598	4,480
Hire purchase interest	349	270
	5,947	4,750

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005

6 Taxation	2005 £	2004 £
Domestic current year tax		
U K corporation tax	34,620	31,910
Adjustment for prior years	418	
Current tax charge	35,038	31,910
Deferred tax		
Origination and reversal of timing differences		(3,058)
	35,038	28,852
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	149,495	121,863
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19 00% (2004 19 00%)	28,404	23,154
Effects of		
Non deductible expenses	234	850
Depreciation add back	6,878	8,607
Capital allowances	(896)	(1,194)
Adjustments to previous periods	418	
Other tax adjustments		493
	6,634	8,756
Current tax charge	35,038	31,910

7 Dividends	2005 £	2004 £
Ordinary interim paid	124,500	117,350

8 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2005 & at 31 December 2005	242,463
Amortisation	
At 1 January 2005	147,485
Charge for the year	24,246
At 31 December 2005	171,731
Net book value	
At 31 December 2005	70,732
At 31 December 2004	94,978

9 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2005 & at 31 December 2005	82,352	18,895	8,042	109,289
Depreciation				
At 1 January 2005	74,214	16,684	804	91,702
Charge for the year	2,293	1,276	1,608	5,177
At 31 December 2005	76,507	17,960	2,412	96,879
Net book value				
At 31 December 2005	5,845	935	5,630	12,410
At 31 December 2004	8,138	2,211	7,238	17,587

The net book value of tangible fixed assets includes £5,630 (2004 £7,238) in respect of assets held under finance leases or hire purchase contracts The depreciation charge in respect of such assets amounted to £1,608 (2004 £804) for the year

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005

10 Debtors	2005 £	2004 £
Trade debtors	25,978	10,409
Other debtors	159,656	167,763
Prepayments and accrued income	2,979	2,670
	188,613	180,842

11 Creditors. amounts falling due within one year	2005 £	2004 £
Bank loans and overdrafts	16,647	89,155
Net obligations under hire purchase contracts	2,447	2,447
Trade creditors	2,984	4,943
Corporation tax	62,922	27,884
Other taxes and social security costs	4,495	4,804
Other creditors	44,690	38,835
Accruals and deferred income	34,039	9,343
	168,224	177,411

Mr D R G Baillie has provided a personal guarantee in favour of the Royal Bank of Scotland

12 Creditors· amounts falling due after more than one year	2005 £	2004 £
Net obligations under hire purchase contracts	1,428	3,875
Net obligations under hire purchase contracts		
Repayable within one year	2,447	2,447
Repayable between one and five years	1,428	3,875
	3,875	6,322
Included in liabilities falling due within one year	(2,447)	(2,447)
	1,428	3,875

13 Pension costs

Defined contribution

	2005 £	2004 £
Contributions payable by the company for the year	4,417	24,498

14 Share capital

	2005 £	2004 £
Authorised		
60,000 Ordinary shares of £1 each	60,000	60,000
Allotted, called up and fully paid		
43,537 Ordinary shares of £1 each	43,537	43,537

15 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2005	69,604
Profit for the period	114,457
Dividends paid	(124,500)
Balance at 31 December 2005	59,561

16 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Profit for the financial year	114,457	93,011
Dividends	(124,500)	(117,350)
Net depletion in shareholders' funds	(10,043)	(24,339)
Opening shareholders' funds	113,141	137,480
Closing shareholders' funds	103,098	113,141

17 Contingent liabilities

During the year the company raised legal proceedings for damages for a breach of contract At the year end the company has a contingent liability for the defenders' legal costs should the case be unsuccessful This liability is estimated to be approximately £30,000

18 Directors' emoluments

	2005	2004
	£	£
Emoluments for qualifying services	26,990	72,770
Company pension contributions to money purchase schemes	814	8,531
	27,804	81,301

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2004 2)

19 Transactions with directors

The following directors had interest free loans during the year These are included in Other debtors per the accounts The movement on these loans are as follows

	Amount outstanding		Maximum
	2005	2004	in period
	£	£	£
Mr D R G Baillie	105,636	110,687	113,969
Mr D S Baillie	13,671	11,329	13,671

Loan repayments were made prior to 30 September 2006

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2005 Number	2004 Number
Directors	2	2
Management	1	1
Administration	3	5
	6	8

Employment costs	2005 £	2004 £
Wages and salaries	104,486	163,096
Social security costs	10,612	20,552
Other pension costs	4,417	24,498
	119,515	208,146

21 Related party transactions

During the year the company had the following transactions with related parties

Douglas Baillie Consultancy LLP, a limited liability partnership under the control of Mr D R G Baillie
The company received funds amounting to £16,500 and advanced funds amounting to £4,550 The company also charged rent amounting to £6,000 and met expenditure amounting to £584 The amount owed to the company at the balance sheet date was £4,124 (2004 £9,490)

Access Pensions LLP, a limited liability partnership under the control of Mr D R G Baillie
The company met expenditure amounting to £100 The amount owed to the company at the balance sheet date was £5,625 (2004 £5,525)

Compliance Masters LLP, a limited liability partnership under the control of Mr D R G Baillie
The company charges rent amounting to £4,500 and was recharged £4,410 in respect of staff costs The amount owed to the company at the balance sheet date was £773 (2004 £228)