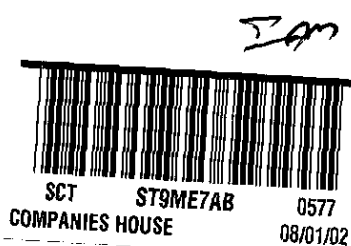


Walter Scott & Partners Limited
Annual report
for the year ended 5 April 2001

Registered Number SC93685



Walter Scott & Partners Limited

Annual report

for the year ended 5 April 2001

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Walter Scott & Partners Limited

Directors and Advisors for the year ended 5 April 2001

Executive directors

W G Scott
J Clark
M R Harrison
K J Lyall
J D Smith
P J White

Secretary and registered office

A Lyon-Dean
Millburn Tower
Gogar
Edinburgh
EH12 9BS

Auditors

PricewaterhouseCoopers
Erskine House
68-73 Queen Street
Edinburgh
EH2 4NH

Solicitors

Dickson Minto WS
11 Walker Street
Edinburgh
EH3 7NE

Brodies WS
15 Atholl Crescent
Edinburgh
EH3 8HA

Bankers

Clydesdale Bank plc
Festival Square
Edinburgh
EH3 9AN

Walter Scott & Partners Limited

Directors' report for the year ended 5 April 2001

The directors present their report and the audited financial statements for the year ended 5 April 2001.

Principal activities

The consolidated profit and loss account for the year is set out on page 5.

The principal activities of the group are that of providing investment management and advisory services.

Review of business and future developments

Both the level of business and the year end financial position were satisfactory. The directors expect that the present level of activity will be sustained for the foreseeable future.

Dividends

Interim dividends of £250 per share were paid during the year, a total of £5,025,000.

Directors

The directors of the group at 5 April 2001 are shown below, all of whom have been directors for the whole of the year ended on that date.

W G Scott
J Clark
M R Harrison
K J Lyall
J D Smith
P J White

Company Secretary

On 1 November 2000 Ms M R Harrison resigned from, and Mr A Lyon-Dean was appointed to the position of Company Secretary.

Donations

During the year the company made charitable donations amounting to £106,392 (2000: £34,742), which included a donation to the conservative party of £20,000 (2000: Nil).

Directors' interests in shares of the company

The interests of the directors of the company at 5 April 2001 and 5 April 2000 in the shares of the company, were as follows:

	Number
Ordinary shares of £1 each	
WG Scott	14,070
J Clark	4,020
M R Harrison	2,010
	20,100

Walter Scott & Partners Limited

Directors' responsibilities

The directors are required by UK Company Law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the company and the group for that period.

In preparing the accounts for the year ended 5 April 2001 suitable accounting policies have been used and applied consistently, framed by reference to reasonable and prudent judgements and estimates. Applicable accounting standards have been followed and the accounts have been prepared on a going concern basis. The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and for ensuring that steps are taken to prevent and detect fraud and other irregularities.

Auditors

A resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the next annual general meeting.

By order of the Board



A Lyon-Dean
Company Secretary
Millburn Tower
Edinburgh
10th July 2001

Walter Scott & Partners Limited

Auditors' report to the members of Walter Scott & Partners Limited

We have audited the financial statements on pages 5 to 16.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 is not disclosed.

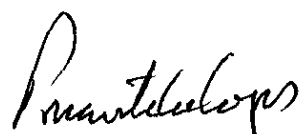
Basis of audit opinion

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 and the group at 5 April 2001 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Edinburgh

11 July 2001

Walter Scott & Partners Limited

Consolidated profit and loss account for the year ended 5 April 2001

	Notes	2001 £	2000 £
Turnover – continuing operations	2	13,623,722	12,484,529
Administration expenses		(6,529,666)	5,736,096
Operating profit	3	7,094,056	6,748,433
Interest receivable and similar income	6	139,798	94,090
Profit on ordinary activities before taxation		7,233,854	6,842,523
Tax on profit on ordinary activities	7	(2,199,175)	(2,084,020)
Profit for the financial year		5,034,679	4,758,503
Appropriation account			
Profit for the financial year		5,034,679	4,758,503
Dividends	8	(5,025,000)	(4,803,900)
Retention for the year	16	9,679	(45,397)
Retained profits at 6 April 2000		6,054,054	6,099,451
Retained profits at 5 April 2001		6,063,733	6,054,054

The profit on ordinary activities after tax for the financial year of the parent company was £5,025,751 (2000: £4,760,503).

The group had no discontinued activities or acquisitions during the year.

The group has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

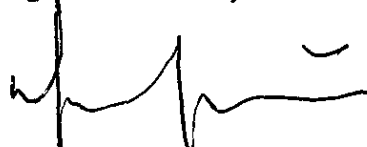
There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

Walter Scott & Partners Limited

Balance sheets as at 5 April 2001

	Notes	Group		Company	
		2001	2000	2001	2000
		£	£	£	£
Fixed assets					
Tangible assets	9	2,836,860	3,074,449	229,273	294,449
Investments	11	532,275	532,275	532,275	532,275
Investments in subsidiaries	12	-	-	2,345,712	2,345,721
		3,369,135	3,606,724	3,107,260	3,172,445
Current assets					
Debtors - due within one year	13	3,117,275	3,813,570	3,110,291	4,300,070
Cash at bank and in hand		1,856,441	2,853,558	1,768,554	2,853,558
		4,973,716	6,667,128	4,878,845	7,153,628
Creditors: amounts falling due within one year	14	1,786,239	3,744,310	1,909,200	4,249,910
Net current assets		3,187,477	2,922,818	2,969,645	2,903,718
Total assets less current liabilities		6,556,612	6,529,542	6,076,905	6,076,154
Provisions for liabilities and charges	18	472,779	455,388	-	-
Net Assets		6,083,833	6,074,154	6,076,905	6,076,154
Capital and reserves					
Called up share capital	15	20,100	20,100	20,100	20,100
Profit and loss account		6,063,733	6,054,054	6,056,805	6,056,054
Equity shareholders' funds	16	6,083,833	6,074,154	6,076,905	6,076,154

The financial statements on pages 5 to 16 were approved by the board of directors on 10th July 2001 and were signed on its behalf by:



W G Scott
Director

Walter Scott & Partners Limited

Consolidated cash flow statement for the year ended 5 April 2001

	Notes	2001 £	2000 £
Net cash inflow from operating activities	17a	7,683,955	6,055,856
Returns on investments and servicing of finance			
Interest received		118,418	73,736
Investment income		21,633	21,159
Interest paid		(253)	(805)
Net cash inflow from returns on investments and servicing of finance		139,798	94,090
Taxation		(2,149,391)	(1,606,184)
Capital expenditure			
Payments to acquire tangible fixed assets		(76,407)	(259,222)
Receipts from sales of tangible fixed assets		16,700	13,125
		(59,707)	(246,097)
Dividends paid		(6,532,500)	(3,296,400)
(Decrease)/increase in cash	17b	(917,845)	1,001,265

Walter Scott & Partners Limited

Notes to the financial statements for the year ended 5 April 2001

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Basis of consolidation

The consolidated financial statements incorporate the results of the company and all its subsidiaries at 5 April 2001.

Turnover

Turnover, which excludes value added tax, comprises fees receivable for investment management and administration services.

Tangible fixed assets

Tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition.

Provision for depreciation is made so as to write off the cost of tangible fixed assets over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Basis	%	
Aircraft	5.56	Straight line
Computers	50	Straight line
Office equipment	15-25	Straight line
Furniture & fittings	10-25	Straight line
Motor vehicles	30	Reducing balance

Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Any gain or loss on translation is included in the profit and loss account.

Investments

Listed investments are stated at cost. Unlisted investments are stated at the lower of cost or directors valuation. Investment income includes dividends, interest, gains and losses on the realisation of investments and related expenses.

Deferred taxation

Provision is made for deferred taxation using the liability method for all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Pension costs

The company contributes to a defined contribution pension scheme.

The assets of the company's pension scheme are held separately from those of the company in an independently administered fund. The pension costs charge (see Note 5) represents the contribution payable by the company to the fund.

Operating leases

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

Walter Scott & Partners Limited

2 Turnover

The directors have taken advantage of the provisions of the 4th Schedule of paragraph 55 (5) of the Companies Act 1985, as in their opinion it would be seriously prejudicial to the interests of the company to disclose a geographical analysis of turnover.

3 Operating profit

Operating profit is stated after charging/(crediting):-

	2001	2000
	£	£
Depreciation of tangible fixed assets	296,969	255,591
Auditors' remuneration – audit services	15,000	13,263
- non audit services	12,000	10,000
Foreign exchange gains	(396,346)	(94,120)
Operating lease rentals: Buildings	133,620	100,059

4 Directors' emoluments

	2001	2000
	£	£
Aggregate emoluments	2,826,994	2,712,612
Company pension contributions to defined contribution scheme	101,750	70,000

Retirement benefits are accruing to six directors under a defined contribution pension scheme

Highest paid director		
Aggregate emoluments and benefits	1,597,689	1,850,526
Company pension contributions to defined contribution scheme	33,750	20,000

Walter Scott & Partners Limited

5 Employee information

The average monthly number of persons employed by the group including executive directors during the year is analysed below:

	2001	2000
	Number	Number
Investment management	16	15
Administration	14	13
	30	28

Employment costs - all employees including executive directors:

	2001	2000
	£	£
Wages and salaries	3,955,384	3,553,830
Social security costs	481,291	424,061
Other pension costs	205,024	134,655
	4,641,699	4,112,546

6 Interest receivable and similar income

	2001	2000
	£	£
Bank interest	118,165	72,931
Investment income	21,633	21,159
	139,798	94,090

7 Taxation

	2001	2000
	£	£
United Kingdom corporation tax at 30% (2000: 30%)		
Current	2,184,102	1,977,729
Deferred	17,391	136,663
Over provision in respect of prior years	(2,318)	(30,372)
	2,199,175	2,084,020

Walter Scott & Partners Limited

8 Dividends

	2001 £	2000 £
Interim dividend paid (£250 per share) (2000: £164)	5,025,000	3,296,400
Final dividend proposed nil (2000: £75 per share)	-	1,507,500
	5,025,000	4,803,900

9 Tangible fixed assets - Group

	Aircraft £	Office Equipment £	Motor Vehicles £	Fixtures And Fittings £	Total £
Cost					
At 6 April 2000	3,078,799	175,174	271,497	216,308	3,741,778
Additions	-	3,007	34,840	38,560	76,407
Disposals	-	-	(44,709)	-	(44,709)
At 5 April 2001	3,078,799	178,181	261,628	254,868	3,773,476
Depreciation					
At 6 April 2000	298,799	63,004	140,175	165,351	667,329
Charge for year	172,413	57,480	42,760	24,316	296,969
Disposals	-	-	(27,682)	-	(27,682)
At 5 April 2001	471,212	120,484	155,253	189,667	936,616
Net book value					
At 5 April 2001	2,607,587	57,697	106,375	65,201	2,836,860
Net book value					
At 5 April 2000	2,780,000	112,170	131,322	50,957	3,074,449

Walter Scott & Partners Limited

10 Tangible fixed assets - Company

	Office Equipment £	Motor Vehicles £	Fixtures And Fittings £	Total £
Cost				
At 6 April 2000	175,174	271,497	216,308	662,979
Additions	3,007	34,840	38,560	76,407
Disposals	-	(44,709)	-	(44,709)
At 5 April 2001	178,181	261,628	254,868	694,677
Depreciation				
At 6 April 2000	63,004	140,175	165,351	368,530
Charge for year	57,480	42,760	24,316	124,556
Disposals	-	(27,682)	-	(27,682)
At 5 April 2001	120,484	155,253	189,667	465,404
Net book value				
At 5 April 2001	57,697	106,375	65,201	229,273
Net book value				
At 5 April 2000	112,170	131,322	50,957	294,449

11 Fixed Assets - investments

	2001 Group £	2001 Company £	2000 Group £	2000 Company £
Treasury 4 1/8% Index Linked Stock 2030 - Listed	507,275	507,275	507,275	507,275
Scottish Knowledge Plc – unlisted	25,000	25,000	25,000	25,000
	532,275	532,275	532,275	532,275

The listed investments are stated at cost, the market value of the investment is £765,954 (2000: £820,512).

Walter Scott & Partners Limited

12 Fixed assets - investments in subsidiaries (Company only)

	2001	2000
	£	£
Cost at 6 April 2001	2,345,712	2,345,712

Details of subsidiary undertakings are as follows:

Name of company	Description of shares held	Proportion of nominal value of issued shares held	Principal Activity
Walter Scott (Investment Management) Limited	Ordinary £1 shares	100%	Dormant
Walter Scott International Limited	Ordinary £1 shares	100%	Provision of travel services

13 Debtors

	2001	2000	2001	2000
	Group	Group	Company	Company
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	95,986	370,875	95,986	370,875
Amounts due from subsidiary	-	-	-	486,500
Accrued income	2,878,287	3,381,462	2,878,287	3,381,462
Other debtors	21,037	19,694	21,037	19,694
VAT recoverable	71,984	-	71,984	-
Prepayments	49,981	41,539	42,997	41,539
	3,117,275	3,813,570	3,110,291	4,300,070

Walter Scott & Partners Limited

14 Creditors: amounts falling due within one year

	2001	2000	2001	2000
	Group	Group	Company	Company
	£	£	£	£
Bank overdraft	-	79,272	-	79,272
Trade creditors	12,024	37,131	12,024	37,131
Amounts owed to subsidiary undertakings	-	-	223,006	21,100
Corporation tax	1,345,475	1,313,082	1,345,475	1,313,082
Other taxation and social security	269,023	96,294	210,795	582,794
Sundry creditors	60,109	569,799	60,109	569,799
Proposed dividend	-	1,507,500	-	1,507,500
Accruals & deferred income	99,608	141,232	57,791	139,232
	1,786,239	3,744,310	1,909,200	4,249,910

15 Called up share capital

	2001	2000
	Group & Company	Group & Company
	£	£
Authorised, allotted, called up and fully paid:		
20,100 ordinary shares of £1 each	20,100	20,100

16 Reconciliation of movement in equity shareholders' funds

	2001	2000	2001	2000
	Group	Group	Company	Company
	£	£	£	£
Profit for the financial year	5,034,679	4,758,503	5,025,751	4,760,503
Appropriation for dividends	(5,025,000)	(4,803,900)	(5,025,000)	(4,803,900)
Net addition to shareholders' funds	9,679	(45,397)	751	(43,397)
Opening equity shareholders' funds	6,074,154	6,119,551	6,076,154	6,119,551
Closing equity shareholders' funds	6,083,833	6,074,154	6,076,905	6,076,154

Walter Scott & Partners Limited

17 Notes to cashflow statement

(a) Reconciliation of operating profit to net cash inflow from operating activities:

	2001	2000
	£	£
Operating profit	7,094,056	6,748,433
Depreciation of fixed assets	296,969	255,591
Loss/(Gain) on sale of fixed assets	327	(232)
Decrease/(increase) in trade debtors and accrued income	778,064	(1,194,309)
(Increase) in prepayments and other debtors	(81,769)	(16,078)
(Decrease)/increase in trade creditors	(25,107)	19,823
Increase/(Decrease) in other taxation and social security	172,729	(327,527)
(Decrease)/increase in accruals	(41,624)	15,740
(Decrease)/increase in sundry creditors	(509,690)	554,415
Net cash inflow from operating activities	7,683,955	6,055,856

(b) Reconciliation of net cash flow to movement in net funds

	£	£
(Decrease)/increase in cash and movement in net funds in the period	(917,845)	1,001,265
Cash balance at 6 April 2000	2,774,286	1,773,021
Cash balance at 5 April 2001	1,856,441	2,774,286

18 Provisions for liabilities and charges

Deferred taxation in respect of accelerated capital allowances	Group	Company
	£	£
At 6 April 2000	455,388	-
Transfer to profit and loss account	17,391	-
At 5 April 2001	472,779	-

There was unprovided deferred taxation (asset) at the year end as follows:

	2001 Group	2001 Company	2000 Group	2000 Company
	£	£	£	£
Depreciation in excess of capital allowances	(36,519)	(36,519)	(25,383)	(25,383)

Walter Scott & Partners Limited

19 Related party transactions

The company leases its office accommodation from three directors, W G Scott, J Clark and M R Harrison. See note 3 for amount paid during the year, of which £Nil (2000: £79,952) was outstanding at the year end.

The company has taken advantage of the exemption under "FRS 8 Related Party Disclosures" not to disclose transactions or balances between group entities that have been eliminated on consolidation.

20 Financial commitments

At 5 April 2001 the company had annual commitments under non-cancellable operating leases in respect of land and buildings as follows:

	2001	2000
	£	£
Expiring in over five years	133,620	133,620