DUTHIE & PATTISON HOLDINGS LIMITED

Annual Report and Unaudited Financial Statements

For the year ended 30 April 2013

Trading Address: The Meridian, 4 Copthall House, Station Square, Coventry, CV1 2FL
Registered Office: Blue Square House, 272 Bath Street, Glasgow, G2 4JR
Company Registration Number: SC398300. Registered in Scotland.

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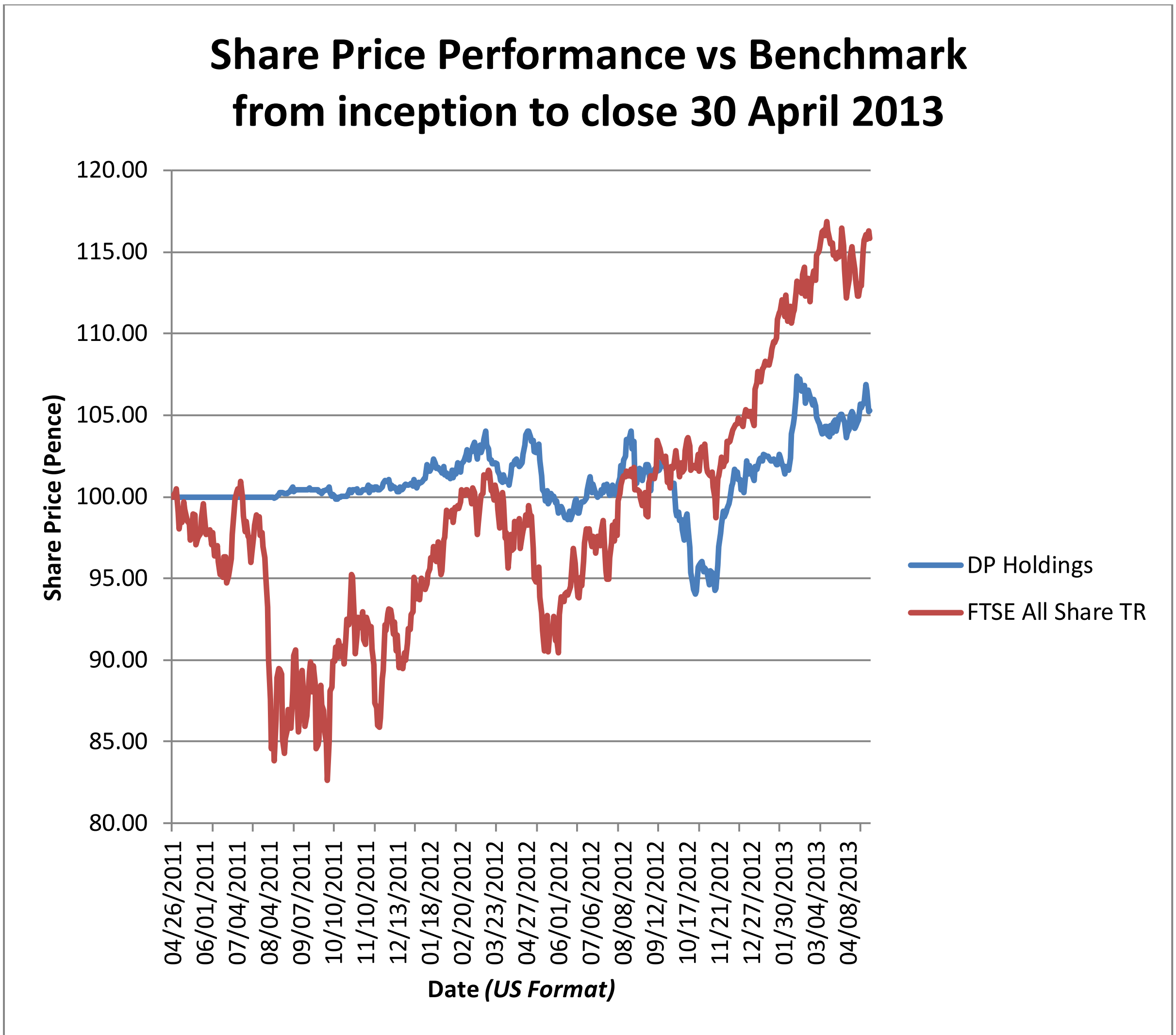
Management and Administration

Directors	David Pattison George Duthie	
Trading Address	The Meridian 4 Copthall House Station Square Coventry CV1 2FL	
Registered Office	Blue Square House 272 Bath Street Glasgow G2 4JR	
Sole Broker	Jarvis Investment Management Ltd 78 Mount Ephraim Tunbridge Wells Kent TN4 8BS	
Custodian	HSBC Plc 130 New Street Birmingham West Midlands B2 4JU	Registered Office: 8 Canada Square London E14 5HQ

Highlights

- **Underperformed benchmark by 16.59% (2012: Outperformed by 6.42%)** (target: outperform by 1%); Company performance was +1.24% (2012: +4.25%) whilst the FTSE All Share Index returned -17.83% (2012: -2.18%) on a total return (TR) basis.
- **Underlying overall investment return of +10.19% (2012: +12.66%)** on share capital invested.
- Two new investments made plus additions to existing investments, no shares sold.
- 48.54% (2012: 34.39%) of share capital invested, leaving 51.46% (2012: 65.61%) in cash.
- The Company's management continues to actively seek compelling value investment opportunities within the UK equity markets.



Report of the Directors

Incorporation

The Company was incorporated on 26 April 2011 as a private limited holdings company by shares.

Principal activities

The Company is a holdings company registered in Scotland established to provide shareholders with an attractive total return, which is expected to comprise solely of capital growth. The Company will achieve this through the investment in a concentrated portfolio of undervalued companies as determined by fundamental analysis which are expected to be predominantly listed on UK equity markets.

Business review

We are pleased to present the 2013 annual report of Duthie & Pattison Holdings Limited ("the Company") for the year to 30 April 2013. The Company's share price increased by 1.24% over the period, underperforming our benchmark (the FTSE All-Share Total Return Index) by 16.59% over the year (10.51% since inception) and therefore missing the Company's target to outperform the benchmark by at least 1% per year. We attribute this underperformance primarily to two factors: the first is due to the level of our overall investment (less than 50% of funds available are invested) and the second is generally attributable to a number of short-term issues affecting our relatively large holding in Shaft Sinkers Holdings. The level of investment is expected to increase over the years as more value investment opportunities are uncovered however we view the market to still be generally overvalued as a whole and as such shareholders should expect the cash holdings to stay around the same level until the situation changes. The issues surrounding Shaft Sinkers Holdings are discussed in their own dedicated section below.

In February, the outgoing Bank of England governor, Sir Mervyn King, voted for more £25 billion in quantitative easing which resulted in a further depreciation of sterling. In light of this and especially considering the firms large sterling balance, we sought to hedge against any further sterling devaluation by exchanging £5,000 for Singapore Dollars. We did this because Singapore is one of the few developed countries in the world to have a trade and public surplus at present and has a very strong currency which we believe is likely to remain the case given it has one of the highest GDPs per capita in the world.

Beazley Plc

Beazley is an international specialist insurance company. It specialises in the insurance of six segments: life, accident and health; personal accident and sports risks; marine; political risks and contingency; property and reinsurance.

With the last major insurance claim being the earthquake and tsunami which stuck Japan in March 2011 it should come as little surprise that Beazley has seen strong underwriting performance since then with a combined ratio of 89% (less than 100% means an underwriting profit) which is impressive especially when compared to the insurance industry as a whole.

Report of the Directors (continued)

Beazley Plc (continued)

While Beazley's underwriting business has continued to perform well this year, its investment performance has been more marked. Recent events regarding the markets perceptions of future actions by central banks, in particular the Federal Reserve of the United States, illustrate some of the risks (and indeed rewards) involved by investing in sovereign debt which is being bought through quantitative-easing programmes. However since the weighted average duration of Beazley's bond portfolio is only 2 years, any decrease in bond prices will be shortly balanced by increased yields and so any poor investment performance is likely to be short lived.

As a company with strong business fundamentals, improved results over last year and high dividend yield we continue to view Beazley positively and hope to make use of any short-term price weakness to increase our holdings. Our analysis suggests an intrinsic value of around 320 pence per share.

Caffyns Plc

Caffyns is a small family owned new and used car dealership operating in the south east of England. We invested in Caffyns because it was trading at a 43.3% discount to its net asset value and its intrinsic value was estimated to be 37.5% higher than its market value. Although Caffyns has suffered a few tough years of trading conditions, new car registrations are showing signs of improvement and we believe Caffyns has a strong niche position in the market selling premium cars in a relatively prosperous region of the UK particularly since luxury car sales have been more resilient during the recession. This is evidenced by the like-for-like care sales for the company falling by 1.3% in the year which compares very favourable to the fall of 7.2% for the company's market segment.

Causes for concern come from the company's management structure where the Caffyns' family can exert a disproportionately large control of the firm in relation to the amount of ordinary shares it holds through the use of preference shares, the relatively large pension deficit of £6.2m in comparison to the market capitalisation of £11.5m and the low return on capital of 2.2%. It is encouraging to see however that management are aiming to address the concerns of the low returns on capital by investing the freed up capital from loss-making businesses into larger business opportunities in stronger markets.

Dart Group Plc

Dart Group consists of two main businesses: Jet2.com, a low-cost airline which commands the majority of revenue of the group, Jet2holidays, an ATOL protected package holiday provider, and Fowler and Welch, a food distributor. Although it is true that the airline industry has been in aggregate loss-making since inception due to chronic overcapacity this has not been the case for low cost airlines as demonstrated by the likes of Ryanair, EasyJet and jet2.com – the latter of which has been profitable for the past decade.

Report of the Directors (continued)

Dart Group Plc (continued)

Based in Leeds, Jet2.com differentiates itself from the competition by only serving airports in Northern England and Scotland instead of providing nationwide coverage where it is able to consistently offer the best prices for customers on the niche routes it serves. Jet2holidays adds value to Jet2.com by cross-selling products where it has directly contracted over 800 hotels to provide best value to customers. Meanwhile Fowler Welch specialises in the distribution of chilled and ambient foods to leading supermarkets (such as ASDA and Tesco) mostly through a new distribution centre based north of Manchester.

Dart Group had another successful year with turnover increasing by 26% and profit before tax increasing by 7.6%. Earnings per share increased by 31% and dividends increased by 7% although the yield is low which is justified by management as wanting to reinvest the profits to expand the business.

Jet2.com and Jet2holidays were the principle drivers for this growth with Jet2holidays more than doubling the numbers passengers for the year resulting in a 140% increase in turnover. Fowler Welch also continued to improve after a year of restructuring with the operating margin increasing from 1% to 2.8%. As deposits for flight bookings are received well in advance of departure this provides a free source of working capital which means the Group can operate with very little financing arrangements and helps to offset any future cash flow risk. One of the major risks to the aviation side of the business are oil prices and management has prudently sought to reduce this risk by using future contracts to hedge its forecasted fuel prices up to three years in advance which should help to mitigate against any sudden, sharp increases from negatively impacting margins.

David Pattison Engineering Limited

DP Engineering provides general engineering consultancy services. It holds a 90% share in a golf product it is developing to help beginners and older players keep track of their scores. The product idea has been expanded significantly and research is ongoing into the best way to bring the product to market.

DP Tutoring Ltd

DP Tutoring represents a group of students which offer a professional and friendly private tuition service in the Glasgow area for SQA Standard Grade, Intermediate and up to Advanced Higher level subjects. The business returned a net profit for the year ending 31st July 2012 of £121. The business aims to commence paying dividends to the Company within four to five years.

Haynes Publishing Group Plc

Haynes is a car maintenance manual publisher. Hayne's competitive advantage stems from the lack of competition in its specialist publishing field and its reputation – often recognised as the 'holy grail' of maintenance manuals amongst DIY enthusiasts. With decades of knowledge in the business it is also hard for any newcomer to build up a repertoire equal to the amount done in the past by Haynes.

Report of the Directors (continued)

Haynes Publishing Group Plc (continued)

This year Haynes successfully rebranded Vivid to HaynesPro, which is a key and growing supplier of professional services to car mechanics in Europe and now provides a significant share the Group's revenue. This is encouraging particularly since softer trading conditions has led to a sharp decline in demand for domestic manuals and core automotive manuals with overall group revenue 7% lower.

Despite the lower revenue Haynes has maintained its strong balance sheet and profitability and remains highly cash generative, cash held is up 27% to £6.1 million, which demonstrates the brands resilience to persistently tough trading conditions. The board continues to recommend dividends, although at a reduced rate owing to economic uncertainty and short term cash requirements necessary to restructure the loss-making UK portion of the business.

London Capital Group Holdings Plc

London Capital Group is a provider of online trading services including spread betting, contracts for difference and foreign exchange services to private individuals, with more than 78,500 clients worldwide. We decided to invest in London Capital Group due to the company trading at discount to book and intrinsic value. The business thrives on market volatility and as such is likely to perform well when the stock market as a whole is fluctuating more than normal for example during late 2008 and early 2009. If such a period in the markets were to happen again, the improved performance of this company should help to offset any poor performance with other companies that we hold.

Shortly after investing the firm unfortunately announced a poor set of results as revenue dropped by 27% due to a lack of volatility which led to supressed trading volumes and a subsequent drop in share price. In light of the reduced revenue, management is taking three steps to address this: firstly it is has identified potentially £4 million in savings, secondly it is planning on selling or restructuring its international division and finally it is making changes to operational management. These steps in conjunction with the group's substantial cash balance should enable LCG to weather any persistent lack of trading volumes in the years ahead.

Shaft Sinkers Holdings Plc

Shaft Sinkers specialises in the niche industry of sinking particularly deep vertical shafts mainly for mining clients in South Africa since 1961. Shaft Sinkers has had a particularly challenging year due to combination of company specific, local and global difficulties which we hope will be resolved over the medium term. These include mining strikes in South Africa, the declining global demand for platinum (platinum mines are the company's main source of revenue) and weakening of the Rand. This has resulted in revenue dropping by 15% to £192.5 million and profit before tax down by 75%. Despite this tendering activity has remained high with Shaft Sinkers securing £1.1 billion in new business including two contracts outside of troubled South Africa. This is promising as one of the main reasons for Shaft Sinkers listing on the stock exchange was to raise cash in order to expand internationally and become less reliant on South African platinum mines.

Report of the Directors (continued)

Shaft Sinkers Holdings Plc (continued)

In addition to the problems in South Africa, in October Shaft Sinkers received notice of an arbitration claim for $800 million from EuroChem due to slow progress while using grouting after hitting a water table. After consulting extensively with legal counsel, Shaft Sinkers believe the claims to be without merit and are contesting them robustly and as such has not made any future provisions for settling this claim and is determined to have the ability to continue operating as a going concern. On the basis of this opinion the Company bought an additional 4,100 shares in Shaft Sinkers in the months following this announcement.

We continue to believe Shaft Sinkers have excellent long-term prospects and believe that they are in a strong position to weather the current operational difficulties which are expected to last for the next three to five years during which we expect they have developed a more robust international portfolio. On this basis we believe Shaft Sinkers to be exceptionally undervalued.

TT Electronics Plc

TT Electronics produces electrical components, sensors, and secure power supply systems serving the industrial, defence, aerospace, medical and transportation markets. The firm's competitive advantage derives from its key customers, including premium German automotive manufacturers and its specialist engineering expertise providing the ability to design and manufacture differentiated innovative solutions to clients.

Since the current management arrived in 2008, the delivery of TT Electronics' ambitious operating targets could double operating profit margins from 4.4% to 8%-10% over the next few years. Indeed management are delivering on these targets having increased the operating margin from 5.6% in 2011 to 6.2% in 2012.

TT Electronics had a reasonably successful year with earnings per share increasing 10.5% and dividend per share increasing 13.6% despite revenue decreasing by 6.4% reflecting the businesses improving profitability by reducing the cost base. Net cash increased to £46.7m (2011: £15.2m) further strengthening the Group's balance sheet despite higher than usual capital investment.

We value TT Electronics at around 220 pence per share.

Results and dividend

The results for the year are set out in the Statement of Comprehensive Income on page 11.

The Directors do not recommend payment of a dividend in respect of the year to 30 April 2013 (2012: nil).

Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and do not consider there to be any threat to the going concern status of the Company. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Report of the Directors (continued)

Financial risk profile

The Company's main financial instruments at the year end include investments, cash and cash equivalents and various items such as receivable and payables that arise directly from the Company's operations.

Details about the main risks associated with these instruments are given in note 8 to the financial statements.

Directors

The Directors of the Company who served during the year and as at 30 April 2013 are shown on page 2.

Director's interests

The interests of the Directors in the share capital of the Company at the year end as at the date of this report are as follows:

	2013		*2012*	
	Number of ordinary shares	*Percentage of Issued Share Capital*	*Number of ordinary shares*	*Percentage of Issued Share Capital*
George Duthie	14,000	40.61%	14,000	50.00%
David Pattison	14,000	40.61%	14,000	50.00%
Total	28,000	81.23%	28,000	100.00%

Substantial interests

At 30 April 2013, the following persons had interests in 3 per cent or more of the issued share capital of the Company:

	Number of ordinary shares	*Percentage of Issued Share Capital*
George Duthie	14,000	40.61%
David Pattison	14,000	40.61%
Alexander Duthie	5,000	14.50%
Total	33,000	95.72%

Report of the Directors (continued)

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with Financial Reporting Standard for Smaller Entities (FRSSE) (effective 2008) which have been submitted to Companies House and HMRC and in accordance with International Financial Reporting Standards (IFRS) and applicable law which are presented in this Annual Report. The reason this Annual Report's financial statements have been prepared in accordance with the IFRS is because they allow for the reporting of financial instruments at fair value which the Directors believe give a fairer and more accurate view of the Company's financial position in comparison to the FRSSE which only allows for historical cost accounting. These methods of financial instrument valuation are the only material difference between the two sets of financial statements.

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;
- 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 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 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

On behalf of the Board

David Pattison
Director

23 August 2013

George Duthie
Director

23 August 2013

Statement of Comprehensive Income
For the year ended 30 April 2013

	Notes	2013 £	2012 £
Income			
Dividend income from listed investments		**726**	238
Net gains on financial assets at fair value through profit or loss			
Realised gain		**-**	-
Movement in unrealised gain	6	**(248)**	951
Total Income		**478**	1,189
Expenses			
Transaction costs	4	**48**	60
Performance fees	12	**-**	-
Administration expenses		**426**	1,463
Depreciation & amortisation	7, 8	**320**	162
Total Expenses		**1,102**	1,685
Return for the year		**(624)**	(496)

All items in the above statement derive from continuing operations.

This statement represents the Company's Statement of Comprehensive Income prepared in accordance with the International Financial Reporting Standards. For the Company's Statement of Comprehensive Income prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective 2008) which were submitted to Companies House and HMRC please contact the Company for a copy.

The Notes to the Financial Statements form an integral part of these financial statements.

Statement of Financial Position
As at 30 April 2013

	Notes	2013 £	2012 £
ASSETS			
Intangible assets	7	**316**	162
Plant, property and equipment	8	**470**	774
Financial assets designated at fair value through profit or loss	10	**22,919**	10,612
Cash and cash equivalents	5	**13,416**	20,183
Total assets		**37,121**	31,731
LIABILITIES			
Unsecured creditors: amounts falling due after more than one year	11	**4,225**	4,225
Total liabilities		**4,225**	4,225
Net assets		**32,896**	27,342
EQUITY			
Capital and reserves attributable to the Company's equity shareholders			
Share capital	9	**34,471**	28,000
Revaluation reserve	9	**(491)**	(162)
Profit and loss account		**(1,120)**	(496)
Total equity		**32,896**	27,342
Total liabilities and equity		**37,121**	31,731

The financial statements were approved by the Board of Directors and authorised for issue on 23 August 2013.

David Pattison
Director

23 August 2013

George Duthie
Director

23 August 2013

The Notes to the Financial Statements form an integral part of these financial statements.

Statement of Changes in Equity
For the year ended 30 April 2013

2013

	Notes	*Share Capital*	*Revaluation Reserve*	*Profit and loss account*	*Total Equity*
		£	*£*	*£*	*£*
Opening balance at 30 April 12		28,000	(162)	(496)	27,342
Shares issued		6,471	-	-	6,471
Return for the year	7, 8	-	(329)	(624)	(953)
Balance at 30 April 2013	12	34,471	(491)	(1,120)	32,896

2012

	Notes	*Share Capital*	*Revaluation Reserve*	*Profit and loss account*	*Total Equity*
		£	*£*	*£*	*£*
Opening balance at 26 April 11		17,000	-	-	17,000
Shares issued		11,000	-	-	11,000
Return for the year	7, 8	-	(162)	(496)	(658)
Balance at 30 April 2012	12	28,000	(162)	(496)	27,342

The Notes to the Financial Statements form an integral part of these financial statements.

Statement of Cash Flows
For the year ended 30 April 2013

	Notes	*2013* £	*2012* £
Cashflows from operating activities			
Profit/(loss) for the year		**(830)**	**(496)**
Adjustments for:			
Depreciation of property, plant and equipment	7	**304**	**154**
Amortisation of intangible assets	8	**16**	**8**
Transaction charges on purchase and sale of investments	4	**48**	**60**
Dividend income received from listed investments		**726**	**238**
Administration expenses		**(683)**	**(1,187)**
Net cash inflow/(outflow) from operating activities		**(419)**	**(1,223)**
Cashflows from investing activities			
Purchase of investments	6, 10	**(12,754)**	**(9,661)**
Expenditure on intellectual property	7	**(170)**	**(170)**
Purchase of property, plant and equipment	8	**-**	**(928)**
Transaction charges on purchase of investments	4	**(48)**	**(60)**
Net cash inflow/(outflow) from investing activities		**(12,972)**	**(10,819)**
Cashflows from financing activities			
Cash from issue of share capital		**6,624**	**11,000**
Proceeds from borrowings	11	**-**	**4,225**
Net cash inflow/(outflow) from financing activities		**6,624**	**15,225**
Net increase/(decrease) in cash and cash equivalents during the year		**(6,767)**	**3,183**
Cash and cash equivalents at beginning of year		**20,183**	**17,000**
Cash and cash equivalents at end of year		**13,416**	**20,183**

The Notes to the Financial Statements form an integral part of these financial statements.

Notes to the Financial Statements
For the year ended 30 April 2013

General Information

Duthie & Pattison Holdings Limited (the Company) is a company incorporated and registered in Scotland on 26 April 2011 and is governed under the provisions of the Companies Act 2006. The addresses of the trading office and the registered office are given on page 2. The Company has been established to provide shareholders with an attractive total return which is expected to comprise solely of capital growth. The Company will achieve this through the investment in a concentrated portfolio of undervalued companies as determined by fundamental analysis which are expected to be predominantly listed on UK Markets.

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the current period, unless otherwise stated.

Basis of preparation

The financial statements give a true and fair view, are in accordance with International Financial Reporting Standards ("IFRS") and comply with the Companies Act 2006. The financial statements are presented in Sterling, the Company's functional currency.

These financial statements have been prepared under the historic cost convention with the exception of financial assets designated at fair value through profit or loss which are measured at fair value.

Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the reported amounts in these financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Segmental reporting

The Company has adopted IFRS 8,'Operating Segments'.This standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

The Board has considered the requirements of IFRS 8 'Operating Segments', and is of the view that the Company is domiciled in Scotland and is engaged in a single segment of business, being investment in UK equity instruments, and in one geographical area, the United Kingdom, and therefore the Company has only a single operating segment.

Notes to the Financial Statements
For the year ended 30 April 2013 (continued)

1. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

Segmental reporting (continued)

The Board, as a whole, has been determined as constituting the chief operating decision maker of the Company. The key measure of performance used by the Board to assess the Company's performance and to allocate resources is the total return on the Company's net asset value, as calculated under IFRS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in these financial statements.

The Board of Directors has overall management and control of the Company. Material changes to the investment objective or investment policy can only be made by Shareholders.

The Board therefore retains full responsibility as to the major allocations decisions made on an ongoing basis. The Company Directors will always act in accordance with the investment policy and investment restrictions set out in the Company's latest Prospectus which cannot be radically changed without the approval of Shareholders.

The Company has a diversified portfolio of investments from which it receives dividends from time to time and no single investment accounts for more than 20 per cent of the Fund's gross assets at the time of investment. However, there is no guarantee that this will be the case after any investment is made, particularly during the early life of the Company or where it is believed that an investment is particularly attractive. All the Fund's financial instruments (definition below) are classified as current assets.

Shareholders with holdings greater than 3 per cent are detailed on page 9.

Foreign currency translation

Monetary assets and liabilities are translated from currencies other than Sterling ("foreign currencies") to Sterling (the "functional currency") at the rate prevailing on the reporting date. Income and expenses are translated from foreign currencies to Sterling at the rate prevailing at the date of the transaction. Exchange differences apply to the calculation of the underlying book value of the company.

Financial instruments

Financial instruments comprise investment in equity, trade and other receivables, cash and cash equivalents, and trade and other payables. Financial instruments are recognised initially at fair value. Subsequent to initial recognition financial instruments are measured as described below.

Notes to the Financial Statements
For the year ended 30 April 2013 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

All the Company's investments are designated at fair value through profit or loss. They are initially recognised at fair value, being the cost incurred in their acquisition. Transaction costs are expensed in the Statement of Comprehensive Income. Gains and losses arising from changes in fair value are presented in the Statement of Comprehensive Income in the period in which they arise.

Purchases and sales of investments are recognised using trade date accounting. Quoted investments are valued at the mid price on the reporting date or at the realisable value if the Company has entered into an irrevocable commitment to sell the investment prior to the reporting date. Where investments are listed on more than one securities market, the price on the market on which the security was originally purchased is used. If the price is not available as at the accounting date, the last available price is used.

Cash and cash equivalents

The Company considers all highly liquid investments with original maturities of less than 90 days when acquired to be cash equivalents.

Tangible fixed assets depreciation policy

Depreciation has been provided at the following rates in order to write off the assets over their estimated useful lives. Laptop & desktop computers: 3 years. Other IT equipment: 5 years.

Intangible fixed assets amortisation policy

Intangible fixed assets (including purchased goodwill, trademarks and patents) are amortised at rates calculated to write off the assets on a straight basis over their estimated useful economic lives, not to exceed fifteen years. Impairment of intangible assets is only reviewed where circumstances indicate that the carrying value of an asset may not be fully recoverable.

Share capital

Ordinary shares are classified as equity where there is no obligation to transfer cash or other assets.

Income

Investment income and interest income have been accounted for on an accruals basis using the effective interest method. Dividends receivable are taken to the Statement of Comprehensive Income when the relevant security is quoted ex-dividend.

Notes to the Financial Statements
For the year ended 30 April 2013 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses

All expenses are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the statement of comprehensive income, all expenses have been presented as revenue items except as follows:

- expenses which are incidental to the acquisition and disposal of an investment are charged to capital; and
- expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated and accordingly the performance fee is charged to capital, in order to reflect the Directors' expected long-term view of the nature of the investment returns of the Company.

2. NEW STANDARDS AND INTERPRETATIONS

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were issued but not yet effective:

New standards		**Effective for periods beginning on or after**
IFRS 9	Financial Instruments: classification and measurement	1 January 2015
IFRS 10	Consolidated Financial Statements – includes the concept of 'de facto' control and replaces the consolidation guidance in IAS 27: Consolidated and Separate Financial Statements and SIC: Consolidation – Special Purpose Entities	1 January 2013
IFRS 11	Joint Arrangements – includes the concepts of joint operations (resulting in consolidation of entity's share of assets and liabilities) and joint ventures (resulting in equity method of accounting); the new standard replaces IAS 31: Interest in Joint Ventures	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities – requires enhanced disclosures for related parties (consolidated and unconsolidated entities)	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013

Notes to the Financial Statements
For the year ended 30 April 2013 (continued)

2. NEW STANDARDS AND INTERPRETATIONS (continued)

Revised and amended standards		**Effective for periods beginning on or after**
IFRS 7	Financial Instruments: Disclosures – amendments enhancing disclosures about transfers of financial assets	1 July 2011
IAS 27	Separate Financial Statements – the requirements for separate financial statements remain unchanged	1 January 2013
IAS 28	Investments in Associates and Joint Ventures – incorporates changes required due to IFRS 10, 11 and 12	1 January 2013
IAS 32	Financial Instruments: Presentation – amendments relating to the offsetting of assets and liabilities	1 January 2014

In addition, in May 2012, the IASB issued the annual improvements to IFRS 2009-2011 Cycle which affect five IFRS. Most amendments are effective for annual periods beginning on or after 1 January 2013, although entities are generally permitted to adopt them earlier.

The Directors anticipate that the adoption of these standards and interpretations in future periods will not have a material impact on the Financial Statements of the Company.

IFRS 9 'Financial Instruments' was issued in December 2009. This addresses the classification and measurement of financial assets and is not likely to affect the Company's accounting for financial assets. The standard is not applicable until 1 January 2015 but it is available for early adoption. The standard is not expected to have a significant impact on the financial statements since the majority of the Company's financial assets are designated at fair value through profit or loss.

3. TAXATION

The Company is considered as close investment-holding company in Scotland under the provisions of the CTM60710 and is such is charged corporation tax on capital gains at the main rate. The Company was not liable for corporation tax for the year ended 30 April 2013.

4. TRANSACTION COSTS

The transaction charges incurred in relation to the acquisition and disposal of investments during the year were as follows:

	2013	*2012*
	£	*£*
Stamp duty	24	30
Commissions and custodian transaction charges	24	30
	48	60

Notes to the Financial Statements
For the year ended 30 April 2013 (continued)

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash held by the Company in GBP available on demand and on deposit with maturities of less than 90 days. Cash and cash equivalents were as follows:

	2013	*2012*
	£	*£*
Cash available on demand	13,416	20,183
	13,416	20,183

6. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2013	*2012*
	£	*£*
Equity investments – UK equity securities	18,120	10,612
Equity investments - unlisted	1001	2
Singapore dollars	4,797	-
Fair value at 30 April	23,918	10,614

Equity Investments

Cost at beginning of year	9,663	-
Purchases	7,754	9,663
Sales	-	-
Realised gain	-	-
Cost at 30 April	17,417	9,663
Unrealised gains at beginning of year	951	-
Movement in unrealised gains	(248)	951
Unrealised gains carried forward	703	951
Effect of exchange rate movements	-	-
Fair value at 30 April	18,124	10,614

Singapore Dollars

	2013	*2012*
	£	*£*
Cost at beginning of year	-	-
Purchases	5,000	-
Sales	-	-
Realised gain	-	-
Cost at 30 April	5,000	-
Effect of exchange rate movements	(203)	-
Fair value at 30 April	4,797	-
Total financial assets designated at fair value through profit or loss	23,918	10,614

Notes to the Financial Statements
For the year ended 30 April 2013 (continued)

7. INTANGIBLE ASSETS

	Total
Cost	*£*
At 30 April 2012	170
Additions	170
At 30 April 2013	340
Amortisation	
At 30 April 2012	8
Provided during the period	16
At 30 April 2013	24
Net book value	
At 30 April 2013	316
At 30 April 2012	162

8. TANGIBLE ASSETS

	Total
Cost	*£*
At 30 April 2012	928
Additions	-
At 30 April 2013	928
Depreciation	
At 30 April 2012	154
Provided during the period	304
At 30 April 2013	458
Net book value	
At 30 April 2013	470
At 30 April 2012	774

Notes to the Financial Statements
For the year ended 30 April 2013 (continued)

9. SHARE CAPITAL AND RESERVES

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or sell assets.

Externally imposed capital requirement

There are no capital requirements imposed on the Company.

The authorised share capital of the Company is 34,471 Ordinary Shares of £1.00 each.

The issued share capital of the Company is comprised as follows:

	2013		*2012*	
	Number	*£*	*Number*	*£*
Allotted, called up and fully paid				
Ordinary shares of £1.00 each	34,471	34,624	28,000	28,000

10. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Financial risk management objectives

The risks relating to the Company's operations include credit risk, liquidity risk, market risks, price risk and to a certain extent foreign currency risk.

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument will default on its contractual obligations that it has entered into with the Company resulting in financial loss to the Company. At 30 April 2013 the major financial assets which were exposed to credit risk included financial assets designated at fair value through profit or loss and cash and cash equivalents.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations arising from financial liabilities. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate framework for the management of the Company's liquidity requirements.

The Company adopts a prudent approach to liquidity risk management and maintains sufficient cash reserves to meet its obligations. The vast majority of the Company's investments are listed and are subject to a settlement period of three days.

Notes to the Financial Statements
For the year ended 30 April 2013 (continued)

10. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Market risk

The Fund is exposed through its operations to market risk which encompasses interest rate risk, price risk and foreign exchange risk.

Price risk

Price risk is the risk that the fair value of investments will fluctuate as a result of changes in market prices.

This risk is managed through diversification of the investment portfolio across business sectors. Generally the Company will seek not to invest more than 20 per cent of the Company's gross assets in any single investment at the time of investment. However, there is no guarantee that this will be the case after any investment is made, particularly where it is believed that an investment is exceptionally attractive.

2013

Equity Investments	*Sector*	*Value £*	*Percentage of Gross Assets*
Dart Group Plc	Travel & Leisure	4,050	10.91
Beazley Plc	Specialist Insurance	3,368	9.07
Caffyns Plc	Specialty Retailers	2,269	6.11
Shaft Sinkers Holdings Plc	Mining Support Services	2,221	5.98
TT Electronics Plc	Electronic and Electrical Equipment	2,165	5.83
Haynes Publishing Group Plc	Media Publishing	1,630	4.39
London Capital Group Holdings Plc	Investment Services	1,420	3.83
Other Private Companies	Various	1,001	2.70
Total		18,142	48.87

2012

Equity Investments	*Sector*	*Value £*	*Percentage of Gross Assets*
TT Electronics Plc	Electronic and Electrical Equipment	2,470	7.78
Shaft Sinkers Holdings Plc	Mining Support Services	2,206	6.95
Beazley Plc	Specialist Insurance	2,130	6.71
Haynes Publishing Group Plc	Media Publishing	1,950	6.15
Dart Group Plc	Travel & Leisure	1,854	5.84
Other Private Companies	Various	2	0.01
Total		10,612	33.44

Notes to the Financial Statements
For the year ended 30 April 2013 (continued)

10. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Price risk (Continued)

If market prices had been 25 per cent higher/lower at the statement of financial position date and all other variables were held constant:

- the Company's profit and net assets for the year ended 30 April 2013 would have increased/decreased by £4,536 (2012: £2,653);
- there would have been no impact on the other equity reserves.

Foreign Exchange Risk

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates and arises when the Company invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency. During the year the Company was exposed to foreign exchange risk arising from currency held in Singapore Dollars.

The table below illustrates the Company's exposure to foreign exchange risk at 30 April 2013:

	2013	*2012*
	£	*£*
Financial assets designated at fair value through profit and loss:		
Singapore Dollars	4,797	-
Total Assets	4,797	-

If the Singapore Dollar weakened/strengthened by 10 per cent against GBP with all other variables held constant, the effect on the fair value of equity investments would increase/decrease by £480 (2012: nil).

Fair value measurements

IFRS 7 establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).The three levels of the fair value hierarchy under IFRS 7 are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices);

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Notes to the Financial Statements
For the year ended 30 April 2013 (continued)

10. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

Fair value measurements (continued)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following tables analyse within the fair value hierarchy the Company's financial assets measured at fair value at 30 April 2013:

	Level 1	*Level 2*	*Level 3*	*Total*
2013	*£*	*£*	*£*	*£*
Financial assets designated at fair value through profit and loss:				
Equity investments –				
Listed equity securities	17,141	-	-	17,141
Unlisted equity securities	-	-	1,001	1,001
Total	17,141	-	1,001	18,142

The Level 1 equity investments were fair valued with reference to the closing mid prices of each investee company on the reporting date.

The Level 3 equity investments were fair valued with reference to the historical cost of each investee company on the reporting date.

Notes to the Financial Statements
For the year ended 30 April 2013 (continued)

11. BORROWINGS
The following loans are included within creditors:

Repayable	*2013*	*2012*
	£	*£*
Over five years	4,225	4,225
Total	4,225	4,225

Total borrowings consist of a director's loan made to the Company by Director D Pattison of £1995 and Director G Duthie of £2269. The loans are unsecured and in the event of liquidation would be written off. Since these are currently the only borrowing arrangements the Company has entered into, all of the assets of the Company would be attributable to the Company's Shareholders.

12. RELATED PARTIES
Director David Pattison is also a Director of the Company's wholly owned subsidiary companies David Pattison Engineering Limited and DP Tutoring Ltd.

George Duthie is a holder of 14,000 Ordinary Shares, representing 40.61% of the issued share capital of the Company at the year end. David Pattison is a holder of 14,000 Ordinary Shares, representing 40.61% of the issued share capital of the Company at the year end.

13. MATERIAL AGREEMENTS
The Company has entered into the following material agreements:

The Company Directors (the Investment Managers) are entitled to an aggregate annual Performance Fee of any change in NAV attributable to performance which is more than 1% above the returns on the FTSE All Share Index. If the Company underperforms 1% above the returns on the FTSE All Share Index in any year, the underperformance must be made good before any further Performance Fee becomes payable in future years. Both the NAV and the FTSE All Share Index will be calculated on a total return basis.

14. ULTIMATE CONTROLLING PARTY
In the opinion of the Directors, on the basis of the shareholdings advised to them, the Company has no ultimate controlling party.