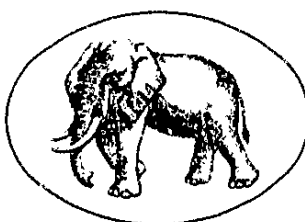


STEWART IVORY & COMPANY LIMITED

DIRECTORS' REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 30TH JUNE 1989

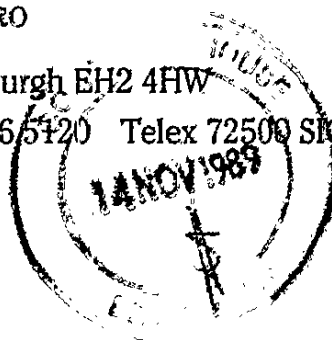


**Stewart Ivory**  
& Company Limited  
Investment Managers

Member of IMRO

45 Charlotte Square, Edinburgh EH2 4HW

Telephone 031-226 3271 Fax 031-226 5420 Telex 72500 SICO



STEWART IVORY & COMPANY LIMITEDREPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 30 JUNE 1989

The directors submit their report and the accounts of the Company for the year ended 30 June 1989.

1. Principal Activities and Status

The principal activities of the Company are the management of investment and unit trusts and other investment portfolios including pension funds, charities and private clients. The Company is a wholly-owned subsidiary of Stewart Ivory (Holdings) Limited which is a "close company" within the terms of the Income and Corporation Taxes Act 1988. The company is a member of IMRO.

2. Review of Business and Future Developments

Profit before tax has again increased. The directors consider that this is a satisfactory result and that the Company is in a strong position to benefit from future business opportunities.

3. Share Capital

On 1 July 1988, the Company's share capital was re-organised.

- A. The authorised capital was increased to £23,534 by the creation of 1,164,933 Ordinary shares of 1p and 105,903 Redeemable Preference shares of 10p.

The newly created shares were issued and allotted to the existing shareholders pro-rata as fully paid, utilising £22,240 of the Share Premium Account. The new and existing Ordinary and Redeemable Preference shares were thereafter consolidated and sub-divided into respectively 'B' Ordinary and 'A' Ordinary shares of £1 each.

- B. The authorised capital was further increased to £225,000 by the creation of 86,249 'A' Ordinary shares of £1 and 115,217 'B' Ordinary shares of £1.

The newly created shares were issued and allotted to the existing shareholders, in accordance with the terms of a Shareholders' Agreement, as fully paid, utilising £74,751 of the Share Premium Account and £126,715 of the balance on Profit & Loss Account.

The whole share capital of the Company was then acquired by Stewart Ivory (Holdings) Limited.

4. Results and Dividends

The profit for the year, after taxation was £295,614. The goodwill arising from the acquisition of Ivory & Company in 1985 has been amortised by a further £44,000 which has been charged against retained earnings. A dividend of £1.00074 per 'A' Ordinary share has been declared in respect of the year ended 30 June 1989. There is no dividend payment recommended for the 'B' Ordinary shares. The balance on profit and loss account was thus increased to £379,252.

5. Fixed Assets

The movements in fixed assets during the year are set out in notes 9 and 10 to the accounts.

6. Directors

The directors who served during the year and their interest in the share capital of the Company are as follows:

|                      | Appointed/<br>Resigned | At 30.6.88<br>(or date of appoint) | At 30.6.89      |                                  |
|----------------------|------------------------|------------------------------------|-----------------|----------------------------------|
|                      |                        |                                    | <u>Ordinary</u> | <u>Red.Pref. 'B' Ord 'A' Ord</u> |
| * D W R Ferguson     |                        | -                                  | -               | -                                |
| * J G D Ferguson     |                        | 1324                               | 1324            | -                                |
| A M M Finlay         | (A) 21.7.88            | 176                                | 176             | -                                |
| P A Campbell Fraser  |                        | 626                                | 626             | -                                |
| D J Hume             | (A) 21.7.88            | -                                  | -               | -                                |
| * I E Ivory          |                        | 1324                               | 1324            | -                                |
| * J Ivory            |                        | 1324                               | 1324            | -                                |
| J G K Matterson      | (A) 21.7.88            | -                                  | -               | -                                |
| * J H Murray         |                        | 1324                               | 1324            | -                                |
| D H Shaw Stewart     | (A) 21.7.88            | -                                  | -               | -                                |
| * J W A Shaw Stewart | (R) 30.6.89            | 2843                               | 2843            | -                                |
| M H Sims             | (A) 21.7.88            | -                                  | -               | -                                |
| A J Tulloch          | (A) 18.5.89            | -                                  | -               | -                                |
| * E A W Tulloch      |                        | 1324                               | 1324            | -                                |
| * J G L Wright       |                        | 1324                               | 1324            | -                                |
| V S Yonge            | (A) 21.7.88            | -                                  | -               | -                                |

\* The interest of these directors in the share capital of Stewart Ivory (Holdings) Limited are disclosed in that company's Report and Accounts.

The interest of Mr A M M Finlay and Mr P A Campbell Fraser in the share capital of Stewart Ivory (Holdings) Limited at 30 June 1989 were:

|                     | <u>Ordinary<br/>'A' Shares</u> | <u>Ordinary<br/>'B' Shares</u> |
|---------------------|--------------------------------|--------------------------------|
| A M M Finlay        | 1345                           | 2020                           |
| P A Campbell Fraser | 4788                           | 7182                           |

7. Auditors

A resolution to re-appoint Coopers & Lybrand as auditors will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

*W H E Walker*

W H E Walker  
SECRETARY

EDINBURGH, 21st September 1989.

REPORT OF THE AUDITORS TO THE MEMBERS OFSTEWART IVORY & COMPANY LIMITED

We have audited the accounts on pages 4 to 13 in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the Company at 30 June 1989 and of the profit and source and application of funds for the year then ended and have been properly prepared in accordance with The Companies Act 1985.

*Coopers & Lybrand*

Chartered Accountants

EDINBURGH, 21st September 1989.

STEWART IVORY & COMPANY LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 30 JUNE 1989

|                                | <u>Notes</u> | <u>1989</u><br><u>£</u> | <u>1988</u><br><u>£</u> |
|--------------------------------|--------------|-------------------------|-------------------------|
| TURNOVER                       | 1            | 2,374,644               | 2,087,880               |
| Administration Expenses        | 2            | 2,094,732               | 1,786,422               |
|                                |              | <u>279,912</u>          | <u>301,458</u>          |
| Other Income                   | 3            | <u>173,682</u>          | <u>67,900</u>           |
| PROFIT BEFORE TAX              |              | 453,594                 | 369,358                 |
| Tax on ordinary activities     | 7            | <u>157,980</u>          | <u>130,866</u>          |
| PROFIT AFTER TAX               |              | 295,614                 | 238,492                 |
| Less: Amortisation of goodwill |              | <u>44,000</u>           | <u>44,000</u>           |
|                                |              | 251,614                 | 194,492                 |
| Dividend                       | 8            | <u>98,089</u>           | <u>46,351</u>           |
| RETAINED PROFIT FOR YEAR       |              | <u>153,525</u>          | <u>148,141</u>          |
| RETAINED PROFIT AT 1 JULY 1988 |              | 352,442                 | 204,301                 |
| Capital reorganisation         |              | (126,715)               | -                       |
| Retained profit for year       |              | <u>153,525</u>          | <u>148,141</u>          |
| RETAINED PROFIT AT 1 JULY 1989 |              | <u>379,252</u>          | <u>352,442</u>          |

The notes on pages 7 to 13 form part of these accounts.

Auditors' report on page 3.

STEWART IVORY & COMPANY LIMITEDBALANCE SHEET AT 30 JUNE 1989

|                                                | <u>Notes</u> | <u>£</u>  | <u>1989</u> | <u>£</u>  | <u>1988</u> | <u>£</u> |
|------------------------------------------------|--------------|-----------|-------------|-----------|-------------|----------|
| <b>FIXED ASSETS</b>                            |              |           |             |           |             |          |
| Intangible asset - goodwill                    | 9            |           | 43,703      |           | 87,703      |          |
| Tangible assets                                | 10           |           | 150,694     |           | 119,891     |          |
| <b>Investments:</b>                            |              |           |             |           |             |          |
| Shares in group companies                      | 11           | 25,100    |             | 25,100    |             |          |
| Shares in related companies                    | 12           | 19,220    |             | 19,220    |             |          |
| Other investments                              | 12           | 5,500     |             | 5,500     |             |          |
|                                                |              |           | 49,820      |           | 49,820      |          |
|                                                |              |           | 252,217     |           | 257,414     |          |
| <b>CURRENT ASSETS</b>                          |              |           |             |           |             |          |
| Debtors                                        | 13           | 1,029,137 |             | 1,136,578 |             |          |
| Cash balances                                  |              | 949,242   |             | 661,661   |             |          |
|                                                |              | 1,978,379 |             | 1,798,239 |             |          |
| <b>CREDITORS : due within one year</b>         |              |           |             |           |             |          |
|                                                | 14           | 526,344   |             | 1,604,926 |             |          |
| <b>NET CURRENT ASSETS</b>                      |              |           |             |           |             |          |
|                                                |              |           | 1,452,035   |           | 193,313     |          |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>   |              |           |             |           |             |          |
|                                                |              |           | 1,704,252   |           | 450,727     |          |
| <b>Less: non-current liabilities</b>           |              |           |             |           |             |          |
| <b>CREDITORS: due after more than one year</b> |              |           |             |           |             |          |
| Subordinated loan                              |              |           | 1,100,000   |           | -           |          |
|                                                |              |           | 604,252     |           | 450,727     |          |
| <b>CAPITAL AND RESERVES</b>                    |              |           |             |           |             |          |
| Share capital                                  | 17           | 225,000   |             | 1,294     |             |          |
| Share premium account                          | 18           | -         |             | 96,991    |             |          |
| Profit and loss account                        |              | 379,252   |             | 352,442   |             |          |
|                                                |              | 604,252   |             | 450,727   |             |          |

*J. W. Ferguson* )  
*A. L. R. Ferguson* ) Directors

The notes on pages 7 to 13 form part of these accounts.

Auditors' report page 3.

STEWART IVORY & COMPANY LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 30 JUNE 1989

|                                                           | <u>£</u>      | <u>1989</u>      | <u>£</u>      | <u>1988</u>    | <u>£</u> |
|-----------------------------------------------------------|---------------|------------------|---------------|----------------|----------|
| <b>SOURCE OF FUNDS</b>                                    |               |                  |               |                |          |
| Profit before tax and amortisation of goodwill            |               | 453,594          |               | 369,358        |          |
| Adjustment for items not involving the movement of funds: |               |                  |               |                |          |
| Depreciation                                              | 42,637        |                  | 31,496        |                |          |
| Loss on sale of fixed assets                              | -             |                  | 14,251        |                |          |
|                                                           | <u>42,637</u> |                  | <u>45,747</u> |                |          |
| <b>TOTAL GENERATED FROM OPERATIONS</b>                    |               | <u>496,231</u>   |               | <u>415,105</u> |          |
| <b>FUNDS FROM OTHER SOURCES</b>                           |               |                  |               |                |          |
| Proceeds from sale of fixed assets                        |               | -                |               | 12,889         |          |
| Increase in creditor due after more than one year         |               | 1,100,000        |               | -              |          |
|                                                           |               | <u>1,596,231</u> |               | <u>427,994</u> |          |
| <b>APPLICATION OF FUNDS</b>                               |               |                  |               |                |          |
| Purchase of investments                                   | -             |                  | 1,000         |                |          |
| Purchase of fixed assets                                  | 81,440        |                  | 74,103        |                |          |
| Tax paid                                                  | 148,071       |                  | 146,646       |                |          |
| Dividend paid                                             | 46,351        |                  | -             |                |          |
|                                                           |               | <u>275,862</u>   |               | <u>221,749</u> |          |
|                                                           |               | <u>1,320,369</u> |               | <u>206,245</u> |          |
| <b>INCREASE IN WORKING CAPITAL</b>                        |               |                  |               |                |          |
| (Decrease)/increase in debtors (115,109)                  |               |                  | 775,583       |                |          |
| Decrease/(Increase) in creditors excluding taxation       | 1,147,897     |                  | (1,139,145)   |                |          |
|                                                           |               | 1,032,788        |               | (363,562)      |          |
| <b>Movement in net liquid funds:</b>                      |               |                  |               |                |          |
| Increase/(decrease) in cash balances                      |               | <u>287,581</u>   |               | <u>569,807</u> |          |
|                                                           |               | <u>1,320,369</u> |               | <u>206,245</u> |          |

Auditors' report page 3.

## STEWART IVORY &amp; COMPANY LIMITED

ACCOUNTING POLICIES

The following is a summary of the more important accounting policies used by the Company.

(a) Leases

Costs in respect of operating leases are charged in arriving at the operating profit. There are no assets held under finance leases.

(b) Depreciation

Depreciation is now calculated to write off the cost of fixed assets on a straight line basis over the expected useful lives of the assets concerned. Previously, the cost of fixed assets was written off on a reducing balance basis. The principal annual rates used for this purpose are consistent with those of the previous year and are:-

|                       |   |     |
|-----------------------|---|-----|
| Leasehold improvement | - | 4%  |
| Office equipment      | - | 25% |
| Office furniture      | - | 15% |

(c) Taxation

The charge for taxation is based on the profit for the year as adjusted for disallowable items. No provision has been made for advance corporation tax on the dividend as it is anticipated that such tax will be fully recovered. Provision is made for deferred tax at the rate of corporation tax ruling at the year end (the liability method) except in respect of any tax reduction which can reasonably be expected to continue for the foreseeable future.

(d) Goodwill

Purchased goodwill is eliminated by amortisation through the Profit and Loss account over its useful life.

(e) Investments

Investments are shown in the Balance Sheet at cost.

STEWART IVORY & COMPANY LIMITEDNOTES TO THE ACCOUNTS - 30 JUNE 19891. Turnover

Turnover is the total of investment management and administration fees.

2. Administration Expenses

|                                  | <u>1989</u><br>£ | <u>1988</u><br>£ |
|----------------------------------|------------------|------------------|
| Employment costs (note 5)        | 1,361,776        | 1,105,370        |
| Depreciation of fixed assets     | 42,637           | 31,496           |
| Auditors' remuneration           | 4,900            | 4,600            |
| Interest payable (note 4)        | 1,811            | 18,966           |
| Loss on disposal of fixed assets | -                | 14,251           |
| Operating lease payments         | 131,632          | -                |
| Other expenses                   | 551,976          | 611,739          |
|                                  | <u>2,094,732</u> | <u>1,786,422</u> |

3. Other Income

|                                 | <u>1989</u><br>£ | <u>1988</u><br>£ |
|---------------------------------|------------------|------------------|
| Bank interest received          | 104,694          | 18,454           |
| Dividends from subsidiary       | 17,446           | -                |
| Rental Income - operating lease | 18,370           | 10,003           |
| Other income                    | 33,172           | 39,443           |
|                                 | <u>173,682</u>   | <u>67,900</u>    |

4. Interest payable

|                                                             | <u>1989</u><br>£ | <u>1988</u><br>£ |
|-------------------------------------------------------------|------------------|------------------|
| Interest payable on sums wholly repayable within five years | 1,811            | 18,966           |

## 5. Information on Employees

|                       |                  |                  |
|-----------------------|------------------|------------------|
|                       | <u>1989</u>      | <u>1988</u>      |
|                       | £                | £                |
| Salaries              | 1,035,793        | 833,880          |
| Social Security costs | 113,444          | 93,107           |
| Other pension costs   | 212,539          | 178,383          |
|                       | <u>1,361,776</u> | <u>1,105,370</u> |

The average number of employees, other than directors, employed by the company was 40 (1988 - 40).

| <u>Directors' Emoluments</u>                                                                 | <u>1989</u> | <u>1988</u> |
|----------------------------------------------------------------------------------------------|-------------|-------------|
|                                                                                              | <u>£</u>    | <u>£</u>    |
| Directors' emoluments, as executives,<br>including pension contribution                      | 721,878     | 458,858     |
| The emoluments, excluding pension contributions<br>of the chairman and highest paid director | 70,000      | 58,359      |

|         |            |   |   |
|---------|------------|---|---|
| £nil    | to £ 5,000 | 1 | 1 |
| £15,001 | to £20,000 | 1 | 1 |
| £20,001 | to £25,000 | 1 | - |
| £25,001 | to £30,000 | 4 | - |
| £35,001 | to £40,000 | - | 1 |
| £40,001 | to £45,000 | 1 | 3 |
| £45,001 | to £50,000 | 3 | 1 |
| £50,001 | to £55,000 | 1 | - |
| £55,001 | to £60,000 | - | 1 |
| £60,001 | to £65,000 | 2 | - |

| The charge for taxation is made up as follows: | 1939<br>£      | 1988<br>£      |
|------------------------------------------------|----------------|----------------|
| UK corporation tax at 35% (1988 - 35%)         |                |                |
| - current year                                 | 150,759        | 129,619        |
| - prior year                                   | 3,002          | (9,170)        |
| Deferred taxation - current year               | 6,960          | 1,247          |
| - prior year                                   | (2,741)        | 9,170          |
|                                                | <u>157,980</u> | <u>130,866</u> |

STEWART IVORY & COMPANY LIMITEDNOTES TO THE ACCOUNTS - 30 JUNE 1989 (contd)

|                     | <u>1989</u>   | <u>1988</u>   |
|---------------------|---------------|---------------|
|                     | <u>£</u>      | <u>£</u>      |
| 8. <u>Dividend</u>  |               |               |
| Preference shares   | -             | 46,351        |
| 'A' Ordinary shares | 98,089        | -             |
|                     | <u>98,089</u> | <u>46,351</u> |

9. Intangible Asset - Goodwill

|                                  |                 |
|----------------------------------|-----------------|
| Net book value at 1 July 1988    | £ 87,703        |
| Amortisation charge for the year | <u>44,000</u>   |
| Net book value at 30 June 1989   | <u>£ 43,703</u> |

Goodwill of £219,703 arose on the acquisition of the business of Ivory & Company and is being written off over 5 years, being the directors' estimate of its useful life.

10. Tangible Assets

|                       | <u>Leasehold</u><br><u>Improvements</u> | <u>Office furniture</u><br><u>and Equipment</u> | <u>Total</u>   |
|-----------------------|-----------------------------------------|-------------------------------------------------|----------------|
| <u>Cost</u>           | <u>£</u>                                | <u>£</u>                                        | <u>£</u>       |
| At 1 July 1988        | 10,629                                  | 198,157                                         | 208,786        |
| Additions             | -                                       | 81,440                                          | 81,440         |
|                       | <u>10,629</u>                           | <u>279,597</u>                                  | <u>290,226</u> |
| <u>Depreciation</u>   |                                         |                                                 |                |
| At 1 July 1988        | 425                                     | 88,470                                          | 88,895         |
| Charge for the year   | 425                                     | 42,212                                          | 42,637         |
|                       | <u>850</u>                              | <u>130,682</u>                                  | <u>131,532</u> |
| <u>Net Book Value</u> |                                         |                                                 |                |
| At 30 June 1989       | <u>9,779</u>                            | <u>148,915</u>                                  | <u>158,694</u> |
| At 30 June 1988       | <u>10,204</u>                           | <u>109,687</u>                                  | <u>119,891</u> |

11. Group Companies

The Company has the following subsidiaries:-

| <u>Name of Company</u>                             | <u>Description of</u><br><u>shares held</u> | <u>Percentage</u><br><u>held</u> | <u>Investment</u><br><u>at cost</u> |             |
|----------------------------------------------------|---------------------------------------------|----------------------------------|-------------------------------------|-------------|
|                                                    |                                             |                                  | <u>1989</u>                         | <u>1988</u> |
|                                                    |                                             |                                  | <u>£</u>                            | <u>£</u>    |
| Stewart Ivory Unit Trust<br>Managers Limited       | Ordinary £1 shares                          | 100                              | 25,000                              | 25,000      |
| Stewart Ivory & Company<br>(International) Limited | Ordinary £1 shares                          | 100                              | 100                                 | 100         |

The above companies are engaged in investment management.

|                                   |                    |     |   |   |
|-----------------------------------|--------------------|-----|---|---|
| Stewart Ivory Nominees<br>Limited | Ordinary £1 shares | 100 | 2 | 2 |
|-----------------------------------|--------------------|-----|---|---|

STEWART IVORY & COMPANY LIMITEDNOTES TO THE ACCOUNTS - 30 JUNE 1989 (contd)12. Investments(a) Shares in Related Companies

|                         | <u>1989</u>   | <u>1988</u>   |
|-------------------------|---------------|---------------|
|                         | £             | £             |
| Unlisted shares at cost | <u>19,220</u> | <u>19,220</u> |

These shares are in respect of a 50% interest in the ordinary share capital of the following investment companies:

- (i) Joseph and Stewart Fund Management (Guernsey) Limited, which is incorporated in Guernsey.
- (ii) BUE-Stewart Management Limited which is incorporated in Guernsey.
- (iii) Stewart Olim Limited which is incorporated in Scotland.
- (iv) Cunningham-Stewart Ivory Limited which is incorporated in Northern Ireland.

The results of these companies are not incorporated into the company's financial statements as the directors are of the opinion that there would be no benefit in doing so. In the opinion of the directors the market value of these investments exceeds cost.

(b) Other Investments

|                                              | <u>1989</u>  | <u>1988</u>  |
|----------------------------------------------|--------------|--------------|
|                                              | £            | £            |
| Unlisted - at cost<br>(Directors' valuation) | <u>5,500</u> | <u>5,500</u> |

13. Debtors

|                                                   | <u>1989</u>      | <u>1988</u>      |
|---------------------------------------------------|------------------|------------------|
|                                                   | £                | £                |
| Trade debtors                                     | 369,263          | 356,571          |
| Group companies                                   | 543,758          | 722,829          |
| Tax recoverable<br>(due after more than one year) | 10,879           | 3,211            |
| Prepayments                                       | 69,233           | 31,590           |
| Other debtors                                     | 36,004           | 22,377           |
|                                                   | <u>1,029,137</u> | <u>1,136,578</u> |

STEWART IVORY & COMPANY LIMITEDNOTES TO THE ACCOUNTS - 30 JUNE 1989 (contd)14. Creditors - due within 1 year

|                                | <u>1989</u>    | <u>1988</u>      |
|--------------------------------|----------------|------------------|
|                                | £              | £                |
| Group companies                | 40,603         | 61,812           |
| Taxation and social security * | 239,278        | 219,107          |
| Dividend payable               | 98,089         | 46,351           |
| Accruals                       | 148,340        | 91,869           |
| Other creditors                | 34             | 1,185,787        |
|                                | <u>526,344</u> | <u>1,604,926</u> |

\* Taxation and social security comprises:

|                            | <u>1989</u>    | <u>1988</u>    |
|----------------------------|----------------|----------------|
|                            | £              | £              |
| UK corporation tax payable | 135,309        | 129,619        |
| ACT payable                | 27,337         | 15,450         |
| PAYE & N.I.                | 33,674         | 26,356         |
| Customs & Excise           | 42,958         | 47,682         |
|                            | <u>239,278</u> | <u>219,107</u> |

15. Subordinated Loan

Under the terms of an agreement with Stewart Ivory (Holdings) Limited, that Company has granted an interest-free loan of no fixed term of £1,100,000 to the Company.

16. Deferred Taxation

|                                | <u>1989</u>                         |                        | <u>1988</u>                         |                        |
|--------------------------------|-------------------------------------|------------------------|-------------------------------------|------------------------|
|                                | Full<br>Potential<br>Liability<br>£ | Provision<br>Made<br>£ | Full<br>Potential<br>Liability<br>£ | Provision<br>Made<br>£ |
| Accelerated capital allowances | 4,929                               | 4,929                  | 3,245                               | 3,245                  |
| Other timing differences       | 11,529                              | 11,529                 | 8,994                               | 8,994                  |
| ACT recoverable                | (27,337)                            | (16,458)               | (15,450)                            | (12,239)               |
|                                | <u>(10,879)</u>                     | <u>-</u>               | <u>(3,211)</u>                      | <u>-</u>               |

The excess ACT recoverable over the potential liability in respect of accelerated capital allowance and other timing differences has been treated as a debtor due after more than 2 years.

STEWART IVORY & COMPANY LIMITEDNOTES TO THE ACCOUNTS - 30 JUNE 1989 (contd)17. Share Capital

|                                     | <u>No. of<br/>Shares</u> | <u>Authorised, Issued<br/>and Fully Paid</u> |              |
|-------------------------------------|--------------------------|----------------------------------------------|--------------|
|                                     |                          | <u>1989</u>                                  | <u>1988</u>  |
|                                     |                          | <u>£</u>                                     | <u>£</u>     |
| Ordinary shares of 1p               | 11,767                   | -                                            | 118          |
| Redeemable Preference shares of 10p | 11,767                   | -                                            | 1,176        |
| 'A' Ordinary shares of £1           | 98,016                   | 98,016                                       | -            |
| 'B' Ordinary shares of £1           | 126,984                  | 126,984                                      | -            |
|                                     |                          | <u>225,000</u>                               | <u>1,294</u> |

18. Share Premium Account

|                              | <u>1989</u> | <u>1988</u>   |
|------------------------------|-------------|---------------|
|                              | <u>£</u>    | <u>£</u>      |
| Balance at previous year end | 96,991      | 96,991        |
| Capital re-organisation      | (96,991)    | -             |
|                              | <u>-</u>    | <u>96,991</u> |

19. Commitments

Payments committed to be made in the next year in respect of operating leases are as follows:-

|                                            | <u>1989</u>   | <u>1988</u>   |
|--------------------------------------------|---------------|---------------|
|                                            | <u>£</u>      | <u>£</u>      |
| Leases expiring within one year            | -             | 10,233        |
| Leases expiring between two and five years | 47,520        | 27,399        |
|                                            | <u>47,520</u> | <u>37,632</u> |

The company had no capital commitments at 30 June 1989.

20. Pension Scheme

The pension scheme is a defined benefit scheme and is non contributory. It provides directors and employees over the age of 25 with a pension on retirement. The Scheme is funded in accordance with actuarial advice and was at the rate of 20% of assessable emoluments during 1988/89. The cost charged to the Profit & Loss Account (£195,968) was the amount of funding required during the year.

Valuations are carried out triennially. At the last actuarial valuation in September 1986, the Fund showed a discontinuance surplus which was reduced by a contribution holiday of £42,940 in 1987/88.

21. Ultimate Holding Company

The ultimate holding company is Stewart Ivory (Holdings) Limited, which is registered in Scotland.

These accounts were approved by the Board of Directors on 21st September 1989.

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