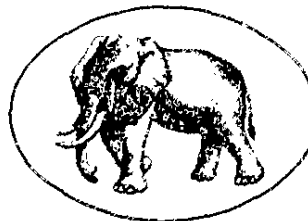


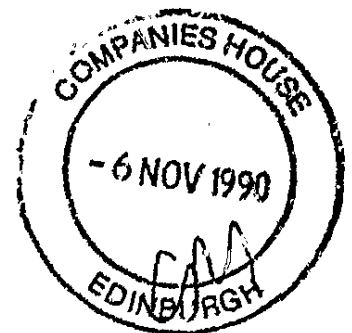
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STEWART IVORY & COMPANY LIMITED

DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 1990



Stewart Ivory
& Company Limited
Investment Managers
Member of IMRO



45 Charlotte Square, Edinburgh EH2 4HW
Telephone 031-226 3271 Fax 031-226 5120 Telex 72500 SICO

STEWART IVORY & COMPANY LIMITEDREPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 1990

The directors submit their report and the accounts of the Company for the year ended 30 June 1990.

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. Results and Dividends

The profit for the year after taxation was £315,529. The goodwill arising from the acquisition of Ivory & Company in 1985 has been amortised by a further £43,703 which has been charged against retained earnings. Dividends totalling £1.9254 per 'A' Ordinary share and 85.868p per 'B' share have been declared in respect of the year ended 30 June 1990. The balance on profit and loss account was thus reduced to £333,001.

4. Fixed Assets

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

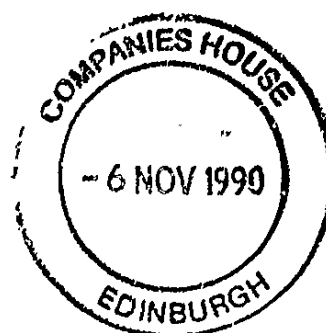
5. Directors

The directors who served during the year were as follows:

* D W R Ferguson
* J G D Ferguson
A M M Finlay
P A Campbell Fraser
D J Hume
* I E Ivory
* J Ivory
+ B M McCorkell
J G K Matterson
J H Murray
D H Shaw Stewart
M H Sims
A J Tulloch
* E A W Tulloch
* J G L Wright
+ V S Yonge

(Appointed 21.6.90)

(Resigned 7.7.80)



+ Apart from those shown thus all the other directors served throughout the year.

* 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 other directors in the share capital of Stewart Ivory (Holdings) Limited at 30 June were:

	Ordinary 'A' Shares		Ordinary 'B' Shares	
	<u>1990</u>	<u>1989</u>	<u>1990</u>	<u>1989</u>
A M M Finlay	1345	1345	2020	2020
P A Campbell Fraser	4788	4788	7182	7182

Mr J.W.A. Shaw Stewart retired as Chairman on 30 June 1989 and was succeeded by Mr J.G.D. Ferguson.

6. Insurance Cover

The Company has effected a policy of insurance for its directors and officers in respect of potential liabilities arising from any negligence or error.

7. Auditors

Our auditors Coopers & Lybrand have merged their practice with Deloitte Haskins & Sells and now practice in the name of Coopers & Lybrand Deloitte. They have signed the auditors' report in their new name. A resolution to re-appoint Coopers & Lybrand Deloitte as the company's auditors will be proposed at the annual general meeting.

BY ORDER OF THE BOARD



W H E Walker
SECRETARY

EDINBURGH, 20 September 1990.

REPORT OF THE AUDITORS TO THE MEMBERS OF

STEWART IVORY & COMPANY LIMITED

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

In our opinion the accounts give a true and fair view of the state of affairs of the Company at 30 June 1990 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.

Cooper & John Deane

Chartered Accountants

EDINBURGH, 20 September 1990.

STEWART IVORY & COMPANY LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 30 JUNE 1990

	<u>Notes</u>	<u>1990</u> <u>£</u>	<u>1989</u> <u>£</u>
TURNOVER	1	2,847,784	2,374,644
Administration Expenses	2	2,537,425	2,094,732
		310,359	279,912
Other Income	3	188,395	173,682
PROFIT BEFORE TAX		498,754	453,594
Tax on ordinary activities	7	183,225	157,980
PROFIT AFTER TAX		315,529	295,614
Less: Amortisation of goodwill		43,703	44,000
		271,826	251,614
Dividends	8	318,077	98,089
		(46,251)	153,525
RETAINED PROFIT BROUGHT FORWARD		379,252	352,442
Capital reorganisation		-	(126,715)
Transfer for year		(46,251)	153,525
RETAINED PROFIT CARRIED FORWARD		333,001	379,257

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 1990

	<u>Notes</u>	<u>£</u>	<u>1990</u>	<u>£</u>	<u>£</u>	<u>1989</u>	<u>£</u>
FIXED ASSETS							
Intangible asset - goodwill	9		-			43,703	
Tangible assets	10		298,699			158,694	
Investments:							
Shares in group companies	11	25,100			25,100		
Shares in related companies	12	6,050			19,220		
Other investments	12	1,022,892			5,500		
			1,054,042			49,820	
			1,352,741			252,217	
CURRENT ASSETS							
Debtors	13	1,043,315		1,029,137			
Cash balances		273,643		949,242			
		1,316,958		1,978,379			
CREDITORS : due within one year							
	14	1,011,698		526,344			
NET CURRENT ASSETS							
			305,260			1,452,035	
TOTAL ASSETS LESS CURRENT LIABILITIES							
			1,658,001			1,704,252	
<u>Less: non-current liabilities</u>							
CREDITORS: due after more than one year							
Subordinated loan			1,100,000			1,100,000	
			558,001			604,252	
CAPITAL AND RESERVES							
Share capital	17		225,000			225,000	
Profit and loss account			333,001			379,252	
			558,001			604,252	

..... *James Gordon Dickson Ferguson* Director James Gordon Dickson Ferguson

David William Ramsay Ferguson Director David William Ramsay Ferguson

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

Auditors' report page 3.

STEWART IVORY & COMPANY LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30 JUNE 1990

	<u>1990</u>	<u>1989</u>
<u>£</u>	<u>£</u>	<u>£</u>
SOURCE OF FUNDS		
Profit before tax and amortisation of goodwill	498,754	453,594
Adjustment for items not involving the movement of funds:		
Depreciation	150,959	42,637
TOTAL GENERATED FROM OPERATIONS	<u>649,713</u>	<u>496,231</u>
FUNDS FROM OTHER SOURCES		
Proceeds from sale of investments	13,170	-
Increase in creditor due after more than one year	-	1,100,000
	<u>662,883</u>	<u>1,596,231</u>
APPLICATION OF FUNDS		
Purchase of investments	1,017,392	-
Purchase of fixed assets	290,964	81,440
Tax paid	204,976	148,071
Dividend paid	216,492	46,351
	<u>(1,729,824)</u>	<u>(275,862)</u>
	<u>(1,066,941)</u>	<u>1,320,369</u>
INCREASE IN WORKING CAPITAL		
(Decrease) in debtors	(50,231)	(115,109)
(Increase)/Decrease in creditors	<u>(341,111)</u>	<u>1,147,897</u>
	(391,342)	1,032,788
Movement in net liquid funds:		
(Decrease)/Increase in cash balances	<u>(675,599)</u>	<u>287,581</u>
	<u>(1,066,941)</u>	<u>1,320,369</u>

Auditors' report page 3.

STEWART IVORY & 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) Pensions

The company operates a defined benefit scheme. Contributions to the Fund are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives within the company. The regular cost is attributed to individual years using the attained age method. Variations in pension costs, which are identified as a result of actuarial valuations, are amortised over the average expected working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

(c) Depreciation

Depreciation is calculated to write off the cost of fixed assets on a straight line basis over the expected useful lives of the assets concerned. 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%
Computer	-	33 ¹ / ₃ %

(d) 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.

(e) Goodwill

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

(f) Investments

Investments are shown in the Balance Sheet at cost.

STEWART IVORY & COMPANY LIMITEDNOTES TO THE ACCOUNTS - 30 JUNE 19901. Turnover

Turnover is the total of investment management and administration fees.

2. Administration Expenses

	<u>1990</u>	<u>1989</u>
	£	£
Employment costs (note 5)	1,426,642	1,361,776
Depreciation of fixed assets	150,959	42,637
Auditors' remuneration	5,500	4,900
Interest payable (note 4)	5,593	1,811
Operating lease payments	155,417	131,632
Other expenses	793,314	551,976
	<u>2,537,425</u>	<u>2,094,732</u>

3. Other Income

	<u>1990</u>	<u>1989</u>
	£	£
Bank interest received	156,957	104,694
Dividends received	4,500	17,446
Rental Income - operating lease	18,000	18,370
Other income	8,938	33,172
	<u>188,395</u>	<u>173,682</u>

4. Interest payable

	<u>1990</u>	<u>1989</u>
	£	£
Interest payable on sums wholly repayable within five years	<u>5,593</u>	<u>1,811</u>

STEWART IVORY & COMPANY LIMITEDNOTES TO THE ACCOUNTS - 30 JUNE 1990 (contd)5. Information on Employees

The company's employment costs, including executive directors, are as follows:-

	<u>1990</u>	<u>1989</u>
	£	£
Salaries	1,069,432	1,035,793
Social Security costs	117,152	113,444
Pension and Other costs	240,058	212,539
	<u>1,426,642</u>	<u>1,361,776</u>

Number of employees whose emoluments (excluding pension contributions) are
in the range - £30,001 to £35,000 1
£35,001 to £40,000 -

The average number of employees, other than directors employed by the company was 40 (1989 - 40).

6. Directors' Emoluments

	<u>1990</u>	<u>1989</u>
	£	£
Directors' emoluments, as executives, including pension contribution	<u>762,220</u>	<u>721,878</u>
The emoluments, excluding pension contributions of - the chairman (1989 highest paid director)	<u>67,858</u>	<u>70,000</u>
- the highest paid director	<u>72,348</u>	<u>-</u>

Number of other directors whose emoluments, excluding pension contributions, were within the range:

£nil to £ 5,000	3	1
£15,001 to £20,000	-	1
£20,001 to £25,000	1	1
£25,001 to £30,000	-	4
£30,001 to £35,000	1	-
£35,001 to £40,000	2	-
£40,001 to £45,000	1	1
£45,001 to £50,000	-	3
£50,001 to £55,000	2	1
£55,001 to £60,000	3	-
£60,001 to £70,000	1	2

STEWART IVORY & COMPANY LIMITEDNOTES TO THE ACCOUNTS - 30 JUNE 1990 (contd)7. Taxation

The charge for taxation is made up as follows:	<u>1990</u> £	<u>1989</u> £
UK corporation tax- current year	208,413	150,759
- prior year	-	3,002
Deferred taxation - current year	(25,290)	6,960
- prior year	102	(2,741)
	<u>183,225</u>	<u>157,980</u>

8. Dividend

	<u>1990</u> £	<u>1989</u> £
'A' Ordinary shares	209,039	98,089
'B' Ordinary shares	109,038	-
	<u>318,077</u>	<u>98,089</u>

9. Intangible Asset - Goodwill

Net book value at 1 July 1989	£ 43,703
Amortisation charge for the year	<u>43,703</u>
Net book value at 30 June 1990	<u>£ -</u>

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

10. Tangible Assets

	<u>Leasehold</u> <u>Improvements</u> £	<u>Office furni</u> <u>and Equipment</u> £	<u>Total</u> £
<u>Cost</u>			
At 1 July 1989	10,629	279,597	290,226
Additions	-	290,964	290,964
	<u>10,629</u>	<u>570,561</u>	<u>581,190</u>
<u>Depreciation</u>			
At 1 July 1989	850	130,682	131,532
Charge for the year	425	150,534	150,959
	<u>1,275</u>	<u>281,216</u>	<u>282,491</u>
<u>Net Book Value</u>			
At 30 June 1990	9,354	289,345	298,699
At 30 June 1989	<u>9,779</u>	<u>148,915</u>	<u>158,694</u>

STEWART IVORY & COMPANY LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1990 (contd)

11. Group Companies

The Company has the following subsidiaries:-

<u>Name of Company</u>	<u>Description of shares held</u>	<u>Percentage held</u>	<u>Investment at cost</u>	
			<u>1990</u> £	<u>1989</u> £
Stewart Ivory Unit Trust Managers Limited	Ordinary £1 shares	100	25,000	25,000
Stewart Ivory & Company (International) Limited	Ordinary £1 shares	100	100	100

The above companies are engaged in investment management.

Stewart Ivory Nominees Limited	Ordinary £1 shares	100	-	-
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Consolidated accounts have not been prepared in respect of the Company and its subsidiaries as consolidation has been shown in the accounts of the ultimate holding company - Stewart Ivory (Holdings) Limited, which is registered in Scotland.

12. Investments

(a) Shares in Related Companies

	<u>1990</u> £	<u>1989</u> £
Unlisted shares at cost	6,050	19,220

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

- (i) BUE-Stewart Management Limited which is incorporated in Guernsey.
- (ii) Stewart Olim Limited which is incorporated in Scotland.
- (iii) 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.

During the year the company disposed of its interest in Joseph and Stewart Fund Management (Guernsey) Limited for £13,170.

(b) Other Investments

	<u>1990</u> £	<u>1989</u> £
<u>Securities</u>		
Listed	498,344	-
Unlisted	524,548	5,500
	<u>1,022,892</u>	<u>5,500</u>

Other investments are shown at cost. The value of listed securities at 30 June 1990 was £519,812. The unlisted securities are included at directors'

STEWART IVORY & COMPANY LIMITEDNOTES TO THE ACCOUNTS - 30 JUNE 1990 (contd)13. Debtors

	<u>1990</u>	<u>1989</u>
	£	£
Trade debtors	435,663	369,263
Group companies	415,631	543,758
Tax recoverable		
(due after more than one year)	75,288	10,879
Prepayments	66,533	69,233
Other debtors	50,200	36,004
	<u>1,043,315</u>	<u>1,029,137</u>

14. Creditors - due within 1 year

	<u>1990</u>	<u>1989</u>
	£	£
Group companies	314,478	40,603
Taxation and social security *	282,701	239,278
Dividends payable	199,674	98,089
Accruals	209,136	148,340
Other creditors	5,709	34
	<u>1,011,698</u>	<u>526,344</u>

* Taxation and social security comprises:

	<u>1990</u>	<u>1989</u>
	£	£
UK corporation tax payable	138,746	135,309
ACT payable	66,558	27,337
PAYE & N.I.	38,065	33,674
Customs & Excise	39,332	42,958
	<u>282,701</u>	<u>239,278</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.

STEWART IVORY & COMPANY LIMITEDNOTES TO THE ACCOUNTS - 30 JUNE 1990 (contd)16. Deferred Taxation

	<u>1990</u>	<u>1989</u>
	Full Potential Liability £	Full Potential Liability £
Accelerated capital allowances	(10,972)	4,929
Other timing differences	2,242	11,529
ACT recoverable	(66,558)	(27,337)
	<u>(75,288)</u>	<u>(10,879)</u>

No provision for deferred tax has been made, the excess recoverable over the potential liability has been treated as a debtor.

17. Share Capital

	<u>Authorised, and Fully Paid 1990</u>	<u>Issued 1989</u>
	£	£
'A' Ordinary shares of £1	98,016	98,016
'B' Ordinary shares of £1	126,984	126,984
	<u>225,000</u>	<u>225,000</u>

18. Commitments

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

	<u>1990</u>	<u>1989</u>
	£	£
Leases expiring within one year	24,603	-
Leases expiring between two and five years	29,563	47,520
	<u>54,166</u>	<u>47,520</u>

The company had no capital commitments at 30 June 1990.

19. 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 at the rate of 19% of assessable emoluments during 1989/90. The cost charged to the Profit & Loss Account £191,142 was the amount of funding required during the year.

Valuations are carried out triennially. At the last actuarial valuation in September 1989, the Fund showed a discontinuance surplus.

These accounts were approved by the Board of Directors on 20th September 1990.