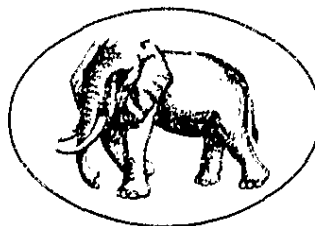


No 47108

STEWART IVORY & COMPANY LIMITED

DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 1991



Stewart Ivory
& Company Limited
Investment Managers

Member of IMRO

45 Charlotte Square, Edinburgh EH2 4HW
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STEWART IVORY & COMPANY LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 1991

The directors submit their report and the accounts of the Company for the year ended 30 June 1991.

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 continues to be in a strong position to benefit from future business opportunities.

3. Results and Dividends

The profit for the year after taxation was £381,816. Dividends totalling £2.4847 per 'A' Ordinary share and £1.1304 per 'B' share have been declared in respect of the year ended 30 June 1991. The balance on profit and loss account was thus reduced to £327,732.

4. Directors

The directors who served during the year and their interests in the share capital of Stewart Ivory (Holdings) Limited were as follows:

	<u>at 30 June 1991</u>			<u>at 30 June 1990</u>		
	<u>'A' Ord.</u>	<u>'B' Ord.</u>	<u>Options</u>	<u>'A' Ord.</u>	<u>'B' Ord.</u>	<u>Options</u>
D W R Ferguson	-	-	8,760	-	-	8,760
J G D Ferguson	10,127	15,190	-	10,127	15,190	-
A M M Finlay	1,345	2,020	-	1,345	2,020	-
P A Campbell Fraser	4,788	7,182	-	4,788	7,182	-
D J Hume	-	-	5,475	-	-	4,380
I E Ivory	10,127	15,190	-	10,127	15,190	-
J Ivory	10,127	15,190	-	10,127	15,190	-
B M McCorkell	-	-	4,380	-	-	2,190
J G K Matterson	-	-	4,380	-	-	4,380
J H Murray	(resigned 18 April 1991)			10,127	15,190	-
D H Shaw Stewart	-	-	4,380	-	-	4,380
M H Sims	-	-	5,475	-	-	4,380
A J Tulloch	-	-	6,570	-	-	4,380
E A W Tulloch	10,127	15,190	-	10,127	15,190	-
J G L Wright	10,127	15,190	-	10,127	15,190	-

5. Directors' and Officers' Insurance

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

6. Fixed Assets

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

7. Charitable Donations

During the year the Company made charitable donations amounting to £5,933.

8. Auditors

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

A handwritten signature in dark ink, appearing to read 'Wm H E Walker', with a horizontal line drawn underneath the signature.

Wm H E Walker
SECRETARY

EDINBURGH 19 September 1991.

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 1991 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 Deloitte
Chartered Accountants

EDINBURGH 19 September 1991.

STEWART IVORY & COMPANY LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 30 JUNE 1991

	<u>Notes</u>	<u>1991</u> <u>£</u>	<u>1990</u> <u>£</u>
TURNOVER	1	3,078,437	2,847,784
Administration Expenses	2	2,694,175	2,537,425
		384,262	310,359
Other Income	3	175,070	188,395
PROFIT BEFORE TAX		559,332	498,754
Tax on ordinary activities	6	177,516	183,225
PROFIT AFTER TAX		381,816	315,529
Less: Amortisation of goodwill	7	-	43,703
		381,816	271,826
Dividends	8	387,085	318,077
		(5,269)	(46,251)
RETAINED PROFIT BROUGHT FORWARD		333,001	379,252
Transfer for year		(5,269)	(46,251)
RETAINED PROFIT CARRIED FORWARD		327,732	333,001

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 1991

	<u>Notes</u>	<u>£</u>	<u>1991</u> <u>£</u>	<u>£</u>	<u>1990</u> <u>£</u>
FIXED ASSETS					
Tangible assets	9		173,506		298,699
Investments:	10				
Shares in group companies		25,100		25,100	
Shares in related companies		6,050		6,050	
Other investments		<u>1,181,274</u>		<u>1,022,892</u>	
			1,212,424		1,054,042
			<u>1,385,930</u>		<u>1,352,741</u>
CURRENT ASSETS					
Debtors	11	1,258,545		1,043,315	
Cash balances		<u>109,780</u>		<u>273,643</u>	
		1,368,325		1,316,958	
<u>Less:</u>					
CREDITORS : due within one year	12	<u>1,101,523</u>		<u>1,011,698</u>	
NET CURRENT ASSETS			266,802		305,260
TOTAL ASSETS LESS CURRENT LIABILITIES			1,652,732		1,658,001
<u>Less:</u> non-current liabilities					
CREDITORS: due after more than one year			1,100,000		1,100,000
Subordinated loan			<u>552,732</u>		<u>558,001</u>
CAPITAL AND RESERVES					
Share capital	15		225,000		225,000
Profit and loss account			<u>327,732</u>		<u>333,001</u>
			<u>552,732</u>		<u>558,001</u>

J G D Ferguson Director
J G D Ferguson

D W R Ferguson Director
D W R 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 1991

	<u>£</u>	<u>1991</u>	<u>£</u>	<u>£</u>	<u>1990</u>	<u>£</u>
SOURCE OF FUNDS						
Profit before tax and amortisation of goodwill		559,332			498,754	
Adjustment for items not involving the movement of funds:						
Depreciation		157,383			150,959	
Profit on sale of investments		(63,997)			-	
TOTAL GENERATED FROM OPERATIONS		652,718			649,713	
FUNDS FROM OTHER SOURCES						
Proceeds from sale of investments		1,700,865			13,170	
		2,353,583			662,883	
APPLICATION OF FUNDS						
Purchase of investments	1,795,250			1,017,392		
Purchase of fixed assets	32,190			290,964		
Tax paid	210,819			204,976		
Dividend paid	427,527			216,492		
		(2,465,786)			(1,729,824)	
		(112,203)			(1,066,941)	
INCREASE IN WORKING CAPITAL						
Increase/(Decrease) in debtors	215,170			(50,231)		
(Increase) in creditors	(163,510)			(341,111)		
		51,660			(391,342)	
Movement in net liquid funds:						
(Decrease) in cash balances		(163,863)			(675,599)	
		(112,203)			(1,066,941)	

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) Basis of Accounting

The accounts have been prepared in accordance with the Companies Act 1985, as amended, and with applicable accounting standards.

(b) Leases

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

(c) 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.

(d) 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 improvements	-	4%
Office equipment	-	25%
Office furniture	-	15%
Computer	-	33 $\frac{1}{3}$ %

(e) 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.

(f) Foreign Currencies

Income received in foreign currencies is translated into sterling at the rate ruling on the date of receipt.

(g) Goodwill

Purchased goodwill is eliminated by amortisation through the profit and loss account over its useful life.

(h) Investments

Investments are shown in the balance sheet at cost or at directors valuation.

STEWART IVORY & COMPANY LIMITEDNOTES TO THE ACCOUNTS - 30 JUNE 19911. Turnover

Turnover is the total of investment management and administration fees.

2. Administration Expenses

	<u>1991</u> £	<u>1990</u> £
Employment costs (note 5)	1,603,144	1,426,642
Depreciation of fixed assets	157,383	150,959
Auditors' remuneration	6,100	5,500
Interest payable on short term borrowings	7,240	5,593
Operating lease payments	88,604	155,417
Other expenses	831,704	793,314
	<u>2,694,175</u>	<u>2,537,425</u>

3. Other Income

	<u>1991</u> £	<u>1990</u> £
Deposit interest received	89,573	156,957
Dividends received	4,500	4,500
Rental income - operating lease	17,000	18,000
Profit on sale of investments	63,997	-
Other income	-	8,938
	<u>175,070</u>	<u>188,395</u>

4. Information on Employees

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

	<u>1991</u> £	<u>1990</u> £
Salaries	1,211,459	1,069,432
Social Security costs	140,691	117,152
Pension and other costs	250,994	240,058
	<u>1,603,144</u>	<u>1,426,642</u>

The average number of employees, other than directors, employed by the company was 39 (1990 - 40).

STEWART IVORY & COMPANY LIMITEDNOTES TO THE ACCOUNTS - 30 JUNE 1991 (contd)5. Directors' Emoluments

	<u>1991</u>	<u>1990</u>
	<u>£</u>	<u>£</u>
Directors' emoluments, as executives, including pension contribution	896,163	762,220
The emoluments, excluding pension contributions of the chairman (and highest paid director)	17,154	67,858

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

£nil to £ 5,000	1	3
£20,001 to £25,000	-	1
£30,000 to £35,000	1	1
£35,001 to £40,000	2	2
£40,001 to £45,000	2	1
£45,001 to £50,000	1	-
£50,001 to £55,000	-	2
£55,001 to £60,000	1	3
£60,001 to £65,000	3	1
£65,001 to £70,000	2	-
£75,001 to £80,000	1	-

6. Taxation

The charge for taxation is made up as follows:	<u>1991</u>	<u>1990</u>
	<u>£</u>	<u>£</u>
UK corporation tax- current year	191,425	208,413
- prior year	(368)	-
Deferred taxation - current year	(13,541)	(25,290)
- prior year	-	102
	<u>177,516</u>	<u>183,225</u>

7. Amortisation of Goodwill

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

	<u>1991</u>	<u>1990</u>
	<u>£</u>	<u>£</u>
8. <u>Dividends</u>		
'A' Ordinary shares	243,543	209,039
'B' Ordinary shares	143,542	109,038
	<u>387,085</u>	<u>318,077</u>

STEWART IVORY & COMPANY LIMITEDNOTES TO THE ACCOUNTS - 30 JUNE 1991 (contd)9. Tangible Assets

<u>Cost</u>	<u>Leasehold Improvements</u>	<u>Office furniture and Equipment</u>	<u>Total</u>
	£	£	£
At 1 July 1990	10,629	570,561	581,190
Additions	-	32,190	32,190
	10,629	602,751	613,380
<u>Depreciation</u>			
At 1 July 1990	1,275	281,216	282,491
Charge for the year	425	156,958	157,383
	1,700	438,174	439,874
<u>Net Book Value</u>			
At 30 June 1991	8,929	164,577	173,506
At 30 June 1990	9,354	289,345	298,699

10. Investments(a) Group Undertakings

The Company has the following subsidiary undertakings:-

<u>Name of Company</u>	<u>Description of shares held</u>	<u>Percentage held</u>	<u>Investment at cost</u>	
			<u>1991</u>	<u>1990</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	-	-

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.

(b) Associated Undertakings

	<u>1991</u>	<u>1990</u>
	£	£
Unlisted shares at cost	6,050	6,050

STEWART IVORY & COMPANY LIMITEDNOTES TO THE ACCOUNTS - 30 JUNE 1991 (contd)10. Investments (Continued)

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 registered in Scotland.
- (iii) Cunningham-Stewart Ivory Limited which is registered 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.

(c) Other Investments

	<u>1991</u>	<u>1990</u>
	£	£
<u>Securities</u>		
Listed	515,250	498,344
Unlisted	666,024	524,548
	<u>1,181,274</u>	<u>1,022,892</u>

These investments are shown at cost. The market value of listed securities at 30 June 1991 was £552,937 (1990 - £519,812). The unlisted securities are included at directors' valuation.

11. Debtors

	<u>1991</u>	<u>1990</u>
	£	£
Trade debtors	487,051	435,663
Group undertakings	623,004	415,631
Tax recoverable		
(due after more than one year)	75,300	75,288
Prepayments	58,134	66,533
Other debtors	15,008	50,200
	<u>1,258,545</u>	<u>1,043,315</u>

STEWART IVORY & COMPANY LIMITEDNOTES TO THE ACCOUNTS - 30 JUNE 1991 (contd)12. Creditors - due within 1 year

	<u>1991</u>	<u>1990</u>
	£	£
Group undertakings	463,045	314,478
Taxation and social security *	278,574	282,701
Dividends payable	159,232	199,674
Accruals	173,876	209,136
Other creditors	26,796	5,709
	<u>1,101,523</u>	<u>1,011,698</u>

* Taxation and social security comprises:

	<u>1991</u>	<u>1990</u>
	£	£
UK corporation tax payable	43,078	138,746
ACT payable	128,983	66,558
PAYE & N.I.	44,150	38,065
Customs & Excise	62,363	39,332
	<u>278,574</u>	<u>282,701</u>

13. 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.

14. Deferred Taxation

	<u>1991</u>	<u>1990</u>
	Full Potential Liability £	Full Potential Liability £
Accelerated capital allowances	(33,804)	(10,972)
Other timing differences	11,533	2,242
ACT recoverable	<u>(53,077)</u>	<u>(66,558)</u>
	<u>(75,348)</u>	<u>(75,288)</u>

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

NOTES TO THE ACCOUNTS - 30 JUNE 1991 (contd)15. Share Capital

	<u>Authorised, Issued and Fully Paid</u>	
	<u>1991</u>	<u>1990</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>

16. Commitments

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

	<u>1991</u>	<u>1990</u>
	£	£
Leases expiring within one year	4,219	24,603
Leases expiring between two and five years	70,317	29,563
	<u>74,536</u>	<u>54,166</u>

The company had no capital commitments at 30 June 1991.

17. 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 which during 1990/91 was at the rate of 19% of assessable emoluments. The cost charged to the profit & loss account - £222,576 (1990 - £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 19 September 1991.

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