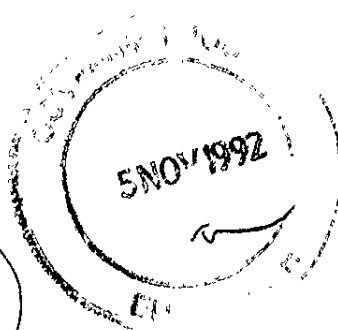
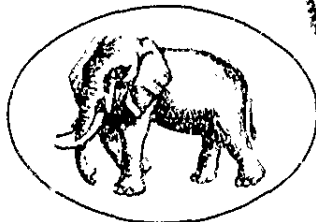


Rec. No. 47708

STEWART IVORY & COMPANY LIMITED

DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 1992



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 SIC0

STEWART IVORY & COMPANY LIMITED

DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 1992

STEWART IVORY & COMPANY LIMITEDREPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 1992

The directors submit their report and the accounts of the Company for the year ended 30 June 1992.

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 £449,110. Dividends totalling £1.1212 per 'A' Ordinary share and £0.8498 per 'B' share have been declared in respect of the year ended 30 June 1992. The balance on profit and loss account was thus increased to £461,012.

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 1992</u>			<u>at 30 June 1991</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	(resigned 12 October 1991)			4,788	7,182	-
D J Hume	-	-	5,475	-	-	5,475
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	-	-	4,380
J G K Matterson	-	-	4,380	-	-	4,380
D H Shaw Stewart	-	-	4,380	-	-	4,380
M H Sims	-	-	5,475	-	-	5,475
A J Tulloch	-	-	6,570	-	-	6,570
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 8 and 9 to the accounts.

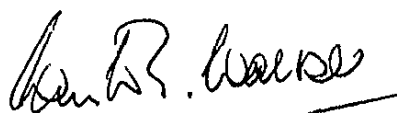
7. Charitable Donations

During the year the Company made charitable donations amounting to £5,875.

8. Auditors

A resolution to re-appoint Coopers & Lybrand as the Company's auditors will be proposed at the Annual General Meeting. Until 1 June 1992 the firm practised in the name of Coopers & Lybrand Deloitte.

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

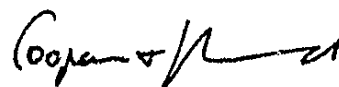
EDINBURGH 22 October 1992.

REPORT OF THE AUDITORS TO THE MEMBERS OF

STEWART IVORY & COMPANY LIMITED

We have audited the accounts on pages 4 to 14 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 30 June 1992 and of the profit and cash flows for the year then ended and have been properly prepared in accordance with The Companies Act 1985.



Coopers & Lybrand
Chartered Accountants
and Registered Auditor

EDINBURGH 22 October 1992.

STEWART IVORY & COMPANY LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 30 JUNE 1992

	<u>Notes</u>	<u>1992</u> <u>£</u>	<u>1991</u> <u>£</u>
TURNOVER	1	3,622,127	3,078,437
Administration Expenses	2	3,206,906	2,694,175
		415,221	384,262
Other Income	3	249,988	175,070
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		665,209	559,332
Tax on ordinary activities	6	216,099	177,516
PROFIT AFTER TAX		449,110	381,816
Dividends	7	315,830	387,085
PROFIT/(LOSS) FOR THE YEAR		133,280	(5,269)
RETAINED PROFIT BROUGHT FORWARD		327,732	333,001
Transfer for year		133,280	(5,269)
RETAINED PROFIT CARRIED FORWARD		461,012	327,732

The notes on pages 7 to 14 form part of these accounts.

Auditors' report on page 3.

STEWART IVORY & COMPANY LIMITEDBALANCE SHEET AT 30 JUNE 1992

	<u>Notes</u>	<u>£</u>	<u>1992</u>	<u>£</u>	<u>£</u>	<u>1991</u>	<u>£</u>
FIXED ASSETS							
Tangible assets	8		87,855			173,506	
Investments:	9						
Shares in group companies		25,100			25,100		
Shares in related companies		6,050			6,050		
Other investments		817,625			1,181,274		
			848,775			1,212,424	
			936,630			1,385,930	
CURRENT ASSETS							
Debtors	10	1,411,203		1,258,545			
Cash balances		809,702		109,780			
		2,220,905		1,368,325			
Less:							
CREDITORS: amounts falling due within one year	12	1,371,523		1,101,523			
NET CURRENT ASSETS			849,382			266,802	
TOTAL ASSETS LESS CURRENT LIABILITIES			1,786,012			1,652,732	
Less: non-current liabilities							
CREDITORS: amounts due after one year							
Subordinated loan	13		1,100,000			1,100,000	
			686,012			552,732	
CAPITAL AND RESERVES							
Share capital	14		225,000			225,000	
Profit and loss account			461,012			327,732	
			686,012			552,732	

..... *J G D Ferguson* Director
J G D Ferguson

..... *D W R Ferguson* Director
D W R Ferguson

The notes on pages 7 to 14 form part of these accounts.

Auditors' report page 3.

STEWART IVORY & COMPANY LIMITEDCASH FLOW STATEMENTFOR THE YEAR ENDED 30 JUNE 1992

	<u>Note</u>	<u>1992</u>	<u>1991</u>
		£	£
Net cash inflow from operating activities	17	622,331	506,985
Returns on investments and servicing of finance			
Dividends received		78,960	4,500
Dividends paid		(264,899)	(427,527)
Interest received		108,785	89,573
		(77,154)	(333,454)
Taxation			
U.K. Corporation tax paid		(205,012)	(210,819)
Investing activities			
Purchase of investments		(532,125)	(1,795,250)
Sale of investments		948,962	1,700,865
Purchase of fixed assets		(57,080)	(32,190)
		359,757	(126,575)
Increase/(Decrease) in cash and cash equivalent	18	699,922	(163,863)

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 historical cost convention, the Companies Act 1985, as amended, and with applicable accounting standards in the United Kingdom.

(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 non-contributory 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.

(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 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. Gains and losses on exchange are taken to the profit and loss account.

(g) Investments

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

STEWART IVORY & COMPANY LIMITEDNOTES TO THE ACCOUNTS - 30 JUNE 19921. Turnover

Turnover is the total of investment management and administration fees.

2. Administration Expenses

	<u>1992</u> £	<u>1991</u> £
Employment costs (note 4)	1,959,054	1,603,144
Depreciation of fixed assets	142,731	157,383
Auditors' remuneration	6,300	6,100
Interest payable on short term borrowings	7,935	7,240
Operating lease payments	93,962	88,604
Other expenses	996,924	831,704
	<u>3,206,906</u>	<u>2,694,175</u>

3. Other Income

	<u>1992</u> £	<u>1991</u> £
Deposit interest received	108,785	89,573
Dividends received	78,960	4,500
Property Rental income	9,055	17,000
Profit on sale of investments	53,188	63,997
	<u>249,988</u>	<u>175,070</u>

4. Information on Employees

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

	<u>1992</u> £	<u>1991</u> £
Salaries	1,525,710	1,231,459
Social Security costs	147,059	140,691
Pension and other costs	286,285	250,994
	<u>1,959,054</u>	<u>1,603,144</u>

The average number of employees, other than directors, employed by the company was 39 (1991 - 39).

STEWART IVORY & COMPANY LIMITEDNOTES TO THE ACCOUNTS - 30 JUNE 1992 (contd)5. Directors' Emoluments

	<u>1992</u> £	<u>1991</u> £
Directors' emoluments, as executives, including pension contribution	<u>1,015,536</u>	<u>896,163</u>
The emoluments, excluding pension contributions of - the chairman (1991 highest paid director)	<u>83,700</u>	<u>77,154</u>
- the highest paid director	<u>86,538</u>	<u>-</u>

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

£nil to £ 5,000	-	1
£ 5,001 to £10,000	1	-
£30,000 to £35,000	-	1
£35,001 to £40,000	-	2
£40,001 to £45,000	2	2
£45,001 to £50,000	1	1
£50,001 to £55,000	2	-
£55,001 to £60,000	-	1
£60,001 to £65,000	1	3
£65,001 to £70,000	-	2
£70,001 to £75,000	5	1
£80,001 to £85,000	1	-
£85,001 to £90,000	1	-

6. Taxation

The charge for taxation is made up as follows:	<u>1992</u> £	<u>1991</u> £
UK corporation tax- current year at 33%	232,411	190,300
- prior year	720	(368)
Tax on Franked Investment income	13,867	1,125
Deferred taxation - current year	<u>(30,899)</u>	<u>(13,541)</u>
	<u>216,099</u>	<u>177,516</u>

7. Dividends

	<u>1992</u> £	<u>1991</u> £
'A' Ordinary shares	207,915	243,543
'B' Ordinary shares	<u>107,915</u>	<u>143,542</u>
	<u>315,830</u>	<u>387,085</u>

STEWART IVORY & COMPANY LIMITEDNOTES TO THE ACCOUNTS - 30 JUNE 1992 (contd)8. Tangible Assets

	<u>Leasehold Improvements</u>	<u>Office furniture and Equipment</u>	<u>Total</u>
<u>Cost</u>	£	£	£
At 1 July 1991	10,629	602,751	613,380
Additions	-	57,080	57,080
	<u>10,629</u>	<u>659,831</u>	<u>670,460</u>
<u>Depreciation</u>			
At 1 July 1991	1,700	438,174	439,874
Charge for the year	425	142,306	142,731
	<u>2,125</u>	<u>580,480</u>	<u>582,605</u>
<u>Net Book Value</u>			
At 30 June 1992	8,504	79,351	87,855
At 30 June 1991	8,929	164,577	173,506

9. 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>1992</u>	<u>1991</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>1992</u>	<u>1991</u>
	£	£
Unlisted shares at cost	6,050	6,050

STEWART IVORY & COMPANY LIMITEDNOTES TO THE ACCOUNTS - 30 JUNE 1992 (contd)9. 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 (non-trading) 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 group financial statements and the directors are of the opinion that there would be no benefit to be derived on the grounds that the net assets and results of these companies are immaterial to the group. Unaudited financial statements have been prepared to 30 June 1992 for Cunningham Stewart Ivory which show capital and reserves of £2,118 and fee income of £33,186. Audited financial statements for the year ended 30 June 1992 for BUE Stewart Management show capital and reserves of £20,662 and fee income of £5,243. In the opinion of the directors the market value of these investments exceed their cost.

(c) Other Investments

	<u>1992</u> £	<u>1991</u> £
<u>Securities</u>		
Listed	812,125	515,250
Unlisted	5,500	666,024
	<u>817,625</u>	<u>1,181,274</u>

These investments are shown at cost. The market value of listed securities at 30 June 1992 was £889,000 (1991 - £552,937). The unlisted securities are included at directors' valuation.

10. Debtors

	<u>1992</u> £	<u>1991</u> £
Trade debtors	571,265	487,051
Group undertakings	581,029	623,004
Tax recoverable		
(due after more than one year)	123,223	75,348
Prepayments	61,054	52,134
Other debtors	74,632	15,008
	<u>1,411,203</u>	<u>1,258,545</u>

STEWART IVORY & COMPANY LIMITEDNOTES TO THE ACCOUNTS - 30 JUNE 1992 (contd)11. Deferred Taxation

	<u>1992</u>	<u>1991</u>
	Full Potential Liability £	Full Potential Liability £
Accelerated capital allowances	(65,618)	(33,804)
Other timing differences	12,449	11,533
ACT recoverable	(70,054)	(53,077)
	<u>(123,223)</u>	<u>(75,348)</u>

No provision for deferred tax has been made. The total amount recoverable has been treated as a debtor due after more than one year (see note 10).

12. Creditors - due within 1 year

	<u>1992</u>	<u>1991</u>
	£	£
Group undertakings	562,946	463,045
Taxation and social security *	333,338	278,574
Dividends payable	210,163	159,232
Accruals	264,627	173,876
Other creditors	449	26,796
	<u>1,371,523</u>	<u>1,101,523</u>

* Taxation and social security comprises:

UK corporation tax payable	160,969	43,078
ACT payable	70,054	128,983
PAYE & N.I.	45,087	44,150
Customs & Excise	57,228	62,363
	<u>333,338</u>	<u>278,574</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 subordinated to the claims of all other creditors of £1,100,000 to the Company.

STEWART IVORY & COMPANY LIMITEDNOTES TO THE ACCOUNTS - 30 JUNE 1992 (contd)14. Share Capital

	<u>Authorised, Issued and Fully Paid</u>	
	<u>1992</u>	<u>1991</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>

15. Commitments

Payment committed to be made in the next year in respect of operating leases for motor vehicles and office equipment are as follows:-

	<u>1992</u>	<u>1991</u>
	£	£
Leases expiring within one year	26,504	4,219
Leases expiring between two and five years	41,295	70,317
	<u>67,799</u>	<u>74,536</u>

The company had no capital commitments at 30 June 1992.

16. 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 1991/92 was at the rate of 19% of assessable emoluments. The cost charged to the profit & loss account - £234,267 (1991 - £222,576) was the amount of funding required during the year.

Valuations are carried out triennially. At the last actuarial valuation in September 1992, the Fund showed a discontinuance surplus.

17. Net cash flow from operating activities

	<u>1992</u>	<u>1991</u>
	£	£
Gross profit	415,221	384,262
Other operating income	9,055	17,000
Operating profit	<u>424,276</u>	<u>401,262</u>
Depreciation on tangible fixed assets	142,731	157,383
(Increase) in debtors	(104,783)	(215,170)
Increase in creditors	160,107	163,510
	<u>622,331</u>	<u>506,985</u>

STEWART IVORY & COMPANY LIMITEDNOTES TO THE ACCOUNTS - 30 JUNE 1992 (contd)18. Analysis of changes in cash and cash equivalents during the year

	<u>1992</u> £	<u>1991</u> £
Balance at 30 June 1991	109,780	273,643
Net cash inflow	699,922	(163,863)
Balance at 30 June 1992	<u>809,702</u>	<u>109,780</u>

19. Analysis of the balances of cash and cash equivalents as shown in the Balance Sheets

	<u>1992</u> £	<u>1991</u> £	<u>Change in year</u> £
Cash in bank and in hand	<u>809,702</u>	<u>109,780</u>	<u>699,922</u>

These accounts were approved by the Board of Directors on 22 October 1992.

Auditors' report page 3.