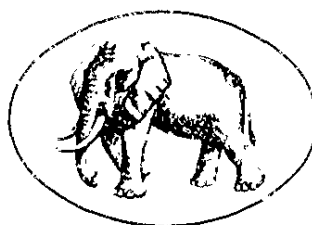


Company No 47108

STEWART IVORY & COMPANY LIMITED

DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 1993



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 LIMITED

DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 1993

STEWART IVORY & COMPANY LIMITEDREPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 1993

The directors submit their report and the accounts of the Company for the year ended 30 June 1993.

1. Principal Activities and Status

The principal activities of the Company are the management of investment 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 £846,163. First interim dividends of £5.207 per 'A' Ordinary share and £3.23168 per 'B' share were paid on 5 April 1993 and second interim dividends of £1.6222 per 'A' Ordinary share and £1.6222 per 'B' Ordinary share have been declared payable on 4 October 1993. The directors do not recommend the payment of any final dividend. The balance on profit and loss account was thus reduced to £221,432.

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 1993</u>			<u>at 30 June 1992</u>		
	<u>'A' Ord.</u>	<u>'B' Ord.</u>	<u>Options</u>	<u>'A' Ord.</u>	<u>'B' Ord.</u>	<u>Options</u>
J W Burns	-	-	-	-	-	- *
D W R Ferguson	-	-	8,760	-	-	8,760
J G D Ferguson	6,377	15,190	-	10,127	15,190	-
A M M Finlay	847	2,020	-	1,345	2,020	-
D J Hume	-	-	5,475	-	-	5,475
I E Ivory	6,377	15,190	-	10,127	15,190	-
J Ivory	6,377	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	6,377	15,190	-	10,127	15,190	-
J G L Wright	6,377	15,190	-	10,127	15,190	-

* at date of appointment - 2 April 1993

None of the directors are interested in the share capital of the company.

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.

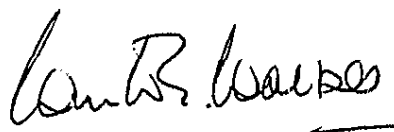
7. Charitable Donations

During the year the Company made charitable donations amounting to £6,170.

8. Auditors

A resolution to re-appoint Coopers & Lybrand 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 underneath.

Wm H E Walker
SECRETARY

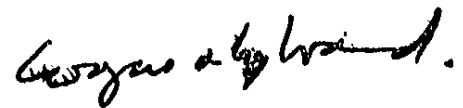
EDINBURGH 21 October 1993.

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 1993 and of its 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 Auditors

EDINBURGH 21 October 1993.

STEWART IVORY & COMPANY LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 30 JUNE 1993

	<u>Notes</u>	<u>1993</u> <u>£</u>	<u>1992</u> <u>£</u>
Continuing operations			
TURNOVER	1	4,360,955	3,622,127
Administration Expenses	2	3,976,065	3,206,906
		384,890	415,221
Other Income	3	875,551	249,988
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		1,260,441	665,209
Tax on ordinary activities	6	214,278	216,099
PROFIT FOR THE FINANCIAL YEAR		1,046,163	449,110
Dividends	7	1,285,743	315,830
Transfer to Reserves		(239,580)	133,280
RETAINED PROFIT BROUGHT FORWARD		461,012	327,732
Transfer for year		(239,580)	133,280
RETAINED PROFIT CARRIED FORWARD		221,432	461,012

There were no discontinued operations or acquisitions during the year.

Except as included above, there were no recognised gains or losses during either year.

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 1993

	<u>Notes</u>	<u>£</u>	<u>1993</u>	<u>£</u>	<u>£</u>	<u>1992</u>	<u>£</u>
FIXED ASSETS							
Tangible assets	8		223,886			87,855	
Investments:	9						
Shares in group companies		25,100			25,100		
Shares in related companies		6,050			6,050		
Other investments		554,688			817,625		
			585,838			848,775	
			809,724			936,630	
CURRENT ASSETS							
Debtors	10	2,972,910		1,411,203			
Cash balances		130,133		809,702			
		3,103,043		2,220,905			
Less:							
CREDITORS: amounts falling due within one year	12	2,366,335		1,371,523			
NET CURRENT ASSETS			736,708			849,382	
TOTAL ASSETS LESS CURRENT LIABILITIES			1,546,432			1,786,012	
Less: non-current liabilities							
CREDITORS: amounts due after one year							
Subordinated loan	13		1,100,000			1,100,000	
			446,432			686,012	
CAPITAL AND RESERVES							
Share capital	14		225,000			225,000	
Profit and loss account			221,432			461,012	
	20		446,432			686,012	

..... *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 1993

	<u>Note</u>	<u>1993</u>	<u>1992</u>
		£	£
Net cash inflow from operating activities	17	526,747	622,331
Returns on investments and servicing of finance			
Dividends received		42,359	78,960
Dividends paid		(1,130,906)	(264,899)
Interest received		25,703	108,785
		<u>(1,062,844)</u>	<u>(77,154)</u>
Taxation			
U.K. Corporation tax paid		(279,402)	(205,012)
Investing activities			
Purchase of investments		(549,187)	(532,125)
Sale of investments		920,938	948,962
Purchase of fixed assets		(235,821)	(57,080)
		<u>135,930</u>	<u>359,757</u>
(Decrease)/Increase in cash and cash equivalent	18	<u>(679,569)</u>	<u>699,922</u>

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

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 historical cost convention, the Companies Act 1985 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 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. Foreign currency balances have been translated at market rates of exchange ruling at the Balance Sheet date. Gains and losses on exchange are taken to the profit and loss account.

(g) Investments

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

(h) Interest Income on Gilts

Interest income on government securities is accounted for when received.

STEWART IVORY & COMPANY LIMITEDNOTES TO THE ACCOUNTS - 30 JUNE 19931. Turnover

Turnover is the total of investment management and administration fees.

2. Administration Expenses

	<u>1993</u> £	<u>1992</u> £
Employment costs (note 4)	2,595,302	1,959,054
Depreciation of fixed assets	99,790	142,731
Auditors' remuneration	6,650	6,300
Interest payable on short term borrowings	-	7,935
Foreign exchange differences	(5,049)	-
Operating lease payments	71,197	93,962
Other expenses	1,208,175	996,924
	<u>3,976,065</u>	<u>3,206,906</u>

The remuneration of the company's auditors for the provision of non audit services was £14,050.

3. Other Income

	<u>1993</u> £	<u>1992</u> £
Deposit interest received	29,822	108,785
Dividends received - unlisted investments	692,359	78,960
Property rental income	20,829	9,055
Profit on sale of investments	108,813	53,188
Other income	23,728	-
	<u>875,551</u>	<u>249,988</u>

4. Information on Employees

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

	<u>1993</u> £	<u>1992</u> £
Salaries	2,074,988	1,525,710
Social security costs	181,750	147,059
Pension and other costs	338,564	286,285
	<u>2,595,302</u>	<u>1,959,054</u>

The average number of employees, other than directors, employed by the company was 42 (1992 - 39).

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

	<u>1993</u>	<u>1992</u>
	<u>£</u>	<u>£</u>
Directors' emoluments, as executives, including pension contributions	<u>1,396,939</u>	<u>1,015,536</u>
The emoluments, excluding pension contributions of - the chairman	<u>111,807</u>	<u>83,700</u>
- the highest paid director	<u>169,652</u>	<u>86,538</u>

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

£5,001 to £10,000	-	1
£15,001 to £20,000	1	-
£40,001 to £45,000	-	2
£45,001 to £50,000	-	1
£50,001 to £55,000	-	2
£55,001 to £60,000	2	-
£60,001 to £65,000	-	1
£70,001 to £75,000	2	5
£80,001 to £85,000	1	1
£85,001 to £90,000	1	1
£90,001 to £95,000	4	-
£110,001 to £115,000	1	-
£135,001 to £140,000	1	-
£165,001 to £170,000	1	-

6. Taxation

The charge for taxation is made up as follows:	<u>1993</u>	<u>1992</u>
	<u>£</u>	<u>£</u>
UK corporation tax- current year at 34% (1992 - 33%)	149,390	232,411
- prior year	(3,226)	720
Tax on Franked Investment income	14,944	13,867
Deferred taxation - current year	54,080	(30,899)
- prior year	(910)	-
	<u>214,278</u>	<u>216,099</u>

7. Dividends

	<u>1993</u>	<u>1992</u>
	<u>£</u>	<u>£</u>
First interim - paid 5 April 1993;		
'A' Ordinary shares	510,371	-
'B' Ordinary shares	410,372	-
	<u>920,743</u>	<u>-</u>
Second interim - payable 4 October 1993;		
'A' Ordinary shares	159,005	207,915
'B' Ordinary shares	205,995	107,915
	<u>365,000</u>	<u>315,830</u>
	<u>1,285,743</u>	<u>315,830</u>

STEWART IVORY & COMPANY LIMITEDNOTES TO THE ACCOUNTS - 30 JUNE 1993 (contd)8. Tangible Assets

	<u>Leasehold Improvements</u>	<u>Office furniture and Equipment</u>	<u>Total</u>
<u>Cost</u>	£	£	£
At 1 July 1992	10,629	659,831	670,460
Additions	-	235,821	235,821
	10,629	895,652	906,281
<u>Depreciation</u>			
At 1 July 1992	2,125	580,480	582,605
Charge for the year	425	99,365	99,790
	2,550	679,845	682,395
<u>Net Book Value</u>			
At 30 June 1993	8,079	215,807	223,886
At 30 June 1992	8,504	79,351	87,855

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>1993</u>	<u>1992</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 (non trading)

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. In the opinion of the directors the aggregate value of the company's investments in its subsidiary is not less than the aggregate of the amount at which the investment is stated in the Balance Sheet.

(b) Associated Undertakings

	<u>1993</u>	<u>1992</u>
	£	£
Unlisted shares at cost	6,050	6,050

STEWART IVORY & COMPANY LIMITEDNOTES TO THE ACCOUNTS - 30 JUNE 1993 (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) Cunningham-Stewart Ivory Limited which is registered in Northern Ireland.
- (iii) Stewart OLIM Limited (non-trading) which is registered in Scotland.

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 for the year ended 30 June 1993 for BUE Stewart Management show capital and reserves of £24,289 and fee income of £7,031. Unaudited financial statements have been prepared to 30 June 1993 for Cunningham Stewart Ivory which show capital and reserves of £2,116 and fee income of £39,357. In the opinion of the directors the market value of these investments exceeds their cost.

(c) Other Investments

	<u>1993</u>	<u>1992</u>
	£	£
<u>Securities</u>		
Listed	549,188	812,125
Unlisted	5,500	5,500
	<u>554,688</u>	<u>817,625</u>

These investments are shown at cost. The market value of listed securities at 30 June 1993 was £591,000 (1992 - £889,000). The unlisted securities are included at directors' valuation.

10. Debtors

	<u>1993</u>	<u>1992</u>
	£	£
Trade debtors	668,709	571,265
Group undertakings	1,163,322	581,029
Tax recoverable		
(due after more than one year)	100,161	123,223
(due within one year)	223,788	-
Prepayments	74,223	61,054
Dividend receivable	650,000	-
Other debtors	92,707	74,632
	<u>2,972,910</u>	<u>1,411,203</u>

STEWART IVORY & COMPANY LIMITEDNOTES TO THE ACCOUNTS - 30 JUNE 1993 (contd)11. Deferred Taxation

	<u>1993</u>	<u>1993</u>	<u>1992</u>	<u>1992</u>
	Full Potential Liability £	Provision Made £	Full Potential Liability £	Provision Made £
Accelerated capital allowances	(49,112)	-	(65,618)	(65,618)
Other timing differences	15,210	-	12,449	12,449
ACT recoverable	(100,161)	(100,161)	(70,054)	(70,054)
	<u>(134,063)</u>	<u>(100,161)</u>	<u>(123,223)</u>	<u>(123,223)</u>

The total amount of ACT recoverable has been treated as a debtor due arcer more than one year (see note 10).

12. Creditors - due within 1 year

	<u>1993</u>	<u>1992</u>
	£	£
Group undertakings	535,162	562,946
Taxation and social security *	470,280	333,338
Dividends payable	365,000	210,163
Accruals	994,107	264,627
Other creditors	1,786	449
	<u>2,366,335</u>	<u>1,371,523</u>

* Taxation and social security comprises:

UK corporation tax payable	-	160,969
ACT payable	366,626	70,054
PAYE & N.I.	43,231	45,087
Customs & Excise	60,423	57,228
	<u>470,280</u>	<u>333,338</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 1993 (contd)14. Share Capital

	<u>Authorised, Issued and Fully Paid</u>	
	<u>1993</u>	<u>1992</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

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

	<u>1993</u>	<u>1992</u>
	£	£
Leases expiring within one year	39,372	26,504
Leases expiring between two and five years	34,536	41,295
	<u>73,908</u>	<u>67,799</u>

The company had no capital commitments at 30 June 1993.

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, and during 1992/93 this was at the rate of 18.8% of assessable emoluments. The cost charged to the profit & loss account - £294,218 (1992 - £234,267) 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>1993</u>	<u>1992</u>
	£	£
Gross profit	384,890	415,221
Other operating income	44,557	9,055
	<u>429,447</u>	<u>424,276</u>
Operating profit		
Depreciation on tangible fixed assets	99,790	142,731
(Increase) in debtors	(706,862)	(104,783)
Increase in creditors	704,372	160,107
	<u>526,747</u>	<u>622,331</u>

STEWART IVORY & COMPANY LIMITEDNOTES TO THE ACCOUNTS - 30 JUNE 1993 (contd)18. Analysis of changes in cash and cash equivalents during the year

	<u>1993</u> £	<u>1992</u> £
Balance at 30 June 1992	809,702	109,780
Net cash (outflow)/inflow	(679,569)	699,922
Balance at 30 June 1993	<u>130,133</u>	<u>809,702</u>

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

	<u>1993</u> £	<u>1992</u> £	<u>Change in year</u> £
Cash at bank and in hand	<u>130,133</u>	<u>809,702</u>	<u>(679,569)</u>

20. Reconciliation of movements in shareholder' funds

	<u>1993</u> £	<u>1992</u> £
Profit for the financial year	1,046,163	449,110
Dividends	(1,285,743)	(315,830)
	<u>(239,580)</u>	<u>133,280</u>
Opening shareholders' funds	<u>686,012</u>	<u>552,732</u>
Closing shareholders' funds	<u>446,432</u>	<u>686,012</u>

These accounts were approved by the Board of Directors on 21 October 1993.

Auditors' report page 3.