

1  
0

93289.  
201

THE REPORT OF THE DIRECTORS  
& FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 1985



---

---

THE REPORT OF THE DIRECTORS  
& FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 1985

---

---

# CONTENTS

	Page
Financial highlights . . . . .	3
Five year record . . . . .	3
Notice of meeting . . . . .	4
Directors & advisers . . . . .	6
Largest holdings . . . . .	7
Chairman's statement . . . . .	8
Report of the directors . . . . .	10
Auditors' report . . . . .	13
Consolidated profit & loss account . . . . .	14
Consolidated balance sheet . . . . .	15
Parent company balance sheet . . . . .	16
Consolidated statement of source & application of funds . . . . .	17
Notes to the financial statements . . . . .	18

## FINANCIAL HIGHLIGHTS

	1985	1984	
NET ASSETS	£2,326,192	£2,123,806	+9.5%
NET ASSET VALUE PER SHARE	54.1p	48.9p	+10.6%
PROFIT BEFORE TAXATION	£133,738	£96,331	+38.8%
EARNINGS PER SHARE	2.06p	1.51p	+36.4%
DIVIDEND PER SHARE	1.25p	1.1p	+13.6%

## FIVE YEAR RECORD

	1985	1984	1983	1982	1981
Net assets	<u>£2,326,192</u>	<u>£2,123,806</u>	<u>£1,709,048</u>	<u>£1,278,799</u>	<u>£973,375</u>
Profit before taxation & extraordinary items	<u>£133,738</u>	<u>£96,331</u>	<u>£93,124</u>	<u>£68,139</u>	<u>£55,190</u>
Shares of 10p	<u>4,300,000</u>	<u>4,340,000</u>	<u>4,475,000</u>	<u>4,561,165</u>	<u>4,401,190</u>
Net asset value per share	<u>54.1p</u>	<u>48.9p</u>	<u>38.2p</u>	<u>28.0p</u>	<u>22.1p</u>
Earnings per share	<u>2.06p</u>	<u>1.51p</u>	<u>1.60p</u>	<u>1.16p</u>	<u>0.93p</u>
Dividend per share	<u>1.25p</u>	<u>1.10p</u>	<u>0.95p</u>	<u>0.80p</u>	<u>0.70p</u>

# NOTICE OF MEETING

NOTICE IS hereby given that the Seventy Ninth Annual General Meeting of the members of the company will be held at 125 High Holborn, London WC1V 6PY on Monday, 30 June 1986 at 12.00 noon, for the following purposes:

- 1 To receive and adopt the financial statements and the report of the directors for the year ended 31 December 1985.
- 2 To declare a final dividend.
- 3 To re-elect Mr J A Rowlatt as a director.
- 4 To re-appoint K M G Thomson McLintock, the retiring auditors, and to authorise the board to fix their remuneration.
- 5 To transact any other ordinary business of a general meeting.  
To consider, as special business, and if thought fit pass the following resolutions of which resolutions numbered 6, 7 and 8 will be proposed as Ordinary Resolutions and resolution 9 will be proposed as a Special Resolution.
- 6 That the company be and is hereby authorised to purchase for cancellation its own shares by way of market purchase upon and subject to the following conditions:
  - a) the aggregate number of shares which may be purchased pursuant to this resolution is 500,000 shares of 10p each;
  - b) the maximum price at which shares may be purchased pursuant to this resolution is 60p per share and the minimum price is 20p per share in both cases exclusive of expenses provided that no shares may be purchased at a price exclusive of expenses which is more than 5% above the average of the middle market quotations taken from the Stock Exchange Official List for the ten business days before the purchase is made; and
- c) the authority to purchase conferred by this resolution shall commence at 2.01pm on 30 June 1986 and shall expire at 2.00pm on 30 June 1987 provided that any contract for the purchase of any shares as aforesaid which was concluded before the expiry of the said authority may be executed wholly or partly after the said authority expires.
- 7 That a waiver of the requirements of the City Code on Takeovers and Mergers in respect of any increase in Mr D T H Davenport's shareholding arising as a result of purchases by the company of its own shares be and is hereby approved.
- 8 That the directors be generally and unconditionally authorised for a period of 5 years from 20 January 1987 to exercise all powers of the company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985) up to an aggregate nominal amount of £1,000,000 and further be authorised within the said limit to make at any time prior to the expiry of the power hereby conferred any offer or agreement which would or might require relevant securities to be allotted after the expiry of such power.
- 9 That the directors be empowered pursuant to Section 95 of the Companies Act 1985 and for so long as the authority conferred by the previous resolution subsists to allot equity securities (within the meaning of Section 89 of the said Act) as if Sub-Section (1) of the said Section 89 did not apply to any such allotment provided that this power shall be limited:—
  - a) to the allotment of equity securities in connection with a rights issue in favour of shareholders where the equity securities respectively attributable to the interests of all shareholders are proportionate (as nearly as may be) to the respective number of shares held by them; and

# NOTICE OF MEETING

b) to the allotment (otherwise than pursuant to subparagraph (a) above) of equity securities up to an aggregate nominal value of £500,000.

The company may before the expiry of the authority hereby given make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in

pursuance of such offer or agreement as if the power confirmed hereby had not expired

*By order of the board*  
CS Investments Limited  
*Secretaries*

125 High Holborn, London WC1V 6PY  
28 May 1986

A MEMBER entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not also be a member.

The register of the directors' interests in the capital of the company will be available for inspection at the Annual General Meeting.

Members are requested to notify the

company's registrars of any change of address.

A service agreement is held by CS Investments Limited and may be inspected at the registered office of the company on any weekday (except Saturday) during normal business hours up to and including the date of the Annual General Meeting. No service contracts are held by any of the directors.

# DIRECTORS & ADVISERS

DIRECTORS . . . . DTH Davenport, *Chairman*  
J A Rowlatt  
M S Wardman

SECRETARIES & . . . CS Investments Limited  
REGstrd OFFICE . . . 125 High Holborn, London WC1V 6PY

AUDITORS . . . . K M G Thomson McLintock  
70 Finsbury Pavement,  
London EC2A 1SX

SOLICITORS . . . . Taylor Garrett  
180 Fleet Street,  
London EC4A 2NT

BANKERS . . . . Bank of Scotland

REGISTRARS . . . . Close Registrars Limited, Arthur House,  
803 High Road, Leyton, London E10 7AA

Company number 93289

## TEN LARGEST HOLDINGS

COMPANY	Cost in £	Value in £	% of Net Assets	Gross income receivable in £
Microgen Holdings	—	260,000	11.2	4,643
Deblinaire	50,250	250,000	10.7	6,839
The Lincroft Kilgour Group	36,574	247,800	10.7	12,000
Ranks Hovis McDougall	48,168	173,000	7.4	7,557
Robertson Research	110,530	150,000	6.4	3,143
Barbour Index	30,600	130,000	5.6	1,143
SCUSA	83,797	103,200	4.4	1,091
Compaq Computer	41,358	85,905	3.7	—
Electronic Rentals	71,709	70,500	3.0	6,926
John Sparks	62,500	70,000	3.0	3,000

These are equity holdings except that Deblinaire includes £50,000 15% loan stock 1986 and John Sparks includes £25,000 12% loan stock 1988. Both loan stocks are valued at cost, which in each case is equal to their nominal value.

The Microgen shares were obtained as a result of the demerger of Microgen from Barbour Index.

### UNQUOTED INVESTMENTS – FURTHER INFORMATION

COMPANY	Percentage of share capital held	Attributable net assets	No. of times dividend covered
Deblinaire	5%	£181,600	—
Barbour Index	2.8%	£74,600	8.7
John Sparks	25%	£72,900	—

Net assets include loan stock where applicable. The net assets of Deblinaire exclude the excess of market value of quoted investments over cost. No dividend was paid on the shares of Deblinaire or John Sparks.

*Deblinaire's* business is the financing of emerging companies at an early stage of their development, linked to equity participations. An early success, Access Satellite International, has encountered problems recently, but Deblinaire has other holdings which are performing well.

*Barbour Index* provides information services, mainly to architects and the building industry. In the year to 31 October 1985 profits more than doubled to £972,604 and a further advance is confidently expected this year. The company has told its shareholders that it plans to come to the market in 1987.

*John Sparks* is a firm of antique dealers specialising in Chinese ceramics and works of art. 1985 was a successful year with profits increasing from £10,639 to £40,232. However the company has substantial unused tax losses from earlier years and it has decided to build up its assets rather than pay a dividend.



## CHAIRMAN'S STATEMENT

THIS HAS been a year of mixed results. Profits were up 39%, mainly due to an excellent performance by our art dealing subsidiary, which nearly doubled its gross income. On the other hand net asset value per share advanced by 10%, well below the rate of increase achieved in recent years.

The Board recommends an increase in the total dividend for the year from 1.1p. to 1.25p. per share, covered by earnings of 2.06p.

The art dealing subsidiary, now called Ashlar Limited, experienced a particularly successful year in old master drawings, where demand for top quality items continues to be strong. Although we are taking steps to diversify further into other areas, the very success of old master drawings means that they are likely to remain the dominant contributor to our art dealing profits in the near term. Due to the uneven incidence of sales, profits from this source in the current year will be concentrated more into the second six months, but the outlook is encouraging.

The unexciting growth in asset value can be attributed very largely to our portfolio of unquoted investments, which represented approximately 40% of net assets at the start of the year. Two of these investments encountered serious cash-flow problems and substantial write-downs have been required. Although two others have increased in value, there has been a net reduction in the total value of the unquoted portfolio. The burden of making this up, and generating an increase in net asset value for the company as a whole, has fallen on our quoted portfolio, which has thus performed rather better than might at first appear.

A portfolio of unquoted investments is inherently unlikely to produce consistent results, and shareholders should not be too concerned about one poor year. In the current year Barbour Index is likely to make further progress, and its value could increase sharply if it comes to the market in 1987. There is also better news about the two holdings substantially written down, both of which are being acquired by larger companies on terms that make our valuations look excessively conservative.

Our two dealing subsidiaries are, of course, included in the balance sheet at net asset value. In the case of Ashlar this is £57,234, on which profits were earned of more than £60,000.

The adjustments required to enable the company to qualify for investment trust status for tax purposes were made before the end of the year and we expect to be free from capital gains tax on investment sales for the whole of 1986. These adjustments have not materially affected our method of operation and for Stock Exchange purposes we remain an investment company, not an investment trust.

There are some items of special business to be proposed at this year's Annual General Meeting, and I particularly draw shareholders' attention to the explanatory notes in the Report of the Directors on pages 10 to 12. Much of this special business is to renew existing authorities previously granted by shareholders to the directors. It includes renewal of the authority to purchase the company's own shares for cancellation, which can represent an attractive use of shareholders' funds when such purchases are made at a material discount to underlying assets. The

## CHAIRMAN'S STATEMENT

maximum number of shares which can be purchased under this authority is being increased to 500,000. In addition, shareholders are being asked to release me from a potential obligation to make a takeover bid for the company's entire share capital as a result of the company's purchases.

This review would be incomplete without a tribute to my predecessor as Chairman, Tom Macer. I believe shareholders owe Tom a considerable debt of gratitude for his wise and calm leadership over many turbulent and, at

times, critical years in the company's history. On their behalf, and on behalf of the Board, I offer him our most sincere thanks and our best wishes for the future.

The strength of world equity markets in the early months of 1986 has been reflected in our quoted portfolio and, unless there is a sharp reversal, we look forward to another year of progress.

D T H Davenport, *Chairman*

# REPORT OF THE DIRECTORS

THE DIRECTORS have pleasure in submitting their annual report and financial statements for the year ended 31 December 1985.

## ACTIVITIES AND REVIEW OF THE BUSINESS

The company is an investment company holding listed and unlisted securities with subsidiaries dealing in investments and works of art. The group has developed in accordance with the directors' long term plans. A review of the activities of the group during the year and future developments is included in the chairman's statement.

The company is applying for investment trust status for tax purposes with effect from 1 January 1986.

## FINANCIAL

The results for the year are set out in the profit and loss account on page 14. The directors recommend that a final dividend of 0.8p per share be paid on 4 July 1986 making, with the interim of 0.45p per share paid on 4 October 1985, a total of 1.25p per share for the year.

Details of purchases by the company of its own shares are given in note 14.

## DIRECTORS

The directors during the year were as follows:  
T H Macer (retired 19 June 1985),  
J A Rowlatt, D T H Davenport,  
M S Wardman (appointed 25 March 1985).  
D T H Davenport is an executive director.

The director retiring by rotation is Mr J A Rowlatt who, being eligible, offers himself for re-election.

The directors who held office at the end of the financial year had the following interests in the issued share capital of the company.

	At end of year		At beginning of year	
	Beneficial	Other	Beneficial	Other
J A Rowlatt	50,000	2,500	50,000	2,500
D T H Davenport	1,270,000	-	1,300,000	-
M S Wardman	-	-	-	-

There have been no changes in the directors' shareholdings as shown between the year end and 28 May 1986.

## FINANCE ACTS

The directors are of the opinion that the company does not come within the definition of a close company under the provisions of the Income and Corporation Taxes Act 1970. For capital gains tax purposes the market value of the company's 10p shares on 6 April 1965 was 17.5p.

## AUDITORS

The auditors, K M G Thomson McLintock, are willing to continue in office and a resolution concerning their reappointment and remuneration will be submitted at the Annual General Meeting.

## SUBSTANTIAL SHAREHOLDINGS

So far as can be determined by the directors, at 28 May 1986 the only shareholdings of 5% or more (other than those shown above) are 7.6% held by Mrs H M O'Dair, 5.3% held by Mr R B Shaw, 5% held by The Lincroft Kilgour Group PLC and 5% held by Mr D D de Carle.

## SPECIAL BUSINESS AT THE ANNUAL GENERAL MEETING

A resolution (number 6) to renew for one year the authorisation for the company to purchase its own shares will be proposed as special

## REPORT OF THE DIRECTORS

business at the Annual General Meeting. The maximum number of shares which may be purchased is increased to 500,000, which represents 11.7% of the company's present issued share capital. There is a new restriction on the maximum price which may be paid, relating it to market quotations, but subject to that the maximum and minimum purchase prices are unchanged.

The directors believe it is in the interests of shareholders to authorise the company to purchase its own shares for cancellation, because such purchases made at a significant discount to net asset value per share have the effect of increasing the net asset value attributable to each share remaining in issue.

Since any substantial purchases by the company of its own shares might result in Mr D T H Davenport's shareholding in the company, which currently represents 29.7% of the issued share capital, coming to represent a larger proportion of the company's reduced share capital, a further resolution (number 7) is to be proposed which will, if passed, exempt Mr Davenport from any requirement to make a general offer for the share capital of the company if his resulting holding comes to exceed the 30% limit that normally leads to an obligation to make such an offer. This exemption will only apply if Mr Davenport's holding increases in percentage terms because the company causes the number of shares in issue to reduce by purchasing its own shares.

A poll of shareholders' votes will be taken on this resolution, on which Mr Davenport has agreed to abstain from voting. The Panel on Takeovers and Mergers has confirmed that subject to the resolution being passed it will

waive any requirement for Mr Davenport to make a general offer under the circumstances described.

Even if the maximum number of shares permitted by resolution number 6 is purchased, Mr Davenport's holding will not increase above 33.7% of the company's share capital, although under the terms of the City Code on Takeovers and Mergers he would be permitted to purchase a further 2% in any twelve month period.

No agreement, arrangement or understanding exists between Mr Davenport or any person acting in concert with him and any of the directors, recent directors, shareholders or recent shareholders of the company.

It is considered illogical for one shareholder to be compelled to make a general offer to all the others because the Board as a whole decided to use the company's funds to purchase its own shares, especially since any such purchases will only be made at a discount to underlying asset value. Under the rules of the City Code on Takeovers and Mergers, an offer in these circumstances would be made at the price per share paid by the company. Effectively, therefore, Mr Davenport might, if Resolution number 7 is not passed, be compelled to make a general offer for the company's shares against his wish and at a price determined by reference to what your directors consider to be a low price for the company's shares. If he were to sell shares to avoid this situation arising, he would be likely to obtain a similarly low price which could give rise to a conflict of interests for him. In the twelve months to 28 May 1986 Mr Davenport has sold 20,000 shares as follows: 10,000 on 8 November 1985 at 40½p; 10,000

## REPORT OF THE DIRECTORS

on 28 November 1985 at 40½p. If he had not made either of these sales his holding would now exceed 30%.

Accordingly, your directors (other than Mr. Davenport who has not participated in discussions concerning his own interest) and your company's financial advisers, Laurence Prust & Co. Limited, recommend you to vote in favour of Resolution number 7, either by so voting at the Annual General Meeting or by using the enclosed form of proxy. Mr J A Rowlatt intends to vote in favour of Resolution number 7 in respect of his own beneficial holding of 50,000 shares.

The two further Resolutions (numbers 8 and 9) to be proposed as special business are to

renew authorities granted to the directors at an Extraordinary General Meeting on 20 January 1982, which will expire on 20 January 1987.

### DIRECTORS' RESPONSIBILITY

The directors are responsible for the information contained in their report and in the financial statements and to the best of their knowledge and belief the information therein contained is in accordance with the facts. The directors accept responsibility accordingly.

*By order of the board*  
CS Investments Limited  
*Secretaries*

28 May 1986

# AUDITORS' REPORT

TO THE MEMBERS OF PARAMBE PLC

WE HAVE audited the financial statements on pages 14 to 24 in accordance with approved auditing standards.

In our opinion the financial statements, which have been prepared under the historical cost convention as modified by the revaluation of certain assets, give a true and fair view of the state of affairs of the company and the group at

31 December 1985 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Act 1985.

*KMG Thomson McLintock*

KMG Thomson McLintock  
Chartered Accountants  
London, 28 May 1986

# CONSOLIDATED PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1985

Notes	1985	1984
2 Gross income	£242,626	£169,667
Administrative expenses	(62,707)	(47,968)
	<hr/>	<hr/>
3-4 Trading profit	179,919	121,699
Interest on bank overdraft	(46,181)	(25,368)
	<hr/>	<hr/>
Profit on ordinary activities before taxation	133,738	96,331
5 Tax on profit on ordinary activities	(44,418)	(29,757)
	<hr/>	<hr/>
Profit on ordinary activities after taxation	89,320	66,574
Appropriations:		
6 Dividends paid and proposed	(53,690)	(47,740)
	<hr/>	<hr/>
	35,630	18,834
14 Premium on purchase of own shares	(12,800)	(37,800)
15 Transfer to capital redemption reserve	(4,000)	(13,500)
	<hr/>	<hr/>
15 Retained profit/(loss) for the year	£18,830	£(32,466)
	<hr/>	<hr/>
Profit/(loss) for the year retained in:		
The company	£(8,344)	£(43,933)
Subsidiary companies	27,174	11,467
	<hr/>	<hr/>
	£18,830	£(32,466)
	<hr/>	<hr/>
7 Earnings per share	2.06p	1.51p
	<hr/>	<hr/>

# CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 1985

Notes	1985	1985	1984	1984
<u>FIXED ASSETS</u>				
8 Investments		£2,050,681		£2,063,569
<u>CURRENT ASSETS</u>				
9 Stocks	£622,830		£322,791	
11 Debtors	82,160		191,112	
10 Investments held by dealing subsidiary	152,521		180,222	
Cash at bank	340,254		14,340	
	<u>1,197,765</u>		<u>708,465</u>	
12 <u>CREDITORS</u> : Amounts falling due within one year	(922,254)		(610,228)	
Net current assets		<u>275,511</u>		<u>98,237</u>
Total assets less current liabilities		2,326,192		2,161,806
13 Provision for liabilities and charges		—		(38,000)
		<u>£2,326,192</u>		<u>£2,123,806</u>
<u>CAPITAL AND RESERVES</u>				
14 Called up share capital		£430,000		£434,000
15 Share premium account		105,370		105,370
15 Revaluation reserve		830,370		724,199
15 Capital redemption reserve		26,116		22,116
15 Other reserves		656,109		597,428
15 Profit and loss account		278,227		240,693
		<u>£2,326,192</u>		<u>£2,123,806</u>

DTH Davenport, Director  
JA Rowlatt, Director

*[Signature]*  
*[Signature]*



# PARENT COMPANY BALANCE SHEET

AS AT 31 DECEMBER 1985

Notes	1985	1985	1984	1984
<u>FIXED ASSETS</u>				
8 Investments		£1,993,123		£2,150,750
<u>CURRENT ASSETS</u>				
11 Debtors	£35,427		£663,758	
Cash at bank	337,673		3,235	
	<u>373,100</u>		<u>666,993</u>	
12 <u>CREDITORS</u> : Amounts falling due within one year	(122,775)		(714,756)	
Net current assets/(liabilities)		250,325		(47,763)
Total assets less current liabilities		£2,243,448		£2,102,987
13 Provision for liabilities and charges		-		(35,000)
		<u>£2,243,448</u>		<u>£2,067,987</u>
<u>CAPITAL AND RESERVES</u>				
14 Called up share capital		£430,000		£434,000
15 Share premium account		105,370		105,370
15 Revaluation reserve		830,370		727,479
15 Capital redemption reserve		26,116		22,116
15 Other reserves		656,109		575,195
15 Profit and loss account		195,483		203,827
		<u>£2,243,448</u>		<u>£2,067,987</u>

*D. H. Davenport*

*J. A. Rowlatt*

DTH Davenport, Director

JAR Rowlatt, Director

# CONSOLIDATED STATEMENT OF SOURCE & APPLICATION OF FUNDS

FOR THE YEAR ENDED 31 DECEMBER 1985

	1985	1985	1984	1984
<u>SOURCE OF FUNDS</u>				
Profit on ordinary activities before taxation		£133,738		£96,331
<u>FUNDS FROM OTHER SOURCES</u>				
Proceeds of sale of fixed asset investments		470,598		718,468
Proceeds of sale of property		—		115,000
		<u>604,336</u>		<u>929,799</u>
<u>APPLICATION OF FUNDS</u>				
Dividend paid	£(49,910)		£(44,210)	
Taxation paid	(28,823)		(16,612)	
Purchase of fixed asset investments	(309,336)		(828,570)	
Purchase of own shares	(16,800)		(51,300)	
		<u>(404,869)</u>		<u>(940,692)</u>
		<u>£199,467</u>		<u>£(10,893)</u>
<u>INCREASE/(DECREASE) IN WORKING CAPITAL</u>				
Stocks		£300,039		£163,784
Debtors		(110,347)		(87,789)
Creditors		(202,048)		(164,651)
Investments held by dealing subsidiary		(27,701)		104,264
		<u>(40,057)</u>		<u>15,608</u>
Movement in net liquid funds:				
Cash at bank	£325,914		£(47,856)	
Bank overdraft	(86,390)		21,355	
		<u>239,524</u>		<u>(26,501)</u>
		<u>£199,467</u>		<u>£(10,893)</u>

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS

### 1 ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets, and in accordance with s228 and s230 of, and Schedule 4 to, the Companies Act 1985.

The effects of events relating to the year ended 31 December 1985 which occurred before 28 May 1986, the date of approval of the financial statements by the board of directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 31 December 1985 and of the results for the year ended on that date.

- a) The consolidated financial statements incorporate the accounts of the company and all its subsidiaries; such accounts other than those of the liquidated subsidiary are all made up to 31 December 1985. In accordance with s228(7) of the Companies Act 1985, a separate profit and loss account of Parambe plc is not presented, as the results of the company are disclosed in the consolidated profit and loss account.

The results of the liquidated subsidiary are included up to the date of liquidation.

The difference between the price paid for new interests and the fair value of net assets acquired is written off against other reserves.

- b) The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision for deferred taxation is made if there is reasonable evidence that such deferred taxation will be payable in the foreseeable future.

- c) Realised profits and losses on sales of investments and associated taxation are taken to other reserves except in the dealing company, Ceycon Securities Limited, where they are taken to profit and loss account.

Listed investments are valued at middle market closing prices. Unlisted investments are valued at market value or directors' current valuation. The revaluation surplus or deficit is taken to revaluation reserve. Ceycon Securities Limited values its investments at the lower of cost and market value.

- d) Stocks held in Ashlar Limited (formerly The Parambe Collection Limited) are valued at the lower of cost and net realisable value.

### 2 GROSS INCOME

	1985	1984
Investment income	£80,635	£77,765
Works of art: dealing income	117,760	60,240
Securities:		
dealing income	36,416	27,312
underwriting	7,815	4,350
	<u>£242,626</u>	<u>£169,667</u>

### 3 TRADING PROFIT

	1985	1984
Stated after charging:		
Auditors' remuneration	£9,780	£6,972
and after crediting:		
Net income from rents	<u>£ -</u>	<u>£9,463</u>

The proceeds of sales of investments in the dealing subsidiary were £357,747 (1984 - £186,205) and proceeds of sales of works of art were £511,750 (1984 - £318,738). Income from listed investments was £44,071 (1984 - £41,072).

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS

### 4 DIRECTORS' REMUNERATION

	1985	1984
Fees	£13,119	£13,000
Ex gratia payment	6,000	—
	<u>£19,119</u>	<u>£13,000</u>

The emoluments of the former chairman, up to his resignation on 19 June 1985, were £1,500 (1984 – £3,000). The emoluments of the chairman appointed on 19 June 1985, who was also the highest paid director, amounted to £8,000 for the year (1984 – £8,000). The other directors each received emoluments of less than £5,000. There were no other employees.

### 6 DIVIDENDS

	1985	1984
Interim paid 0.45p (0.4p) per share	£19,530	£17,360
Final proposed 0.8p (0.7p) per share	34,160	30,380
	<u>£53,690</u>	<u>£47,740</u>

### 7 EARNINGS PER SHARE

The earnings per share calculations are based on profits of £89,320 (1984 – £66,574) and on 4,332,440 (1984 – 4,396,250) shares (the average number in issue during the year).

### 5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1985	1984
UK corporation tax at 36% (1984 – 30%)	£34,792	£16,132
Tax on franked investment income	15,146	14,776
Prior year adjustment	(5,520)	(943)
Income tax recoverable	—	(208)
	<u>£44,418</u>	<u>£29,757</u>

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS

### 8 FIXED ASSET INVESTMENTS

Group:	Listed in UK	Unlisted	Foreign listed	Partner- ship share	Islamic coins	Total
<i>At beginning of year</i>	£648,899	£1,110,788	£239,693	£47,754	£16,435	£2,063,569
<i>Additions</i>	250,871	47,815	—	—	—	298,686
<i>Disposals</i>	(188,394)	(178,635)	(84,533)	—	(16,435)	(467,997)
<i>Retained profit</i>	—	—	—	10,650	—	10,650
<i>Increase in unrealised appreciation</i>	87,483	13,972	44,318	—	—	145,773
<i>Transfer</i>	260,000	(260,000)	—	—	—	—
<i>At end of year</i>	£1,058,859	£733,940	£199,478	£58,404	—	£2,050,681
<i>Historical cost</i>	£440,000	£533,325	£156,527	£35,000	—	£1,164,852

  

Company:	Listed in UK	Unlisted	Foreign listed	Subsidiary companies	Total
<i>At beginning of year</i>	£613,000	£1,110,788	£239,693	£187,269	£2,150,750
<i>Additions</i>	250,871	47,815	—	—	298,686
<i>Disposals</i>	(152,495)	(178,635)	(84,533)	(76,000)	(491,663)
<i>Increase in unrealised appreciation</i>	87,483	13,972	44,318	—	145,773
<i>Transfer</i>	260,000	(260,000)	—	—	—
<i>Amount written off subsidiary on liquidation</i>	—	—	—	(110,423)	(110,423)
<i>At end of year</i>	£1,058,859	£733,940	£199,478	£846	£1,993,123
<i>Historical cost</i>	£440,000	£533,325	£156,527	£846	£1,130,698

The listed and unlisted investments are stated at market value; other fixed asset investments are stated at cost. The partnership share is stated at cost plus retained profit and represents money advanced to a partnership whose business is dealing in antiques. The company receives interest at 12% per annum on money advanced and a 6.5% share of profits or losses. During the year, the company took part in a joint venture with the partnership. Mr D T H Davenport, a director, has a 17% share in the partnership.

The company holds 100% of the ordinary shares of the following subsidiaries which operate and are registered in England, and whose activities are:  
Ceycon Securities Limited. *Investment dealing company*  
O'Dair Brothers Limited. *Investment company (liquidated on 28 October 1985)*  
Ashlar Limited (formerly The Parambe Collection Limited). *Dealers in works of art*

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS

### 8 CONTINUED

The company's investments against which provisions for diminution in value have been made are as follows:-

	Cost	Provision	Book value
Berkeley Seventh Round ordinary shares of £1	£32,052	£(32,032)	£ -
Trace Cleveland Limited ordinary shares of £1	47,002	(37,991)	9,011
Trace Cleveland Limited 9% loan stock 1987-92	100,000	(40,000)	60,000
Computer Identification Systems Limited preferred shares	43,298	(43,298)	-
Hospital Capital Corporation Limited ordinary shares of £1	28,800	(16,000)	12,800
	<u>£251,152</u>	<u>£(169,341)</u>	<u>£81,811</u>

### 9 STOCKS

	1985	1984
Works of art	£594,140	£310,536
Islamic coins	28,690	12,255
	<u>£622,830</u>	<u>£322,791</u>

### 10 CURRENT ASSET INVESTMENTS

The market value of the listed investments held by the dealing subsidiary is £188,337 (1984 - £191,963).

The collection of Islamic coins has been transferred from O'Dair Brothers Limited to Ashlar Limited.

### 11 DEBTORS: DUE WITHIN ONE YEAR

	Group		Company	
	1985	1984	1985	1984
Trade debtors	£70,515	£180,813	£14,810	£120,804
Amounts owed by subsidiary companies	-	-	7,176	540,573
Taxation recoverable	3,776	2,381	3,146	2,381
Other debtors	500	2,954	10,295	-
Prepayments and accrued income	7,369	4,964	-	-
	<u>£82,160</u>	<u>£191,112</u>	<u>£35,427</u>	<u>£663,758</u>

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS

### 12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	1985	1984	1985	1984
Bank overdraft	£404,540	£318,150	—	£318,150
Trade creditors	421,057	225,042	—	195,980
Amounts owed to subsidiary companies	—	—	57,754	156,891
Tax and social security	36,270	16,462	—	—
Other creditors	26,227	20,194	30,861	13,355
Proposed dividend	34,160	30,380	34,160	30,380
	<u>£922,254</u>	<u>£610,228</u>	<u>122,775</u>	<u>£714,756</u>

The bank overdraft is secured by a floating charge over the investments.

### 13 PROVISION FOR LIABILITIES AND CHARGES

	Group	Company
Deferred tax:		
At beginning of year	£38,000	£35,000
Transfer to revaluation reserve	(38,000)	(35,000)
At end of year	<u>£ —</u>	<u>£ —</u>

Deferred tax in 1984 was provided in respect of the surplus on revaluation of investments. No provision has been made at 31 December 1985 on the assumption that

the company will achieve investment trust status for tax purposes with effect from 1 January 1986.

# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS

### 14 CALLED UP SHARE CAPITAL

	1985 and 1984 Authorised	1985 No.	1985 Allotted, called up and fully paid	1984 No.	1984
Shares of 10p each	£6,000,000	4,300,000	£430,000	4,340,000	£434,000

During the year the company purchased for cancellation 40,000 of its own shares with a nominal value of £4,000 which represented 0.92% of the called up share capital at 1 January 1985. The total purchase consideration was £16,800.

which represented 0.7% of the called up share capital then in issue for a consideration of £12,150.

The company has shareholders' authority to purchase a further 145,000 of its own shares for cancellation until 2.00pm on 30 June 1986 at maximum and minimum prices of 60p and 20p per share respectively.

Since the year end the company has purchased a further 30,000 of its own shares with a nominal value of £3,000

### 15 RESERVES

Group:	Share premium account	Capital redemption reserve	Revaluation reserve	Other reserves	Profit and loss account
At beginning of year	£105,370	£22,116	£724,199	£597,428	£240,693
Profit on disposal of investments:					
– Listed in UK	–	–	(95,868)	99,456	–
– Unlisted	–	–	(3,805)	15,148	–
– Foreign listed	–	–	11 8	(23,918)	–
Tax on profit on disposal of investments	–	–	–	(2,818)	–
Unrealised surplus on revaluation of investments:					
– Listed in UK	–	–	87,483	–	–
– Unlisted	–	–	13,972	–	–
– Foreign listed	–	–	44,318	–	–
Transfer from deferred tax	–	–	38,000	–	–
Transfer on liquidation of O'Dair Brothers Limited	–	–	10,483	(29,187)	18,704
Purchase of own shares	–	4,000	–	–	–
Retained profit	–	–	–	–	18,830
At end of year	£105,370	£26,116	£830,370	£656,109	£278,227



# NOTES

## FORMING PART OF THE FINANCIAL STATEMENTS

### 15 CONTINUED

Company:	Share premium account	Capital redemption reserve	Revaluation reserve	Other reserves	Profit and loss account
<i>At beginning of year</i>	£105,370	£22,116	£727,479	£575,195	£203,827
<i>Profit on disposal of investments:</i>					
– Listed in UK	–	–	(85,665)	89,684	–
– Unlisted	–	–	(3,805)	15,148	–
– Foreign listed	–	–	11,588	(23,918)	–
<i>Unrealised surplus on revaluation of investments:</i>					
– Listed in UK	–	–	87,483	–	–
– Unlisted	–	–	13,972	–	–
– Foreign listed	–	–	44,318	–	–
<i>Transfer from deferred tax</i>	–	–	35,000	–	–
<i>Purchase of own shares</i>	–	4,000	–	–	–
<i>Loss for year</i>	–	–	–	–	(8,344)
<i>At end of year</i>	<u>£105,370</u>	<u>£26,116</u>	<u>£830,370</u>	<u>£656,109</u>	<u>£195,483</u>

Tax on profit on disposal of investments has been relieved by utilising capital tax losses brought forward. Unutilised capital losses at 31 December 1985 amounted to £34,740.

The distributable reserves of the company are £195,483 (1984 £203,827).

### 16 DIRECTORS' INTERESTS

Mr D T H Davenport is a director and shareholder of CS Investments Limited, the company's secretaries, who were paid £12,900 by the group for their services.

### 18 MATERIAL CHANGES

Except in the ordinary course of business there have been no material changes in the financial position of the company since 31 December 1985.

### 17 CONTINGENT LIABILITIES

The company has a floating charge over its investments to secure bank overdrafts held by its subsidiaries – Cycon Securities Limited and Ashlar Limited (formerly the Parambe Collection Limited), totalling £404,540.