

ARBUTHNOT FUND MANAGERS LIMITED

157798

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1990

Coopers
& Lybrand
Deloitte

ARBUTHNOT FUND MANAGERS LIMITED

REPORT OF THE DIRECTORS

157798

The directors submit their report and the financial statements for the year ended 31 December 1990.

1. ACTIVITIES

The principal activities of the Company are investment management and dealing in securities. The Company is a member of the Investment Management Regulatory Organisation.

2. RESULTS FOR THE YEAR

The loss for the year after allowing for taxation was £296,842 (1989 £25,000). The results have been affected by the directors' decision to write off, in full, the goodwill of £332,504 together with the sum of £56,068 written off the investment in a subsidiary.

3. DIRECTORS

The directors who served on the Board during the year were:

H. Angest	(Chairman) (appointed 14 December 1990)
L. F. Heasman	(Managing Director)
P. Ashley Miller	
Sir John Prideaux O.B.E	(appointed 14 December 1990)
L. Ivory	(resigned 14 December 1990)
D. Tickett	(resigned 14 December 1990)
A. E. Field	(resigned 14 December 1990)
R. M. Nelson	(resigned 14 December 1990 reappointed 15 January 1991)

At the 14 and 31 December 1990 Sir John Prideaux was the beneficial owner of 1,000 shares in Secure Trust Group plc - the ultimate holding company and Mr. P. Ashley Miller was interested in 3,500 such shares. Otherwise there were and are no directors' interests requiring disclosure under the Companies Act 1985.

4. AUDITORS

Consequent upon the change of ownership on the 14 December 1990 to Secure Trust Group plc, KPMG Peat Marwick McLintock resigned as auditors and the directors appointed Coopers & Lybrand Deloitte in their place.

In accordance with Section 384 of the Companies Act 1985 a resolution for the reappointment of Coopers & Lybrand Deloitte as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD


J. R. KAYE
SECRETARY

COMPANIES HOUSE

31 MAY 1991

ARBUTHNOT FUND MANAGERS LIMITED

AUDITORS' REPORT

To the members of Arbuthnot Fund Managers Limited

We have audited the accounts on pages 3 to 8 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 31 December 1990 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

The financial statements do not include a Statement of Source and Application of Funds as required by Statement of Standard Accounting Practice Number 10.

Coopers & Lybrand Deloitte
Coopers & Lybrand Deloitte
Chartered Accountants

18 March 1991

ARBUTHNOT FUND MANAGERS LIMITED
Profit & Loss Account
for the year ended 31 December 1990

	Notes	1990 £	1989 £
Turnover	2	1,329,443	1,580,917
Administrative expenses		(1,239,420)	(1,349,589)
Amortisation of goodwill		(332,504)	(171,313)
Amount written off investment		(56,068)	(23,031)
Operating (Loss)/profit	3	(298,549)	36,984
Interest Receivable		52,194	33,526
(Loss)/Profit on ordinary activities before taxation	4	(246,355)	70,510
Taxation charge	5	(50,487)	(95,510)
Loss on ordinary activities after taxation		(296,842)	(25,000)
Accumulated deficit at the beginning of the year		(90,829)	(65,829)
Accumulated deficit at the end of the year		(387,671)	(90,829)

The notes on pages 5 to 8 form part of these accounts.

ARBUTHNOT FUND MANAGERS LIMITED
Balance sheet as at 31 December 1990

	Notes	1990 £	1989 £
FIXED ASSETS			
Intangible assets			
Goodwill	8	--	332,504
Tangible assets			
Motor vehicles	9	30,600	--
Investment in subsidiaries	10	25,202	81,068
		-----	-----
		55,802	413,572
		-----	-----
CURRENT ASSETS			
Trade debtors	11	96,442	100,000
Amounts owed by group companies		50,000	--
Other debtors		--	3,177
Accrued Income		17,294	--
Cash at Bank		296,177	302,248
		-----	-----
		459,913	405,425
		-----	-----
CREDITORS: amounts falling due within one year			
Amounts owed to group companies		(102)	--
Taxation payable		(71,433)	(95,225)
Expense accruals		(17,250)	--
		-----	-----
		(88,785)	(95,225)
		-----	-----
NET CURRENT ASSETS		371,128	310,200
		-----	-----
NET ASSETS		426,930	723,772
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	12	814,601	814,601
Profit and Loss account		(387,671)	(90,829)
		-----	-----
		426,930	723,772
		=====	=====

The notes on pages 5 to 8 form part of these accounts.

Approved by the Board on 18 March 1991

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[Signature]

Directors



ARBUTHNOT FUND MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1990

1. Accounting Policies Accounting Convention

The accounts are prepared under the historical cost convention.

Statements of Standard Accounting Practice

Additional information in accordance with SSAP 10 (Statement of Source and Application of Funds) is not included in these Financial Statements as, in the directors' opinion, its disclosure would not assist in an understanding of the financial position.

Group Accounts

Group accounts have not been prepared as the Company was itself at the end of the financial year a subsidiary of a company incorporated in the United Kingdom.

Goodwill

Goodwill representing the excess of purchase consideration over the fair value of net assets acquired has been fully written off in 1990.

Depreciation

The cost of new motor vehicles is written off over four years

Investments

Investments are stated at cost, but are written down to their realisable value if, in the directors' opinion, there has been a permanent diminution in their value.

2. Turnover

Turnover represents commissions and fees earned in the year as follows:

	1990	1989
	£	£
Corporate and Private Clients	1,168,711	1,288,805
Arbuthnot Latham Bank Limited	160,732	292,112
	<u>1,329,443</u>	<u>1,580,917</u>

ARBUTHNOT FUND MANAGERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1990
(continued)

3. Operating Profit/(Loss)

	<u>1990</u>	<u>1989</u>
	£	£
This is stated after charging:		
Amortisation of goodwill	332,504	171,313
Auditors' remuneration	6,000	--

4. (Loss)/Profit on Ordinary Activities before Taxation

Some overhead expenses, including the cost of part of the directors' remuneration and the Auditors' remuneration in 1989 were borne by Arbuthnot Latham Bank Limited - the holding company up to 14 December 1990.

5. Taxation Charge

	1990	1989
	£	£
Corporation tax at 35%	50,487	95,225
Adjustment in respect of prior years	--	285
	<u>50,487</u>	<u>95,510</u>

6. Directors' Remuneration

	1990	1989
	£	£
Management remuneration including pension contributions	201,991	251,783
Payment made to a director in connection with his retirement from office	Nil	20,500

The emoluments of the directors' excluding pension contributions were:

Chairman	Nil	NIL
Highest paid director	118,000	104,999
Other directors		
£0 - £5,000	--	4
£55,001 - £60,000	--	1
£75,001 - £80,000	1	1

In 1990 all other directors were remunerated by Arbuthnot Latham Bank Limited.

ARBUTHNOT FUND MANAGERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1990
(continued)

7. Staff Costs

	1990	1989
	£	£
Wages and Salaries	576,508	668,828
Social Security costs	52,930	57,108
Pension costs	26,088	27,286
	<u>655,526</u>	<u>753,222</u>

Redundancy costs have been borne by Arbuthnot Latham Bank Limited - the holding company to 14 December 1990.

The average number of employees during the year was 17 (1989 21)

8. Goodwill

Cost	£
1 January 1990	507,172
At 31 December 1990	<u>Nil</u>
Amortisation	
At 1 January 1990	
Charge for the year	174,668
At 31 December 1990	<u>332,504</u>
	<u>507,172</u>
Net Book Value	
At 31 December 1990	<u>Nil</u>
At 31 December 1989	<u>332,504</u>

Goodwill arose from the acquisition of the funds under management of Anthony Wieler & Company Limited and Arbuthnot Unit Trust Management Limited (previously known as Anthony Wieler Unit Trust Management Limited). In the opinion of the directors, the goodwill which arose on the acquisition of its two subsidiaries no longer has any value, and accordingly has been written off.

9. Motor Vehicles

Equipment consisting of office furniture, computer equipment and motor vehicles were transferred to the Company from Arbuthnot Latham Bank Limited in December 1990. Furniture and equipment were transferred at nil cost, motor vehicles at a written down cost of £30,600. The cost will be written off over their remaining useful life of three years. In the opinion of the directors, the furniture and equipment acquired has a value of £40,000.

ARBUTHNOT FUND MANAGERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1990
(continued)

10. Investment in Subsidiaries

Name of Company	Country of Incorporation	%	Cost £
Arbuthnot Unit Trust Management Limited	England	100	104,099
Less Amount written off			(79,099)
Anthony Wieler & Company Limited (in voluntary Liquidation)	England	100	--
Arbuthnot Latham (Nominees) Limited	England	100	2
Nelson Nominees Limited	England	100	100
John K. Gilliat & Co. Limited	England	100	100
			<u>25,202</u>

11. Trade Debtors

This represent sums invoiced to and receivable from NZ Insurance Funds managed, plus a refund of expenses overcharged by Arbuthnot Latham Bank Limited as follows:

NZI Life New Zealand	£32,691
NZI PLC	£26,219
NZ Reinsurance	£17,727
	<u>£76,637</u>
Arbuthnot Latham Bank Limited	£19,804
	<u>£96,442</u>

12. Called up share capital at 31 December 1990 and 1989

	Authorised No.	Allotted called up and fully paid
Ordinary shares of £1 each	<u>1,200,000</u>	<u>814,601</u>

13. Ultimate Holding Company

The ultimate holding company to 14 December 1990 was General Accident PLC a company incorporated and registered in Scotland and since that date is Secure Trust Group plc a company incorporated in England.