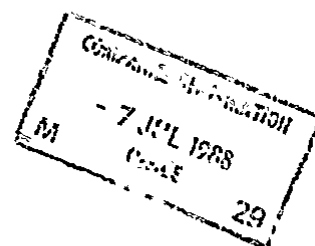


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Cater Allen Limited

Report and Accounts

30th April, 1988



Arthur Young

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

CATER ALLEN LIMITED

1.

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 30th April, 1988.

Results and dividends

The results for the year and the state of the company's affairs are as set out in the attached accounts.

The profit and loss account on page 4 shows a profit of £5,180,000 after making provision for rebate and taxation and a transfer to reserve for contingencies. Interim dividends on the ordinary shares have already been paid. The directors do not recommend the payment of a final dividend.

Review of the business

The company carries on business as a Discount House in London. Profits fluctuate with market conditions and the company will continue to be active in its traditional markets.

Directors and their interests

The directors who served during the year were:

J. C. Barclay	(Chairman and Managing)
C. J. W. Frost	(Managing)
J. E. Illsley	(Managing)
D. J. White	(Managing)
S. R. B. Wood	(Managing)
P. G. Cairns	
M. D. Lee	
I. T. Liss	

The interests of the directors who were not also directors of the holding company in the ordinary shares of £1 each of Cater Allen Holdings PLC, all of which were beneficially held, were as follows:

	At 30th April, 1988	At 30th April, 1987
P. G. Cairns	8,231	7,376
M. D. Lee	6,335	5,272
I. T. Liss	4,919	4,024

CATER ALLEN LIMITED

2.

DIRECTORS' REPORT
(continued)

Directors and their interests
(continued)

The undermentioned directors, who are not also directors of the holding company, held at the year end the following options in ordinary shares of Cater Allen Holdings PLC, granted under the Share Option Scheme:

	<u>1988</u>	<u>1987</u>
P. G. Cairns	23,931	23,931
M. D. Lee	24,320	24,320
I. T. Liss	12,160	12,160

Political and charitable contributions

During the year the company made charitable contributions totalling £14,000.

Close company

The company is not a close company as defined in the Income and Corporation Taxes Act, 1988.

Auditors

A resolution to reappoint Arthur Young as auditors will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD



J. A. POUND
Secretary

1 King William Street,
London EC4N 7AU.

20th June, 1988



A MEMBER OF ARTHUR YOUNG INTERNATIONAL

3.

Arthur Young

Chartered Accountants
Rolls House - Rolls Buildings
Fetter Lane, London EC4A 3NH

REPORT OF THE AUDITORS TO THE MEMBERS OF CATER ALLEN LIMITED

We have audited the accounts on pages 4 to 10 in accordance with approved auditing standards.

In our opinion the accounts comply with the provisions of the Companies Act 1985 applicable to banking companies.

ARTHUR YOUNG

20th June, 1988

CATER ALLEN LIMITED

4.

PROFIT AND LOSS ACCOUNT
FOR THE YEAR TO 30TH APRIL, 1988

	<u>Notes</u>	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
Profit for the year after making provision for rebate, taxation and transfer to reserve for contingencies	2	5,180	140
Dividends paid:			
On ordinary shares - interims		1,130	49
Retained profit for the year	4	4,050	91
		=====	=====

CATER ALLEN LIMITED

BALANCE SHEET AT 30TH APRIL, 1968

5.

Notes	1968	1967
£'000	£'000	£'000

CAPITAL AND RESERVES:
Share capital

3	3,077	3,077
---	-------	-------

Reserves

4	17,956	13,906
	21,033	16,983

SUBORDINATED LOAN

5	10,000	10,000
---	--------	--------

CURRENT LIABILITIES:

Loans secured on group assets
Sundry creditors, deposits,
deferred tax and reserve
for contingencies
Securities sold but not
purchased

	1,891,587	1,208,815
	217,848	225,902
	202,169	-
	2,311,604	1,434,717

Liability for commercial bills
subject to repurchase arrangements

	44,129	85,961
--	--------	--------

Notes	1968	1967
£'000	£'000	£'000

CURRENT ASSETS:

Cash with bankers and in hand
Cheques in the course of
collection

	174	175
	410	338
	584	513

Bills discounted:

Treasury
Local authority
Commercial

	15,072	54,336
	19,915	34,183
	702,610	599,614
	737,597	688,133

Negotiable certificates of deposit:

Banks
Building societies

	986,864	565,019
	227,011	108,962
	1,213,875	673,981

Listed securities:

British Government

	5,634	5,460
--	-------	-------

Floating rate notes and
local authority mortgages

	27,699	33,543
--	--------	--------

Advances, sundry debtors,
tax recoverable and
other assets

	272,920	41,347
	2,258,309	1,442,977

Commercial bills subject to
repurchase arrangements

	44,129	85,961
--	--------	--------

FIXED ASSETS

	245	267
--	-----	-----

GROUP COMPANIES:

Subsidiary companies
Other group companies

7	146,099	18,082
8	(62,016)	374
	84,083	18,456

2,386,766	1,547,661
-----------	-----------

2,386,766	1,547,661
-----------	-----------

Approved by the Board of Directors
J. C. BARCLAY }
D. J. WHITE } Directors
20th June, 1968

The notes on pages 6 to 10 form part of these accounts

NOTES TO THE ACCOUNTS AT 30TH APRIL, 1988

1. Principal accounting policies

(a) The financial statements have been prepared in compliance with the provisions of Section 258 of and Schedule 9 to the Companies Act 1985 applicable to banking companies.

(b) Bills discounted are stated less rebate, being at or under market value.

(c) Listed investments, certificates of deposit, floating rate notes and local authority mortgages are stated at or under market value.

(d) Fixed assets, consisting of equipment and leased premises are stated in the balance sheet at cost less depreciation.

(e) Corporation tax is provided at the current rate on the profit for the year. Taxation deferred by timing differences is provided in full at rates at which it is expected to become payable.

(f) Foreign currency balances have been translated at the rates of exchange ruling at the balance sheet date. All exchange differences are taken to the profit and loss account.

(g) Additional information that may be required under Statements of Standard Accounting Practice is not given as this would require disclosure of information which the company is exempted from disclosing under the provisions of the Companies Act 1985.

NOTES TO THE ACCOUNTS AT 30TH APRIL, 1988
(continued)

2. Profit for the year is stated after charging:

(a) Directors' and higher paid employees' remuneration

	<u>1988</u>	<u>1987</u>
Directors:		
Emoluments (including pension scheme contributions)	£787,598 =====	£640,459 =====

The emoluments (excluding pension contributions) of directors were as follows:

	<u>1988</u>	<u>1987</u>
Chairman and highest paid director	£142,452 =====	£ 97,552 =====

(Highest paid director in 1987 - £313,639)

Other directors:

	<u>1988</u> No.	<u>1987</u> No.
£ 0 - £ 5,000	2	1
£ 40,001 - £ 45,000	-	2
£ 45,001 - £ 50,000	1	-
£ 55,001 - £ 60,000	-	1
£ 85,001 - £ 90,000	-	2
£ 90,001 - £ 95,000	-	1
£110,001 - £115,000	1	-
£115,001 - £120,000	2	-
£130,001 - £135,000	1	-

Employees:

The emoluments (excluding pension contributions) of employees earning more than £30,000 were as follows:

	<u>1988</u> No.	<u>1987</u> No.
£30,001 - £35,000	3	4
£35,001 - £40,000	1	5
£40,001 - £45,000	4	2
£45,001 - £50,000	2	-
£50,001 - £55,000	2	2
£55,001 - £60,000	2	-
£60,001 - £65,000	2	-
£65,001 - £70,000	2	-
£70,001 - £75,000	2	-
£75,001 - £80,000	2	-
£80,001 - £85,000	2	-

CATER ALLEN LIMITED

8.

NOTES TO THE ACCOUNTS AT 30TH APRIL, 1988
(continued)2. Profit for the year is stated after charging:
(continued)

	<u>1988</u> <u>£'000</u>	<u>1987</u> <u>£'000</u>
(b) Auditors' remuneration	17	20
	=====	=====

3. Share capital

	<u>1988</u>	<u>1987</u>		
	<u>Authorised</u> £'000	<u>Issued</u> £'000	<u>Authorised</u> £'000	<u>Issued</u> £'000
Unclassified	250	-	250	-
Ordinary shares of £1 each:				
Fully paid	3,400	3,077	3,400	3,077
		<u>3,077</u>		<u>3,077</u>

4. Reserves

	<u>Share</u> <u>premium</u> <u>account</u> <u>£'000</u>	<u>Capital</u> <u>redemption</u> <u>reserve</u> <u>£'000</u>	<u>Profit</u> <u>and loss</u> <u>account</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>
Balance at 30th April, 1987	235	250	13,421	13,906
Retained profit for year	-	-	4,050	4,050
	---	---	---	---
	235	250	17,471	17,956
	===	===	=====	=====

5. Subordinated loan

This loan from the holding company is subordinated in the event of a winding up of the company to the claims of all other creditors and is repayable by instalments commencing 2001.

6. Sundry debtors

Included in this figure are loans of £53,010 to three directors of the holding company (1987 two directors - £39,299).

NOTES TO THE ACCOUNTS AT 30TH APRIL, 1988
(continued)

7. Subsidiary companies

	<u>1988</u> £'000	<u>1987</u> £'000
Shares at cost	13	13
Owing from subsidiary companies	146,086	18,069
	-----	-----
	146,099	18,082
	=====	=====

Consolidated financial statements have not been prepared as the company is itself a wholly owned subsidiary of another company registered in England. In the opinion of the directors the aggregate value of the investments and debts due by subsidiary companies is not less than £146,099,000.

The company's subsidiaries, all of which are wholly owned and registered in England are:

Cater Allen Nominees Limited
Cater Allen Investment Management Limited
Cater Allen Unit Trust Managers Limited
Roger Cunliffe Investments Limited
Ryders Discount Company Limited
Proudworth Limited

8. Other group companies

	<u>1988</u> £'000	<u>1987</u> £'000
Owing from group companies	11,829	3,716
Owing to group companies	(73,845)	(3,342)
	-----	-----
	(62,016)	374
	=====	=====

9. Contingent liabilities

	<u>1988</u> £'000	<u>1987</u> £'000
(a) In respect of commercial bills re-discounted (including bills sold to the Bank of England under repurchase agreements)	4,577,591	4,778,226
	=====	=====

(b) The company has contingent liabilities in respect of guarantees entered into in the normal course of business. No loss is expected to arise therefrom.

CATER ALLEN LIMITED

10.

NOTES TO THE ACCOUNTS AT 30TH APRIL, 1988
(continued)

10. Outstanding commitments

There were outstanding commitments in respect of current assets arising in the normal course of business.

11. Ultimate holding company

The company's ultimate holding company is Cater Allen Holdings PLC, which is registered in England.