

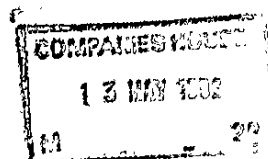


BDO Binder Hamlyn  
Chartered Accountants

I. HENNIG & CO. LIMITED

DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS

for the year ended  
31 December 1991



Company Number 646001



Am Bacup Belfast Birmingham Bristol Bury St Edmunds  
Cardiff Croydon Edinburgh Enfield Glen Glasgow Leeds  
London Manchester Newbury Newcastle Newmarket  
Norwich Nottingham Poole Rochdale St Albans Solihull  
Stoke-on-Trent Stranraer Wolverhampton

I. HENNIG & CO. LIMITED

NOTICE OF MEETING

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NOTICE IS HEREBY GIVEN that the annual general meeting of the company for 1992 will be held at 1, Charterhouse Street, London, EC1P 1BL, on 30 April 1992 for the following purposes:-

1. To receive and adopt the directors' report and statement of accounts for the year ended 31 December 1991 together with the report of the auditors.
2. To elect directors.
3. To re-appoint the auditors.
4. To transact any other ordinary business of the company.

By Order of the Board

JM Shapton

J.M. SHAPTON  
Secretary

26 March 1992

1, Charterhouse Street,  
London, EC1P 1BL.

DIRECTORS AND OFFICERS

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**DIRECTORS**

R A Hambro  
C J Dunlop  
G Just  
J O Hambro  
G D MacFarlane  
C G Hill  
F J A Howard  
D Sheil  
J A O'Cook

**SECRETARY**

Mrs J M Shrimpton

**REGISTERED OFFICE**

1 Charterhouse Street  
London  
EC1P 1NR

**AUDITORS**

Ernst & Young  
7 Old Bailey  
London  
EC4M 7BH

**BANKERS**

Hambros Bank Limited  
41 Bowdoin Hill  
London  
EC3N 4HA

**SOLICITORS**

Denton Hall Burgen & Warrens  
5 Chancery Lane  
London  
WC2A 1EU

**DIRECTORS' REPORT**

for the year ended 31 December 1991

**FINANCIAL STATEMENTS**

The directors present their report and financial statements for the year ended 31 December 1991.

**PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

The group's principal activities continue to be those of trading in jewellery and diamonds and diamond broking.

**RESULTS AND DIVIDENDS**

The profit for the year after taxation and minority interests amounted to £1,188,290. The directors recommend that this amount be dealt with as follows:

	£
Ordinary dividends	
- Interim paid £5.00 per share	340,000
- Final proposed £8.60 per share	585,000
Transfer to reserves	263,290
	<hr/>
	£1,188,290
	<hr/>

**DIRECTORS AND DIRECTORS' INTERESTS IN SHARES**

The directors during the year were as follows:

R A Hambro	(Chairman)
C J Dundas	(Managing Director)
G Just	
J O Hambro	
G D MacRae	
C G Hine	
F J A Howard	
D Shein	
J A O'Cock	

All the directors with the exception of Mr C J Dundas now retire in accordance with the provisions of the company's articles of association and, being eligible, offer themselves for re-election.

**DIRECTORS' REPORT**

for the year ended 31 December 1991 (continued)

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**DIRECTORS AND DIRECTORS' INTERESTS IN SHARES (continued)**

R A Hambro and J O Hambro are directors and shareholders of J.O. Hambro & Sons Limited, which owns 13,600 shares of £1 each (1990 : 13,600 shares) in the company and which receives a fee for their services. The shares are subject to a put and call option with the parent company.

F J A Howard is a director of Howard Perry Associates Ltd which receives a fee for his services.

**FIXED ASSETS**

Details of movements in fixed assets are set out in notes 11 and 12 to the financial statements.

**CHARITABLE AND POLITICAL DONATIONS**

During the year the group contributed £21,185 (1990: £5,745) to charities. There were no political donations during the year (1990:Nil).

**AUDITORS**

In accordance with Section 384 of the Companies Act 1985, a resolution proposing that BDO Binder Hamlyn be re-appointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 26 March 1992



Director 16 May 92

**AUDITORS' REPORT**  
to the members of I. Hennig & Co. Limited

We have audited the financial statements on pages 6 to 20 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 December 1991 and of the profit and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*BDO Binder Hamlyn*

Chartered Accountants  
Registered Auditor

84921992

GROUP PROFIT AND LOSS ACCOUNT  
for the year ended 31 December 1991

	Notes	1991 £	1990 £
Turnover	2	36,315,281	10,698,490
Cost of sales		(31,452,697)	(6,000,146)
Gross profit		4,862,584	4,698,344
Administrative expenses		(3,438,152)	(3,600,466)
Other operating income		74,782	72,750
Operating profit	3	1,499,214	1,170,628
Income from fixed asset investments	2	1,030	1,020
Interest receivable and similar income	4	379,820	563,561
Interest payable and similar charges	4	(151,955)	(1,513)
Profit on ordinary activities before taxation	2	1,728,109	1,733,696
Tax on profit on ordinary activities	8	(535,771)	(753,520)
Profit on ordinary activities after taxation		1,192,338	980,176
Minority interests		(4,048)	(6,470)
Profit attributable to members of the company	9	1,188,290	973,706
Dividends	10	(925,000)	(843,200)
Retained profit for the year	19	£263,290	£130,506

GROUP BALANCE SHEET  
as at 31 December 1991

	Notes	1991	1990
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	11	698,979	478,229
Investments	12	22,880	22,217
		<u>721,859</u>	<u>500,446</u>
<b>CURRENT ASSETS</b>			
Stocks	13	776,642	1,052,079
Debtors	14	1,270,468	2,579,248
Cash at banks and in hand	15	4,166,390	3,624,865
		<u>6,213,500</u>	<u>7,256,192</u>
CREDITORS: amounts falling due within one year	16	<u>(3,639,437)</u>	<u>(4,753,024)</u>
Net Current Assets		<u>2,574,063</u>	<u>2,503,168</u>
Total Assets less Current Liabilities		3,295,922	3,003,614
PROVISIONS FOR LIABILITIES AND CHARGES	17	<u>(263,609)</u>	<u>(236,000)</u>
		<u>£3,032,313</u>	<u>£2,767,614</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	68,000	68,000
Other reserves	19	105,279	76,953
Profit and loss account	19	2,855,212	2,620,526
		<u>3,028,491</u>	<u>2,765,479</u>
Minority interests		<u>3,822</u>	<u>2,135</u>
		<u>£3,032,313</u>	<u>£2,767,614</u>



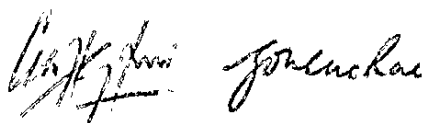
I. HENNIG & CO. LIMITED

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**BALANCE SHEET**  
as at 31 December 1991

	Notes	1991	1990
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	11	579,083	423,706
Investments	12	194,593	127,425
		<u>773,676</u>	<u>551,131</u>
<b>CURRENT ASSETS</b>			
Debtors	14	946,190	1,730,406
Cash at banks and in hand	15	3,687,845	2,729,674
		<u>4,634,035</u>	<u>4,460,080</u>
CREDITORS: amounts falling due within one year	16	(2,066,595)	(2,031,444)
Net Current Assets		<u>2,567,440</u>	<u>2,428,636</u>
Total Assets less Current Liabilities		3,341,116	2,979,767
PROVISION FOR LIABILITIES AND CHARGES	17	(272,643)	(236,000)
		<u>£3,068,473</u>	<u>£2,743,767</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	68,000	68,000
Profit and loss account	19	3,000,473	2,675,767
		<u>£3,068,473</u>	<u>£2,743,767</u>

The financial statements on pages 6 to 20 were approved by the Board on 26 March 1992



Director's

G.D. MACRAE

G.D. MACRAE

GROUP STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
for the year ended 31 December 1991

	1991 £	1990 £
<b>SOURCE OF FUNDS</b>		
Profit on ordinary activities before taxation	1,728,109	1,733,696
Adjustments for items not involving the movement of funds		
Profit on disposal of tangible fixed assets	(3,678)	-
Depreciation and exchange adjustments on tangible fixed assets	189,877	111,648
Exchange loss	(278)	(3,225)
Pension provisions	36,643	128,000
<b>Total funds generated from operations</b>	<b>1,950,673</b>	<b>1,970,119</b>
<b>Funds from other sources</b>		
Proceeds of disposal of tangible fixed assets	21,300	-
Negative goodwill arising on acquisition of subsidiaries	-	76,711
<b>Total Funds Generated</b>	<b>1,971,973</b>	<b>2,046,830</b>
<b>APPLICATION OF FUNDS</b>		
Tax paid	199,065	1,355,365
Group relief paid	68,559	150,098
Purchase of tangible fixed assets and investments	428,912	318,372
Dividends paid	707,200	1,360,000
Minority interests	2,361	15,843
	<b>1,406,097</b>	<b>3,199,678</b>
<b>NET SOURCE/(APPLICATION) OF FUNDS</b>	<b>£565,876</b>	<b>£(1,152,848)</b>
<b>MOVEMENT IN WORKING CAPITAL</b>		
Stocks	(275,437)	783,947
Debtors	(1,217,630)	1,742,190
Creditors	1,531,940	(2,906,821)
	<b>38,873</b>	<b>(380,684)</b>
<b>Movement in net liquid funds</b>		
Staff loans - net repayments	(14,522)	(1,087)
Cash at bank and in hand	541,525	(771,077)
	<b>£565,876</b>	<b>£(1,152,848)</b>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1991

1. ACCOUNTING POLICIES

Accounting convention and compliance with accounting standards

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover represents amounts receivable, less value added tax, by the group in the ordinary course of business for goods sold to or supplied by it as principal and for services provided by it as brokers. In accordance with section 55(5) of Schedule 4 to the Companies Act 1985, particulars of geographical markets supplied are not disclosed.

Credit is taken for dividends when received, for valuation fees and brokerage commission when earned, and merchanting sales when effected.

Tangible fixed assets and depreciation

Freehold property overseas (including contents) and short leasehold improvements are being written off on a straight line basis over five or ten years.

Depreciation of other fixed assets is provided in equal annual instalments calculated on cost over the expected useful life of the different classes of asset at rates ranging between 10% and 25% per annum with the exception of computer equipment, which is written off in the year of purchase.

Stocks

Stocks are valued at the lower of cost and net realisable value. Purchases and sales are principally made in United States Dollars and the net realisable value of stock is determined by reference to values in that currency at the balance sheet date.

Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the following rates of exchange ruling at 31 December 1991:-

Belgium francs	- B.frs. 58.50 = £1
U.S. dollars	- U.S.\$ 1.87 = £1
New Israeli shekels	- N.I.S. 4.26 = £1
Thai Bahts	- Bahts 47.24 = £1

All differences are taken to the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1991 (continued)

1. ACCOUNTING POLICIES (continued)

Foreign currency translation (continued)

The financial statements of overseas subsidiaries are retranslated at the rates of exchange ruling at the balance sheet date. Exchange differences arising from the translation of opening net assets are taken directly to reserves.

Group accounts

The group accounts include the accounts of the company and all of its subsidiaries made up to 31 December and also include the accounts of John Abrahams (a limited partnership) incorporating its results for the year ended 31 December 1991 and its net assets at that date. Goodwill arising on consolidation and representing the excess of the purchase price over the fair value of the net assets acquired is written off immediately to reserves.

Pension costs

The regular cost of providing retirement pensions and related benefits under the group's defined benefit scheme is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings. Variations from regular cost, arising from periodic actuarial valuations, are allocated over the expected remaining service lives of current employees on the basis of a constant percentage of current and estimated future earnings. The difference between the charge to the profit and loss account and the contributions paid to the scheme is shown in provision for liabilities and charges. Pension contributions due to defined contribution schemes are charged to the profit and loss account as incurred.

2. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Class of business	Turnover		Profit/(loss) on ordinary activities before taxation	
	1991 £	1990 £	1991 £	1990 £
Diamond broking	4,575,107	4,618,020	1,513,630	1,278,845
Diamond merchanting	31,398,474	5,888,447	18,487	(75,339)
Trading in jewellery	341,700	192,023	(32,903)	(32,878)
Operating profit	<u>£36,315,281</u>	<u>£10,698,490</u>	<u>1,499,214</u>	<u>1,170,628</u>
Investment income			1,030	1,020
Interest receivable			379,820	563,561
Interest payable			<u>(151,955)</u>	<u>(1,513)</u>
Profit on ordinary activities before taxation			<u>£1,728,109</u>	<u>£1,733,696</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1991 (continued)

3.	OPERATING PROFIT is stated after charging or (crediting):	1991 £	1990 £
	Depreciation of fixed assets	191,062	110,229
	Computer equipment written off	-	11,585
	Exchange losses	13,681	130,466
	Auditors' remuneration	20,801	16,950
	Rent payable	310,893	283,018
	Centenary celebration costs	-	154,291
	Rent receivable	(74,782)	(72,750)
4.	INTEREST		
	(a) Interest receivable		
	From banks	379,820	548,236
	From others	-	15,325
		<u>£379,820</u>	<u>£563,561</u>
	(b) Interest payable		
	To parent undertaking	119,673	-
	To fellow subsidiary undertakings	14,459	-
	On other borrowings repayable within five years	17,823	1,513
		<u>£151,955</u>	<u>£1,513</u>
5.	DIRECTORS		
	(a) Emoluments		
	The emoluments of the directors of the company were:		
	Fees	6,917	4,250
	Fees paid to third parties for the services of directors	70,000	63,623
	Management remuneration (including pension contributions and benefits-in-kind)	471,416	383,419
	Payment to Natural Diamonds Inc.	-	7,183
	Annuity paid by John Abrahams	-	57,500
	Consultancy fees	40,000	35,114
		<u>£588,333</u>	<u>£551,089</u>
	(b) Bandings		
	Fees and other emoluments disclosed above (excluding pension contributions, annuities and payments to Natural Diamonds Inc. but including amounts paid to third parties for the services of directors) include amounts paid in respect of:		
		1991 £	1990 £
	The chairman	51,500	50,750
	The highest-paid director	<u>153,738</u>	<u>126,437</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1991 (continued)

5. DIRECTORS (continued)

(b) Bandings (continued)

Other directors' emoluments (excluding pension contributions) were in the following ranges:

	1991 Number	1990 Number
£nil - £ 5,000	-	2
£ 5,001 - £ 10,000	1	1
£ 10,001 - £ 15,000	1	2
£ 25,001 - £ 30,000	-	1
£ 35,001 - £ 40,000	-	1
£ 40,001 - £ 45,000	1	-
£ 50,001 - £ 55,000	1	2
£ 55,001 - £ 60,000	1	-
£ 70,001 - £ 75,000	1	-
£100,001 - £105,000	-	1
£110,001 - £115,000	1	-

6. EMPLOYEES

(a) Number of employees

The average weekly number of persons (including directors) employed by the group during the year was 52 (1990 : 52).

(b) Employment costs

	£	£
Wages and salaries	1,361,465	1,367,532
Social security costs	106,087	100,938
Other pension costs	80,873	156,156
Secondment charges and annuities	127,500	128,306
	<u>£1,675,925</u>	<u>£1,752,932</u>

7. PENSION COSTS

The group operates a defined benefit pension scheme in the UK. The assets of the scheme are held in separate trustee administered funds.

The total pension cost for the group in respect of this pension scheme was £36,643 (1990 : £128,000). The remainder of the group pension cost reflects payments to defined contribution schemes and payments made under the arrangements described in note 20(b)(iii).

This cost was assessed in accordance with the advice of a professionally qualified actuary using the projected unit method. The most recent full actuarial valuation of the scheme was at 31 December 1990, from which the pension cost for 1991 was calculated.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1991 (continued)

7. PENSION COSTS (continued)

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment return would be 9% per annum, that salary increases would be 7.5% per annum and that pensions would increase as stated in the rules of the scheme (5% per annum or increase in the Retail Price Index if lower).

The market value of the assets of the scheme at 31 December 1990 was £5,111,822 and the level of funding was 221% at that date.

As a consequence of the surplus, the group has taken a contribution holiday since 1977. This holiday is currently expected to last for a further 10 years.

8. TAXATION

	1991 £	1990 £
UK current year taxation		
UK Corporation tax at 33.25% (1990: 34.25%)	640,224	572,930
Payment for group relief	-	150,098
Deferred tax	(9,034)	37,800
Double tax relief	(4,869)	(1,447)
	<u>626,321</u>	<u>759,381</u>
Overseas taxation	10,942	1,975
	<u>637,263</u>	<u>761,356</u>
Prior years		
UK Corporation tax	(47,871)	(7,836)
Group relief	(53,621)	-
	<u>£535,771</u>	<u>£753,520</u>

9. PROFIT ATTRIBUTABLE TO MEMBERS OF THE COMPANY

Dealt with in the accounts of the company	1,249,706	979,787
Deficit in subsidiary undertakings	(61,416)	(6,081)
	<u>£1,188,290</u>	<u>£973,706</u>

10. DIVIDENDS

Ordinary:		
Interim paid of £5.00 per share	340,000	476,000
Final proposed of £8.60 per share	585,000	367,200
	<u>£925,000</u>	<u>£843,200</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1991 (continued)

## 11. TANGIBLE FIXED ASSETS

(a) Group	Freehold property overseas (including equipment) £	Long leasehold property £	Short leasehold improve- ments £	Motor cars and equipment £	Total £
<b>Cost</b>					
1 January 1991	165,916	182,891	535,946	531,676	1,416,429
Exchange adjustment	-	-	-	4,051	4,051
Additions	-	4,151	232,284	191,814	428,249
Disposals	-	-	(50,000)	(97,128)	(147,128)
31 December 1991	165,916	187,042	718,230	630,413	1,701,601
<b>Depreciation</b>					
1 January 1991	164,636	145,074	323,666	304,824	938,200
Exchange adjustment	-	-	-	2,866	2,866
Charge for the year	1,276	1,559	88,473	99,754	191,062
Disposals	-	-	(50,000)	(79,506)	(129,506)
31 December 1991	165,912	146,633	362,139	327,938	1,002,622
<b>Net book value</b>					
31 December 1991	£4	£40,409	£356,091	£302,475	£698,979
31 December 1990	£1,280	£37,817	£212,280	£226,852	£478,229
<b>(b) Company</b>					
<b>Cost</b>					
1 January 1991	165,916	34,545	535,946	341,873	1,078,280
Additions	-	1,804	232,284	95,270	329,358
Disposals	-	-	(50,000)	(86,396)	(136,396)
31 December 1991	165,916	36,349	718,230	350,747	1,271,242
<b>Depreciation</b>					
1 January 1991	164,636	-	323,665	166,273	654,574
Charge for the year	1,276	-	88,474	66,609	156,359
Disposals	-	-	(50,000)	(66,774)	(118,774)
31 December 1991	165,912	-	362,139	164,108	692,159
<b>Net book value</b>					
31 December 1991	£4	£36,349	£356,091	£186,639	£579,083
31 December 1990	£1,280	£34,545	£212,281	£175,600	£423,706



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1991 (continued)

11. TANGIBLE FIXED ASSETS (continued)

(c) Capital commitments

At 31 December 1991 the directors had authorised capital expenditure as follows:

	1991	1990
	£	£
Authorised but not committed	-	18,135
Against which orders had been placed	-	290,000
	<u>£-</u>	<u>308,135</u>

12. FIXED ASSET INVESTMENTS

£

(a) Group

Unlisted investments at cost	
1 January 1991	22,217
Additions	663
31 December 1991	<u>£22,880</u>

(b) Company

Wholly owned subsidiary undertakings

Cost

1 January 1991	198,028
Additions	67,168
31 December 1991	<u>265,196</u>

Provision for diminution in value

At 1 January 1991 and 31 December 1991	<u>(92,184)</u>
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173,012

Other unlisted investments held

Cost

At 1 January 1991 and 31 December 1991	<u>21,581</u>
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£194,593

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1991 (continued)

## 12. INVESTMENTS (continued)

I. Hennig & Co Limited holds 100% of the ordinary share capital of the following companies, which unless otherwise stated are incorporated in England:

	Nature of business
I. Hennig & Co. (U.S.A.) Limited (incorporated in the United States of America)	Agency company
I. Hennig & Co. (Belgium) N.V. (incorporated in Belgium)	Agency company
I. Hennig & Co. (Far East) Limited (incorporated in Thailand)	Agency company
I. Hennig & Co. (Services) Limited	Service company
I. Hennig & Co. (Jewellery) Limited	Jewellery dealer
Diamond Realisations Limited	Diamond Merchants
Diamond Realisations (Belgium) N.V. (incorporated in Belgium)	Diamond Merchants
Diamond Realisations (Overseas) Limited (incorporated in Israel)	Diamond Merchants
Ely Place Trading Company Limited	Non trading

The company is a 98% profit sharing partner in the business of John Abrahams. The acquisition cost of £285,000 has been written off in a prior year.

The company also holds 9.95% of the issued ordinary share capital in The London Diamond Club Limited, which is incorporated in England.

## 13. STOCKS

	1991 £	1990 £
Goods for resale	<u>£776,642</u>	<u>£1,052,079</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1991 (continued)

14. DEBTORS	Group		Company	
	1991 £	1990 £	1991 £	1990 £
Amounts falling due within one year				
Trade debtors	1,053,216	1,608,933	340,856	273,556
Amounts owed by subsidiary undertakings	-	-	439,180	603,677
Amounts owed by fellow subsidiary undertakings	6,861	-	6,861	-
Other debtors	94,470	816,701	52,693	707,726
Prepayments	45,321	104,697	36,000	96,530
	<u>1,199,868</u>	<u>2,530,331</u>	<u>875,590</u>	<u>1,681,489</u>
Amounts falling due after more than one year				
Other debtors	70,600	48,917	70,600	48,917
	<u>£1,270,468</u>	<u>£2,579,248</u>	<u>£946,190</u>	<u>£1,730,406</u>

Other debtors include an amount for ACT recoverable of £39,000 (1990: £24,480) and a loan of £4,344 (1990: £7,518) to an officer of the company.

15. BANK BALANCES

Certain funds have been made available to the company which it has set aside specifically for the purposes of clients although not separately designated for them. These amounts totalling US\$12,966,864 (1990: US\$12,680,341) have not been included in the balance sheet.

The company has an undrawn facility for an overdraft of US\$1,500,000 which is secured by a charge on £1,300,000 kept in a separate designated account which is included in the balance sheet.

16. CREDITORS: amounts falling due within one year	Group		Company	
	1991 £	1990 £	1991 £	1990 £
Trade creditors	217,118	880,908	23,272	-
Amounts owed to subsidiary undertakings	-	-	12,919	9,153
Amounts owed to parent undertaking	1,693,659	1,498,537	377,249	301,800
Amounts owed to fellow subsidiary undertakings	202,722	1,140,956	14,561	512,609
Corporation tax	689,196	488,643	842,051	485,410
Other taxation and social security	88,904	176,030	68,150	172,906
Other creditors	67,000	86,321	61,945	86,321
Accruals	95,838	114,429	81,448	96,045
Dividend payable	585,000	367,200	585,000	367,200
	<u>£3,639,437</u>	<u>£4,753,024</u>	<u>£2,066,595</u>	<u>£2,031,444</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1991 (continued)

16. CREDITORS: amounts falling due within one year (continued)

In 1990 other creditors included pension costs of £236,000. This has been restated and pension costs are now included within provisions for liabilities and charges.

17. PROVISIONS FOR LIABILITIES AND CHARGES

Group	Pension costs £	Deferred tax £	Total £
1 January 1991	236,000	-	236,000
Transfer to profit and loss account for the year	-	(9,034)	(9,034)
Pension provision for the year	36,643	-	36,643
31 December 1991	<u>£272,643</u>	<u>£(9,034)</u>	<u>£263,609</u>

Company	Pension costs £
1 January 1991	236,000
Pension provision for the year	36,643
31 December 1991	<u>£272,643</u>

18. SHARE CAPITAL	1991 £	1990 £
Authorized 75,000 Ordinary shares of £1 each	<u>£75,000</u>	<u>£75,000</u>
Allotted, called up and fully paid 68,000 ordinary shares of £1 each	<u>£68,000</u>	<u>£68,000</u>

19. RESERVES	Group Other reserves £	Group Profit and loss account £	Company Profit and loss account £
1 January 1991	76,953	2,620,526	2,675,767
Retained profit for the year	-	263,290	324,706
Exchange loss	-	(278)	-
Transfer	28,326	(28,326)	-
31 December 1991	<u>£105,279</u>	<u>£2,855,212</u>	<u>£3,000,473</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1991 (continued)

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## 20. FINANCIAL COMMITMENTS

## (a) Operating leases

At 31 December 1991 the group had annual commitments to pay rents under property leases as follows:

	1991 £	1990 £
Expiring within 5 years	42,149	-
Expiring after 5 years	230,000	230,000
	<u>£272,149</u>	<u>£230,000</u>

## (b) Commitments

No provision has been made in these financial statements for the following commitments made by John Abrahams.

- (i) An annuity of £57,500 payable to Mr. J.A. Abrahams or his family for ten years from 29 September 1982. A further annuity of £25,000 is then payable to Mr. Abrahams until 29 September 1997 or his earlier death.
- (ii) On the death of one of the former partners or his wife, an annuity of £10,000, increased to allow for inflation and currently £24,314 will be payable to the survivor during his or her lifetime or, in the case of the wife, remarriage.
- (iii) Pensions to former partnership employees currently being paid at the rate of £14,286 per annum.

## (c) Other commitments

A subsidiary undertaking has committed itself in the year to accepting its rights for a price of £61,800 following a 3 for 1 rights issue after the year end in respect of a company forming part of the group's unlisted fixed asset investments.

## 21. ULTIMATE PARENT COMPANY

The directors regard Hattron Limited, a company incorporated in England, as the company's ultimate parent company undertaking.

## 22. PROFIT AND LOSS ACCOUNT

The company has taken advantage of the exemption from presenting its own profit and loss account.