

ANNUAL
REPORT

1990



Leopold Joseph

MERCHANT BANKERS

Leopold Joseph is a long established independent merchant bank, specialising in private banking, serving the financial needs of wealthy individuals and smaller companies or professional firms. As an authorised banking institution and accepting house, Leopold Joseph enjoys all the privileges common to the most select group of British banks.

Leopold Joseph's activities include banking, treasury, investment management and corporate finance, as well as offshore services through a long established Guernsey subsidiary. Strong emphasis is placed on the provision of a high quality and personal service for clients.

Leopold Joseph & Sons Limited is a member of IMRO and the British Merchant Banking and Securities Houses Association.

	1986	1987	1988	1989	1990
FIVE YEAR SUMMARY	£000	£000	£000	£000	£000
Capital base	10,863	11,208	21,696	25,862	26,729
Balance sheet totals	139,031	154,622	207,623	210,069	260,337
Net profit	625	700	1,400	2,000	1,700
	pence	pence	pence	pence	pence
Net assets per share	318.2	331.3	422.2	414.1	460.9
Earnings per share	21.6	21.2	32.0	38.0	32.3

The amounts shown in the above summary are stated after taxation and minor reserve transfers.

CONTENTS

2	Chairman's Statement	14	Balance Sheet
4	Directors and Officers	16	Accounting Policies
5	Services	17	Notes to the Accounts
10	Report of the Directors	21	Auditors' Report
11	Consolidated Profit and Loss Account	22	Consolidated Balance Sheet of the Bank
12	Consolidated Balance Sheet	24	Notice of Meeting

II CHAIRMAN'S STATEMENT

Profits for the year ended 31st March 1981 after providing for tax and inner reserves transfer were £1,700,000. Although this represents a reduction of 15 per cent from the previous year, it is nevertheless an acceptable outcome in respect of the year, bearing in mind that significant steps have been taken to build the future earning capacity of the bank.

The Board proposes to maintain the final dividend at 12.75p per share making a total of 15.85p for the year, which is the same as the previous year.

The ability of the bank to attract additional commercial deposits continues and is largely responsible for the increase in the balance sheet totals from £240 million to £260 million. We maintain our cautious stance towards loan business, while the overall reduction in the commercial loan and acceptance book reflects lower money activity at the year end.

Banking, foreign exchange and investment services all enjoyed a successful year in which revenues were enhanced in each of these important areas of the bank's operations. In corporate finance there has been a good increase in activity from an expanded client base. Our Guernsey subsidiary benefited from its recently strengthened management team, although the full financial rewards of the restructuring have yet to be achieved.

A major feature of the past year both in London and Guernsey has been the increase in staff costs which reflects not only the inflationary environment but also the necessity for the bank to attract and retain staff of the high calibre necessary for our future growth. In addition the lease of our present premises in London will shortly expire and we have made appropriate provision for the associated costs. This move will enable the bank to operate from modernised and attractive premises.

The efforts of Government to reduce demand in the economy have been only partially successful in spite of high interest rates which continue to impose difficult trading conditions on substantial sectors of the economy. Whilst inflation continues at an unacceptable level and the balance of payments shows little improvement, political uncertainty has also emerged as an additional factor affecting business decisions.



CHAIRMAN'S STATEMENT

It was a great pleasure to welcome Sir George Blunden back to our Board as joint deputy chairman following his retirement as Deputy Governor of the Bank of England. His experience and wisdom will be greatly appreciated by his colleagues. Sadly, after twenty-six years of close association with the bank and nineteen years as deputy chairman of Leopold Joseph Holdings plc, Baron de Redé has decided to retire. His loyal support and encouragement over so many years have earned our heartfelt thanks and we offer to him our best wishes for the future. During the year Mr. John Emmett was appointed a director of Leopold Joseph & Sons Limited where he has assumed responsibility for banking.

The sincere thanks of the Board are once again extended to our staff both in London and Guernsey for their valuable and much appreciated contribution to our results.

This has been a year of consolidation for the bank. We continue our emphasis on strict control of the quality of our business in the best interest of our customers and shareholders. At the same time we are confident that we are building a business with excellent prospects for the future.

Robin Hobbs



DIRECTORS AND OFFICERS

THE HOLDING COMPANY

DIRECTORS

Robin Herbert *Chairman*

Chairman of Union Discount Company of London plc, director of National Westminster Bank plc and of Marks and Spencer plc

The Rt. Hon. Lord Rees QC *Joint deputy chairman*

Chairman of LASMO plc and chairman of UFG plc. A former Cabinet Minister, he was Chief Secretary to HM Treasury from 1973 to 1985

Sir George Blunden *Joint deputy chairman*

Chairman of the London Pensions Fund Authority and former Deputy Governor of the Bank of England.

Tom Booth FCA

Chairman and chief executive of Refuge Group plc.

Jacques Letertre (France)

Chairman and chief executive of Banque Duménil Leblé and managing director of CERUS and Société Financière de Genève.

David Fletcher ACIB

Michael Quicke

SECRETARY

Richard Walsh FCA

THE BANK

DIRECTORS

Robin Herbert *Chairman and managing director*

David Fletcher ACIB *Managing director*

Michael Quicke *Managing director*

Mrs. Mei Baker FCA

John Emmett

Craig Knox ACIB

Mark Robinson

The Hon. Jonathan Guinness *Non-executive*

SECRETARY

Paul Thrussell ACIB



BANKING

We provide a range of banking services developed to suit the needs of smaller companies, professional firms and individuals both in London and offshore in Guernsey. Through the development of a strong banking relationship, our clients benefit from the continuous support of our services which are tailored to meet their particular requirements and, where appropriate, are integrated with the other activities of the bank. We emphasise an individual and flexible approach and our short lines of communication enable us to respond very quickly to propositions. The main banking services are:

- credit facilities in sterling and foreign currencies through overdrafts, advances, and acceptance credits, short and medium term
- commercial mortgages for investment property: fixed and floating rates of interest
- documentary credit facilities including issuing letters of credit and revolving import/export finance
- guarantees and ancillary banking services for Names at Lloyd's
- partnership finance for professional firms for a variety of purposes, short and medium term
- current, call and deposit account facilities in sterling and foreign currencies, with cheque books where required; associated account and fund transmission services
- designated account systems providing individual accounting for organisations holding deposits for their clients.



TREASURY

As a Wholesale Market Maker we deal actively in the world's major currency markets. Our experience of treasury markets in London and our well-established network of international dealing counterparties enable us to provide a comprehensive service world-wide.

We specialise in looking after the international affairs of small companies and wealthy individuals with a high level of service and a full range of treasury products. Clients can speak directly to one of our treasury dealers thus gaining access to up to the minute market information and immediate execution of orders.

We offer structural advice on currency and interest rate exposures together with appropriate hedging strategies. The necessary hedging cover including off balance sheet instruments such as financial futures and currency options are provided where required. Discretionary cash management and currency management services are available, covering the full spectrum of maturity and currency diversification.



INVESTMENT MANAGEMENT

Leopold Joseph specialises in high quality discretionary investment management services for individuals, trusts, charities and small companies. We place a particular emphasis on achieving a thorough understanding of the objectives and requirements of each client. Our aim is to achieve a good and consistent return over the long term, with protection of capital and minimisation of risk assuming high priority.

This objective is achieved by investment in companies which are fundamentally undervalued by their markets. Our excellent position within the investment community ensures that we benefit from detailed economic and company research from the most highly regarded sources. Combined with our strong in-house analytical capability, we thus form our decisions based on accurate and comprehensive information.

The portfolio management service includes all aspects associated with administration of investments, together with banking services and safe custody. Clients are closely informed of the transactions carried out and the reasons for them in implementing the investment strategy. This ensures that they are kept well-informed yet are relieved from the tiresome burdens associated with managing investments.

Although we do not specialise in tax advice, we are happy to introduce our clients to advisers we know and trust, or work with their existing advisers on the management of the portfolio. In addition to our portfolio management service we are pleased to offer personal equity plan management and corporate nominee and trustee services.

The increasing diversity of financial assets and the growing dominance of international securities houses acting for large institutional funds make us ever more confident that the combination of investment expertise and individual attention we offer is much valued by our clients.

Leopold Joseph & Sons Limited is a member of the Investment Management Regulatory Organisation (IMRO).



SERVICES

CORPORATE FINANCE

Corporate finance at Leopold Joseph is organised to serve the needs of smaller and medium sized companies seeking creative solutions to the problems of business development and growth. Our core professional team offers a consistently high level of personal attention to clients' requirements and draws where necessary on all the wider resources of the bank and our extensive network of contacts in industry and finance.

Our clients include both private and publicly quoted companies in which commonly their directors own a significant interest. We have developed a particular awareness of the needs of such businesses and their proprietors when contemplating change in the way the business is financed, its ownership structured, and corporate developments undertaken.

In this way, we are engaged to advise on a specific transaction such as an acquisition, sale or management buy-out, which will have far-reaching consequences for the future of the business. We bring to bear not only the technical skills in structuring the transaction, negotiating with third parties, arranging finance and leading the legal work to a successful conclusion, but also provide the client with an opportunity to examine the broader strategic issues with the help of an independent adviser. Equally we may be retained on a flexible basis to provide the client with general strategic advice from a financial perspective, often leading to a series of transactions which enable the business to be transformed in a controlled manner.



OFFSHORE PRIVATE BANKING

Through our wholly owned subsidiaries, in Guernsey and the British Virgin Islands, a wide range of confidential, personal and competitive offshore services are offered. These include:

Banking

These services are detailed on page five but, in addition, it should be noted that Guernsey maintains high interest cheque accounts. All interest bearing accounts are paid without the deduction of withholding tax.

Treasury

These services are detailed on page six and are provided locally in Guernsey by an experienced team. An additional service of Swiss style fiduciary deposits is also offered primarily to international clients.

Investment Management

These services are detailed on page seven. However, in addition, a Portfolio Management Plan is offered to clients with funds to invest but who do not have the time or expertise to efficiently manage their investments.

Securities

Competitive securities dealing, settlement and global custody services are offered in all the major markets worldwide. These services include the use of our nominee facility thus providing anonymity for clients who desire this feature.

Trustee Services and Company Management

Full trustee services.

Corporate services including the creation of companies, acting as registrars and/or secretary, meeting all statutory requirements.

Full management and administration of companies incorporated in all the major offshore centres.

Clients should be aware that whilst all our Guernsey operations are not regulated under the Financial Services Act they are nonetheless licensed under the provisions of the Protection of Depositors (Bailiwick of Guernsey) Ordinances and are regulated and supervised by the Guernsey Financial Services Commission.



REPORT OF THE DIRECTORS

For the year ended 31st March 1990

ACTIVITIES

The company is an investment holding company for the group whose principal activities are merchant banking conducted through the subsidiaries set out on pages eighteen and nineteen. A review of the main developments of the group during the year is covered in the chairman's statement on page two.

RESULTS AND DIVIDENDS

The results for the year are shown on page eleven. The directors paid an interim dividend of 3.1p per share and recommend a final dividend of 12.75p per share, making a total of 15.85p per share after tax credit.

DIRECTORS

Directors who have served during the year and their interests, including those of their families and trusts, in the ordinary shares of the company were as follows:

	1990		1989	
	Shares	Options	Shares	Options
Robin Herbert	439,208	—	311,208	—
Baron Alexis de Redé	104,827	—	104,827	—
The Rt. Hon. Lord Rees	2,100	—	2,100	—
Tom Booth	—	—	—	—
Jacques Letertre	—	—	—	—
David Fletcher (appointed 2nd May 1989)	1,640	59,005	1,355	42,650
Michael Quicke (appointed 2nd May 1989)	888	58,590	603	42,650

All the above are beneficial holdings except for 412,923 shares which are held by Robin Herbert's family interests. There were no changes in the above holdings between 31st March 1990 and 6th July 1990. The directors retiring by rotation are Tom Booth and Jacques Letertre, who, being eligible, offer themselves for re-election. Sir George Blunden was appointed a director on 1st June 1990 and deputy chairman on 14th June 1990 on the retirement of Baron Alexis de Redé.

DONATIONS

During the year the company made donations to charity amounting to £2,981. A contribution of £750 was made to the Conservative Party.

SUBSTANTIAL SHAREHOLDERS

The company has received notice of the following holdings of more than 5% in the ordinary shares of the company as at 14th June 1990:

	% of ordinary shares held
Refuge Assurance plc	29.99
Duménil-Leblé S.A.	29.48
National Rivers Authority Pension Funds	7.61
Scottish American Investment Company plc	5.06

TAXATION STATUS

As far as the directors are aware, the company is not a close company within the meaning of the Taxes Act 1988.

By Order of the Board
Richard Walsh Secretary

12th July 1990



CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March 1990

	Notes	1990 £000	1989 £000
PROFIT OF THE GROUP AFTER TAXATION AND INTEREST TRANSFER (of which £765,734 (1989 - £832,320) has been dealt with in the accounts of the company)		1,700	2,000
Less: DIVIDENDS	1	833	833
RETAINED EARNINGS for the year	2	867	1,167

The accompanying notes form an integral part of this account.



CONSOLIDATED BALANCE SHEET

31st March 1991

	No.	1990 £000	1989 £000
Authorised share capital		7,000	7,000
Issued share capital	3	5,257	5,257
Share premium		12,620	12,620
Retained earnings	2	6,352	5,185
Share capital and reserves		24,229	23,062
Unsecured Loan Stock 1997-2002	4	221	1,500
Subordinated Unsecured Loan Stock 2000-5	5	2,500	2,500
		26,950	27,062
Interest of minority shareholders		1,555	1,555
		28,505	28,617
Current, deposit and other accounts including taxation and minor reserves		182,746	111,414
Secured deposits		7,000	12,000
Certificates of deposit		7,000	2,000
Dividends payable	1	670	670
		197,416	156,084
Acceptances, confirmed credits and guarantees for customers		34,416	55,068
		260,337	240,069

CONSOLIDATED BALANCE SHEET

As at 30th June 1990

		1990 £000	1989 £000
Cash in hand, at banks and at call		82,932	60,927
Certificates of deposit		16,438	11,007
Treasury bills and bills discounted		5,200	5,250
Short term loans to financial institutions		55,642	35,265
Other loans to financial institutions		11,000	8,000
British government securities and corporation stock	6	8,506	9,215
Quoted preference and loan stocks redeemable up to and including 1995	7	2,025	2,475
Other securities	8	7,737	6,271
Loans and advances to customers and other accounts		33,836	10,758
Investment in associated companies	9	272	500
Long term investments	10	2,333	2,333
Customers liabilities for acceptance and confirmed credits		34,416	55,068
		260,337	210,069

Approved by the Board on 12th July 1990 and signed on its behalf

Robin Herbert *Chairman*

David Fletcher *Director*

The accompanying notes form an integral part of this balance sheet



BALANCE SHEET

31st March 1999

		1999 £000	1998 £000
Authorised share capital			
Ordinary shares of £1 each	1	7,000	7,000
Issued share capital fully paid			
	3	5,257	5,257
Share premium		12,620	12,620
Retained earnings	2	6	3
Share capital and reserves		17,883	17,880
Unsecured Loan Stock 1997-2002	1	221	1,500
		18,104	19,380
CURRENT LIABILITIES			
Dividends	1	670	670
Taxation		223	223
Creditors		14	3
Indebtedness to subsidiaries		4,689	3,082
		5,596	3,978
		23,700	23,358



BALANCE SHEET

31st March 1990

	Notes	1990 £000	1989 £000
TANGIBLE FIXED ASSETS			
Shares in subsidiaries at cost	9	19,610	19,610
CURRENT ASSETS			
Dividend receivable from subsidiaries		321	760
Debtors		848	569
British government securities and corporation stock		481	
Quoted preference and loan stock		1,479	1,465
Other securities		961	954
		4,090	3,718
		23,700	23,358

Approved by the Board on 12th July 1990 and signed on its behalf

Robin Herbert *Chairman*

David Fletcher *Director*

The accompanying notes form an integral part of this balance sheet.

ACCOUNTING DISCLOSURE

The information shown in relation to banking companies in the consolidated accounts is given in the manner authorised for such companies by the Companies Act 1985 and the policy is to set aside sums to inner reserve. The consolidated accounts are prepared in compliance with Section 259 of and Schedule 9 to the Companies Act 1985; the balance sheet of the company is prepared in compliance with Section 228 of and Schedule 4 to that Act. The profit and loss account has been framed on a consolidated basis, advantage being taken of Section 228(7) of the Companies Act 1985.

Additional information that may be required under statements of standard accounting practice is not given where this would necessitate disclosure of information which those companies are exempt from disclosing. Accordingly the directors do not consider that it would be appropriate to present a statement of source and application of funds.

CONSOLIDATION

The consolidated accounts include the accounts of all material subsidiaries made up to 31st March, except Leopold Joseph Holdings (Guernsey) Limited which makes up its accounts to 31st December. The consolidated results of this company in these accounts include nine months of the audited accounts for the year ended 31st December together with its unaudited management accounts for the three months ended 31st March.

Goodwill arising on consolidation is written off against retained earnings.

The equity method of accounting has been adopted for associated companies.

BANKING COMPANIES

Investments, other than long term investments which are held at cost, are valued at market value at 31st March.

Treasury bills, certificates of deposit and bills discounted are stated at their market value at 31st March when held for dealing purposes and otherwise at cost.

Office equipment, motor vehicles and fixtures and fittings are written off in the year of purchase.

Foreign currency is translated at the rates prevailing at 31st March.

Funds received under contracts where there is a liability to provide annual sums over varying periods of years are included under current, deposit and other accounts and are reviewed annually.

Investment banking income and fees are taken into account when received.

ALL COMPANIES

Investments held by non-banking companies are stated at their market value at 31st March when held for dealing purposes and otherwise at cost, adjusted to amortise premiums and discounts on short dated stocks over the periods to redemption.

Funds received under contracts where there is a liability to provide annual sums are treated in the manner described for banking companies.



NOTES TO THE ACCOUNTS

	1990 £000	1989 £000
1 DIVIDENDS		
Interim dividend of 3 1p per share (1989 - 3 1p per share) equivalent with related tax credit to 4 133p per share	163	163
Final dividend proposed of 12 75p per share (1989 12 75p per share) equivalent with related tax credit to 17p per share	670	670
	833	833

2 RETAINED EARNINGS

Retained earnings for the year in the company	3	(1)
Subsidiaries	864	1,167
Retained earnings at beginning of year	5,485	4,319
	6,352	5,485

Retained earnings at the year end include £124,303 (1989 - £423,923) which is not available for distribution as dividends.

No provision has been made for any taxation which could arise if the retained earnings of the overseas subsidiaries were to be distributed.

3 SHARE CAPITAL

Under the terms of the company's executive share option schemes, options were granted during the year in respect of 76,325 shares at £4.90. At 31st March 1990, there were options outstanding on 84,600 shares exercisable at £4.37 in 1992; 7,900 shares exercisable at £5.65 in 1992; 39,050 shares exercisable at £4.28 in 1992; 11,200 shares exercisable at £4.28 in 1993; and 76,325 shares exercisable at £4.90 in 1994. Directors' interest in these are as shown on page ten.

4 UNSECURED LOAN STOCK

£1,500,000 9 1/2% Unsecured Loan Stock 1997-2002 was constituted by a trust deed in favour of The Commercial Union Assurance Company plc as trustees. Interest is payable by equal half-yearly instalments on 6th March and 6th September in each year. During the year, £1,278,540 of the stock was repurchased and cancelled.

5 SUBORDINATED UNSECURED LOAN STOCK

£2,500,000 12 1/2% Subordinated Unsecured Loan Stock 2000-5 was constituted by a trust deed in favour of Refuge Assurance plc. Interest is payable by equal half-yearly instalments on 1st January and 1st July in each year.

6 BRITISH GOVERNMENT SECURITIES

British Government Securities with a market value of £1,817,744 have been deposited with other banks as security for confirming letters of credit.



NOTES TO THE ACCOUNTS

	1990 £000	1989 £000
7 QUOTED PREFERENCE AND LOAN STOCKS		
Redeemable up to and including 1995		
Market value £1,960,214 (1989 £2,460,765)	2,025	2,475
8 OTHER SECURITIES		
Quoted - market value £2,955,637 (1989 - £2,507,806)	2,974	2,463
Unquoted - directors' valuation £4,782,928 (1989 - £3,836,398)	4,763	3,808
	7,737	6,271
	Percentage of ordinary shares held by relevant parent company	
9 SUBSIDIARIES AND ASSOCIATED COMPANIES	1990	1989
Incorporated and operating in the United Kingdom unless otherwise stated		
SUBSIDIARIES		
Held by the company		
Leopold Joseph & Sons Ltd <i>Merchant bankers</i>	100	100
Leopold Joseph Investments Ltd <i>Investment holding</i>	100	100
St Regis Dealing Company Ltd <i>Investment dealing</i>	100	100
Held by Leopold Joseph & Sons Limited		
Alpha Investments Ltd <i>Investment dealing</i>	100	100
Brineglow Ltd <i>Investment holding and dealing</i>	100	100
Carlbrue Investment Ltd <i>Investment dealing</i>	100	100
Chandos Holdings Ltd <i>Investment holding</i>	100	100
Green Highlander Ltd <i>Investment holding</i>	100	100
Leopay Holdings Ltd <i>Investment holding</i>	100	100
Leopold Joseph Nominees Ltd <i>Corporate trustee and nominee</i>	100	100
Leopold Joseph & Sons Pensioners' Trustee Co Ltd <i>Pensioners' trustee</i>	100	100
Leopold Joseph Trustee Ltd <i>Corporate trustee</i>	100	100
Incorporated and operating in Guernsey		
Leopold Joseph Holdings (Guernsey) Ltd <i>Holding company</i>	100	100
Leittatos Ltd <i>Management Company</i>	100	100
Phesox Registrars Ltd <i>Registrars</i>	100	100
Held by Leopold Joseph Investments Limited		
Commercial Shop & Office Holdings Limited <i>Property and investment holding</i>	100	100
Incorporated and operating in Jersey		
Blackdog Investment Limited <i>Investment dealing</i>	100	100

ii SUBSIDIARIES AND ASSOCIATED COMPANIES <i>continued</i>	Percentage of ordinary shares held by relevant parent company	
	1990	1989
Held by Leopold Joseph Holdings (Guernsey) Limited		
Incorporated and operating in Guernsey		
Leopold Joseph & Sons (Guernsey) Ltd <i>Merchant bankers</i>	100	100
Leopold Joseph & Sons (Guernsey)		
Executor and Trustee Co Ltd <i>Corporate trustee</i>	100	100
Leopold Joseph Fund Management (Guernsey) Ltd <i>Fund managers</i>	100	100
Held by Leopold Joseph & Sons (Guernsey) Limited		
Incorporated and operating in Guernsey		
L'Ecossaise Ltd <i>Investment holding ('A' Shares)</i>	100	100
Leopold Joseph & Sons (Guernsey) Nominees Ltd <i>Corporate trustee and nominee</i>	100	100
Poulain Ltd <i>Investment dealing</i>	100	100
Incorporated and operating in The British Virgin Islands		
Leopold Joseph (BVI) Trust Co Ltd <i>Trust company</i>	100	100
Held by Leojay Holdings Limited		
Sparsan Investment Co Ltd <i>Investment holding</i>	100	100
Unquoted company		
Incorporated and operating in Guernsey		
Treasury Fund Managers (Guernsey) Limited <i>Fund management</i>	50	50
	1990	1989
iii LONG TERM INVESTMENTS	£000	£000
Leopold Joseph & Sons (Guernsey) Limited		
Dated government securities held by subsidiary	2,332	2,332
Other companies		
Unquoted investments	1	1
	2,333	2,333

Dated government securities held at cost by a subsidiary of Leopold Joseph & Sons (Guernsey) Limited are intended to be held until maturity. Income arising from these investments is attributable to the group and capital profits to the minority shareholders. The market value of these investments at 31st March 1990 was £2,742,832 (1989 - £2,707,364).



NOTES TO THE ACCOUNTS

	1990 £000	1989 £000
11 DIRECTORS' EMOLUMENTS		
Emoluments of directors of the parent company payable by the group:		
Fees	27	26
Other remuneration (including pension contributions)	243	78
	270	104

Chairman's emoluments	56	45
Emoluments of the highest paid director	78	13

The following table shows the number of directors, excluding the chairman and highest paid director, whose emoluments during the year were within the bands stated.

Less than £5,000	3	3
£10,001 - £15,000	1	-
£75,001 - £80,000	1	-

12 AUDITORS' REMUNERATION		
Group (Parent £5,500 - 1989 £5,500)	85	85

13 CONTINGENT LIABILITIES

There are contingent liabilities in respect of:

(a) Bills re-discounted

(b) Contracts for forward transactions in foreign currencies entered into in the ordinary course of business.

14 PENSION COSTS

The company operates a pension scheme of the defined benefit type. The assets of the scheme are held separately from those of the company, being invested with an insurance company in a managed fund.

Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by an actuary on the basis of periodic valuations using the projected unit method with a control period of 20 years. The most recent valuation was at 26th August 1989 when the actuarial value of the assets represented 132% of the benefits which had accrued to members after allowing for expected future increases in earnings.



SHAREHOLDERS' INFORMATION

REPORT OF THE AUDITORS

To the members of Leopold Joseph Holdings Public Limited Company.

We have audited the accounts on pages eleven to twenty in accordance with approved auditing standards.

In our opinion the balance sheet of the company gives a true and fair view of the state of affairs at 31st March 1990 and has been properly prepared in accordance with the Companies Act 1985; and the consolidated accounts have been properly prepared in the manner authorised for banking companies under the Companies Act 1985.

Clark Whitehill

Clark Whitehill

Chartered accountants

London

12th July 1990

REGISTERED OFFICES

31-45 Gresham Street

London EC2V 7EA

Telephone 071-588 2323

Telex 886454-5

REGISTRARS

Regis Registrars Limited

Balfour House

390-398 High Road

Hford

Essex IG1 1NQ



CONSOLIDATED BALANCE SHEET OF THE BANK

31st March 1990

	1990 £000	1989 £000
Authorised share capital	5,000	5,000
Issued share capital	5,000	5,000
Share premium	13,728	13,728
Retained earnings	7,095	6,179
Share capital and reserves	25,823	24,907
Subordinated Unsecured Loan Stock 2000/5	2,500	2,500
Interest of minority shareholders	1,555	1,555
	29,878	28,962
Amounts due to group companies	815	423
Current, deposit and other accounts including taxation and inner reserves	182,285	141,387
Secured deposits	7,000	12,000
Certificates of deposit	7,000	2,000
Proposed ordinary dividends	284	760
Acceptances, confirmed credits and guarantees for customers	34,416	55,068
	261,678	240,600

The assets and liabilities in the above balance sheet have been incorporated in the Leopold Joseph Holdings Public Limited Company consolidated balance sheet on pages twelve and thirteen.

The above balance sheet has been extracted from the full accounts of Leopold Joseph & Sons Limited, a copy of which will be filed with the Registrar of Companies and upon which the auditors have given an unqualified report.



CONSOLIDATED BALANCE SHEET OF THE BANK

31st March 1990

	1990 £000	1989 £000
Cash in hand, at banks and at call	82,932	60,927
Certificates of deposit	16,438	14,007
Treasury bills and bills discounted	5,200	5,250
Short term loans to local authorities and financial institutions	55,642	35,265
Other loans to financial institutions	11,000	8,000
British government securities and corporation stock	8,024	9,215
Quoted preference and loan stocks redeemable up to and including 1995	546	1,010
Other securities	2,763	191
Loans and advances to customers and other accounts	32,819	40,398
Amounts due from group companies	9,294	8,591
Associated companies	272	346
Long term investments	2,332	2,332
Customers liabilities for acceptance and confirmed credits	34,416	55,068
	261,678	240,600



NOTICE OF MEETING

NOTICE IS HEREBY GIVEN

That the twenty-seventh Annual General Meeting of the company will be held on Thursday 6th September 1990 at the Barber-Surgeons' Hall, Monkwell Square, London EC2 at 12.15 p.m. for the following purposes:

- 1 To receive the directors' report and audited accounts for the year ended 31st March 1990.
- 2 To declare a dividend.
- 3 To re-elect Tom Booth who retires by rotation.
- 4 To re-elect Jacques Letertre who retires by rotation.
- 5 To elect Sir George Blunden who was appointed on 1st June 1990.
- 6 To re-appoint Clark Whitehill as auditors for the ensuing year.
- 7 To authorise the directors to fix the auditors' remuneration.
- 8 To transact any other business of an Annual General Meeting.

By Order of the Board
Richard Walsh *Secretary*

12th July 1990

A member entitled to attend and vote at the above-mentioned meeting is entitled to appoint a proxy to attend and vote (on a poll) instead of him. A proxy need not be a member of the company.

Copies of directors' service contracts, details of transactions of the directors and their family interests in the capital of the company during the twelve months prior to the date of the above notice, and particulars of transactions, arrangements and agreements between the company and its directors during the period 22nd December 1980 to 31st March 1990 are available for inspection at the company's registered office between the 12th July 1990 and the 6th September 1990 during usual business hours on any weekday (Saturdays excluded) and between 12 noon and during the meeting on 6th September 1990 at the Barber-Surgeons' Hall, Monkwell Square, London EC2.

Directors seeking re-election do not have service contracts with the company. There were no contracts or arrangements of significance subsisting during or at the end of the year in which a director of the company is or was materially interested.