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Singer & Friedlander Group PLC

Interim Report 1995



## Chairman's Interim Statement

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I AM pleased to report a substantial increase in profits before tax and exceptional items for the six months to £16,685,000 from £11,236,000 an increase of 48%.

Profits before tax and exceptional items, and after minorities, rose to £14.586m from £11.1m, an increase of 31.4%.

Earnings per share before exceptionals are 4.95p against 4.12p, an increase of 20%.

This increase reflects the further progress of your Group and is primarily brought about by the inclusion of Carnegie which we acquired at the end of last year.

The drop in Other Group Income is caused by the inclusion of interest paid on the funding of this purchase.

The Banking Department had a good half year with increased profits as their new initiatives continued to develop well. Collins Stewart and Co. continued to grow.

The Investment Management Department had a quiet period but increased funds under management significantly.

Our Retail Division increased its funds under management by its recent acquisition of the former Knight Williams funds and now manages some half a billion pounds. It is hoped that this level of funds under management will lead to substantially increased profitability in this division in the future.

Funds under management within the Group are now approaching £3bn.

Our investment in Peoples Phone continues well as the company expands both in its number of customers and in profitability.

The interim dividend is increased to 1.6p (1994: 1.4p), an increase of 14.3%, and will be paid on 1st-November 1995 to those on the register on 3rd October 1995.

A N Solomons *Chairman*

6th September 1995

Chairman: A N Solomons

Directors: Sir Harry Djanogly CBE, J Hodson, A G O Walker, N W Wray

Registered in England No. 970842. Registered Office 21 New Street, London EC2M 4HR

# Non-Statutory Consolidated Profit and Loss Account

		PROFIT BEFORE MINORITY INTEREST		MINORITY INTEREST		PROFIT AFTER MINORITY INTEREST	
	NOTES	1995 £000	1994 £000	1995 £000	1994 £000	1995 £000	1994 £000
For the six months ended 30th June 1995							
PROFITS:							
MERCHANT BANKING, STOCKBROKING AND INVESTMENT MANAGEMENT	1	14,298	6,988	2,000	70	12,298	6,918
PROPERTY		2,236	2,486	—	—	2,236	2,486
OTHER GROUP INCOME	2	151	1,762	99	61	52	1,701
PROFIT ON ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEMS		<u>16,685</u>	<u>11,236</u>	<u>2,099</u>	<u>131</u>	<u>14,586</u>	<u>11,105</u>
Taxation on ordinary activities						(4,949)	(3,128)
PROFIT ON ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEMS AND AFTER TAXATION						9,637	7,977
Exceptional items	3					1,276	2,000
PROFIT ON ORDINARY ACTIVITIES AFTER EXCEPTIONAL ITEMS AND TAXATION						10,913	9,977
Proposed dividend – 1995: 1.6p per share (1994: 1.4p per share)						(3,137)	(2,762)
RETAINED PROFIT FOR THE PERIOD						7,776	7,215
EARNINGS PER SHARE BEFORE EXCEPTIONAL ITEMS							
HEADLINE EARNINGS PER SHARE UNDER IIMR GUIDELINES						4.95p	4.12p
FULLY DILUTED						4.50p	3.98p
EARNINGS PER SHARE INCLUDING EXCEPTIONAL ITEMS							
BASIC						5.61p	5.16p
FULLY DILUTED						5.03p	4.96p

- 1 Merchant Banking, Stockbroking and Investment Management for 1995 includes £6,338,000 under Profit before Minority Interests, being the operating profits of the Carnegie Group. These profits are before payment of interest on the loan stock issued by Carnegie to Singer & Friedlander Group PLC ("the Company") to fund the acquisition of such companies. The apportionment of these profits between Minority Interests and Profit after Minority Interest has taken account of such interest payable to the Company. Included within Other Group Income is the charge for the interest paid on borrowings by the Company, and used to purchase the Carnegie companies.
- 2 Other Group Income comprises income of the Company from investments, other than investments in subsidiary companies excluding Edgar Hamilton Ltd, and interest receivable by the Company less management expenses of the Company. Income from investments includes the Company's share of profits from its associated company investments.
- 3 The composition of Exceptional Items is set out below:

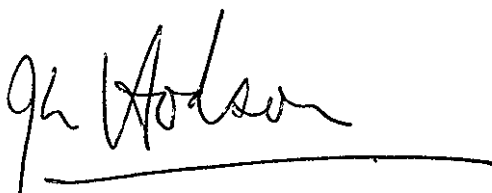
	1995 £000	1994 £000
Write up in the value of investment properties	—	2,000
Sale of investment property	4,276	—
Provision for loss in value of subsidiary	(3,000)	—
	<u>1,276</u>	<u>2,000</u>

## Consolidated Profit and Loss Account

For the six months ended 30th June 1995	NOTES	1995 £000	1994 £000
<b>CONTINUING OPERATIONS</b>			
<i>Interest receivable</i>			
Interest receivable and similar income arising from debt securities		7,402	8,286
Other interest receivable and similar income		35,952	17,748
Less: interest payable		(33,428)	(16,693)
<b>NET INTEREST INCOME</b>		<b>9,926</b>	<b>9,341</b>
Dividend income		921	568
Fees and commissions receivable		43,336	11,271
Less fees and commissions payable		(688)	(169)
Dealing profits		3,325	415
Other operating income		4,588	5,364
		<b>51,482</b>	<b>17,449</b>
<b>OPERATING INCOME</b>		<b>61,408</b>	<b>26,790</b>
Administrative expenses		(46,095)	(14,830)
Depreciation and amortisation		(1,943)	(565)
<i>Other operating charges</i>			
Provisions for bad and doubtful debts – specific		1,599	904
Provisions for bad and doubtful debts – general		–	(937)
Profits from associated undertakings		1,863	685
Amounts written off fixed asset investments – securities		(147)	(811)
		<b>(44,723)</b>	<b>(15,554)</b>
		<b>16,685</b>	<b>11,236</b>
Exceptional write up in investment properties	2	–	2,000
<b>GROUP OPERATING PROFIT</b>		<b>16,685</b>	<b>13,236</b>
Exceptional items	2	1,276	–
<b>GROUP PROFIT ON ORDINARY ACTIVITIES AFTER EXCEPTIONAL ITEMS AND BEFORE TAXATION</b>		<b>17,961</b>	<b>13,236</b>
Taxation on ordinary activities		(5,341)	(3,171)
<b>GROUP PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>12,620</b>	<b>10,065</b>
Minority interests		(1,707)	(88)
<b>GROUP PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF SINGER &amp; FRIEDLANDER GROUP PLC</b>		<b>10,913</b>	<b>9,977</b>
Proposed dividend – 1995: 1.6p per share (1994: 1.4p per share)		(3,137)	(2,762)
<b>RETAINED PROFIT FOR THE PERIOD</b>		<b>7,776</b>	<b>7,215</b>
<b>EARNINGS PER SHARE BEFORE EXCEPTIONAL ITEMS</b>			
HEADLINE EARNINGS PER SHARE UNDER IIMR GUIDELINES	3	4.95p	4.12p
FULLY DILUTED		4.50p	3.98p
<b>EARNINGS PER SHARE INCLUDING EXCEPTIONAL ITEMS</b>			
BASIC	3	5.61p	5.16p
FULLY DILUTED		5.03p	4.96p

## Consolidated Balance Sheet

At 30th June 1995	1995 £000	1994 £000
<b>ASSETS</b>		
Cash and balances at central banks	210	13
Cheques in the course of collection	14	—
Treasury bills and other eligible bills	92,411	15,281
Loans and advances to banks	251,465	91,558
Loans and advances to customers	905,358	282,030
Debt securities	307,533	485,311
Equity shares	187,104	12,689
Interests in associated undertakings	26,315	3,142
Tangible fixed assets	83,293	87,489
Other assets	57,254	23,036
Prepayments and accrued income	26,415	13,488
<b>Total assets</b>	<b>1,937,372</b>	<b>1,014,037</b>
<b>LIABILITIES</b>		
Deposits by banks	349,085	264,930
Customer accounts	1,054,616	485,298
Debt securities in issue	31,046	30,000
Term loans	23,048	—
Convertible loan stock	30,658	—
Other liabilities	238,537	36,890
Accruals and deferred income	34,803	10,807
Provisions for liabilities and charges:		
Deferred taxation	3,628	3,775
Other provisions for liabilities and charges	3,385	4,585
Minority interests	6,109	882
Called up share capital	19,605	19,417
Share premium account	93,964	92,765
Other reserves	16,339	18,251
Revaluation reserves	3,832	—
Profit and loss account	28,717	46,437
	162,457	176,870
<b>Total liabilities and shareholders' funds</b>	<b>1,937,372</b>	<b>1,014,037</b>
<b>MEMORANDUM ITEMS</b>		
Contingent liabilities:		
Acceptances and endorsements	87,150	106,634
Guarantees	18,467	20,806
	105,617	127,440
Commitments:		
Other commitments	102,398	120,708
	102,398	120,708



# Notes to the Interim Financial Information in Statutory Format

- 1 The interim report is prepared on a basis consistent with that used in the financial statements for the year ended 31st December 1994. The comparative figures for 1994 have been restated in relation to minority interests to be consistent with the 1995 presentation.
- 2 The composition of exceptional items is set out below:

	1995 £000	1994 £000
Included in operating profit:		
Write up in the value of investment properties	—	2,000
	1995 £000	1994 £000
Sale of investment property	4,276	—
Provision for loss in value of subsidiary	(3,000)	—
	1,276	—

- 3 Earnings per share is calculated on the profit of £10,913,000 (1994: £9,977,000) and on a weighted average of 194,610,343 (1994: 193,446,031) shares in issue during the period. The Institute of Investment Management and Research Headline Earnings are calculated excluding the exceptional items. Earnings per share before exceptional items (in accordance with IIMR) has been calculated to show the impact of exceptional items on the results of the period as these can have a distorting effect on earnings and therefore warrant separate consideration.

## Review Report by KPMG to Singer & Friedlander Group PLC

We have reviewed the interim financial information for the six months ended 30th June 1995 set out on pages 3 to 5 which is the responsibility of, and has been approved by, the directors. Our responsibility is to report on the results of our review.

Our review was carried out having regard to the Bulletin "Review of Interim Financial Information", issued by the Auditing Practices Board. This review consisted principally of applying analytical procedures to the underlying financial data, assessing whether accounting policies have been consistently applied, and making enquiries of group management responsible for financial and accounting matters. The review excluded audit procedures such as tests of control and verification of assets and liabilities, and was therefore substantially less in scope than an audit performed in accordance with Auditing Standards and accordingly we do not express an audit opinion on the interim financial information.

On the basis of our review:

- in our opinion the interim financial information has been prepared using accounting policies consistent with those adopted by Singer & Friedlander Group PLC in its financial statements for the year ended 31st December 1994; and
- we are not aware of any material modifications that should be made to the interim financial information as presented.

KPMG  
Chartered Accountants  
8 Salisbury Square  
London EC4Y 8BB  
6th September 1995