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ANCOMASS LIMITED  
AND SUBSIDIARY COMPANIES

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DIRECTORS' REPORT AND ACCOUNTS

31ST DECEMBER 1985



ANCOMASS LIMITED  
AND SUBSIDIARY COMPANIES

Directors

Rt. Hon. G. Rippon, Q.C., M.P. - Chairman  
B.H. Buckley  
M.H. Newman  
K.P. Ney  
A.N. Solomons  
A.G.O. Walker  
D.J.G. White

Secretary

R. Fiddemont

REPORT OF THE DIRECTORS

The directors submit their annual report and the statement of accounts for the year ended 31st December 1985.

**Principal activity:**

The company is an investment holding company, which holds the whole of the issued share capital of Singer & Friedlander Holdings Limited and of that company's subsidiary, Singer & Friedlander Limited, a recognised bank under the Banking Act 1979.

**Ultimate holding company:**

The ultimate holding company of Ancomass Limited at the date of this report is Britannia Arrow Holdings PLC.

**Share Capital:**

There has been no change in the authorised or issued share capital of the company during the year.

**Results and dividends:**

The results for the year are set out in the profit and loss account on page 5.

REPORT OF THE DIRECTORSContinued

During the year the directors declared an interim dividend paid on 30th September 1985 to the holders of the 'A' ordinary and 'B' ordinary shares totalling £1,080,000 (1984 - £6,700,000 paid to the holders of the 'B' ordinary shares and a dividend paid to the holders of the 'A' ordinary and 'B' ordinary shares totalling £1,440,000).

A second interim dividend in respect of the year ended 31st December 1985 totalling £1,080,000 will be paid to the holders of the 'A' ordinary shares and 'B' ordinary shares on 27th March 1986.

The directors do not recommend the payment of a final dividend for the year (1984 - fnil).

#### Fixed Assets:

The value of fixed assets held by various of the company's property subsidiaries, and comprising industrial and office buildings held for long term investment purposes, has increased during the year as indicated in note 9 to the accounts.

#### Directors:

The names of the directors of the company at the date of this report are shown at the head of the report. The directors served throughout the year.

In accordance with the provisions of the articles of association of the company, at the forthcoming annual general meeting Messrs. M.H. Newman and K.P. Ney will retire and, being eligible, offer themselves for re-election.

#### Directors' interests in shares:

The directors have beneficial interests in the shares of Ancomass Limited as follows:

|               | <u>31.12.85</u>            |                            | <u>31.12.84</u>            |                            |
|---------------|----------------------------|----------------------------|----------------------------|----------------------------|
|               | <u>'A' Ord.<br/>Shares</u> | <u>Deferred<br/>Shares</u> | <u>'A' Ord.<br/>Shares</u> | <u>Deferred<br/>Shares</u> |
| A.N. Solomons | 48                         | 48                         | 48                         | 48                         |
| B.H. Buckley  | 42                         | 42                         | 42                         | 42                         |
| A.G.O. Walker | 42                         | 42                         | 42                         | 42                         |

Messrs. G. Rippon, M.H. Newman, K.P. Ney and D.J.G. White had no interests in the shares of Ancomass Limited at 31st December 1985 or 31st December 1984.

The directors have beneficial interests in the following shares and options of Britannia Arrow Holdings PLC.

REPORT OF THE DIRECTORSContinued

|                     | Ordinary Shares<br>fully paid |                 | 9% Convertible<br>Unsecured Loan<br>Stock 1995/2000 |                 | Options to<br>subscribe for<br>Ordinary Shares |                 | Britannia<br>Sharesave Option<br>Scheme |                 |
|---------------------|-------------------------------|-----------------|---|-----------------|--|-----------------|---|-----------------|
|                     | <u>31.12.85</u>               | <u>31.12.84</u> | <u>31.12.85</u>                                     | <u>31.12.84</u> | <u>31.12.85</u>                                | <u>31.12.84</u> | <u>31.12.85</u>                         | <u>31.12.84</u> |
| Rt.Hon.G.<br>Rippon | 250,000                       | 250,000         | -   | -               | -  | -               | -                                       | -               |
| B.H.<br>Buckley     | -                             | -               | -   | -               | -  | -               | -                                       | -               |
| M.H.<br>Newman      | 50,000                        | 100,000         | -   | -               | 750,000  | 750,000         | 10,818                                  | 10,818          |
| K.P.Ney             | 250,000                       | 250,000         | -   | -               | -  | -               | -                                       | -               |
| A.N.<br>Solomons    | -                             | -               | £20,000   | £20,000         | -  | -               | -                                       | -               |
| A.G.O.<br>Walker    | -                             | -               | -   | -               | -  | -               | 10,818                                  | 10,818          |
| D.J.G.<br>White     | -                             | -               | -   | -               | 65,000   | 75,000          | 5,409                                   | 5,409           |

## Charitable and other donations:

The Singer & Friedlander Group donated the sum of £20,151 (1984: £17,419) for charitable purposes during the year and a donation of £3,000 (1984: £2,075) was made to the Conservative Party. In addition the group contributed £1,000 (1984: £1,000) to the Economic League.

## Employees:

The average number of persons, including directors, employed by the Singer & Friedlander Group (excluding those working wholly or mainly outside the United Kingdom) during the year was 210 (1984: 200) and the aggregate remuneration paid to them in respect of their services for the year was £4,049,305 (1984: £3,374,776).

REPORT OF THE DIRECTORS

Continued

Auditors:

A resolution for the re-appointment of Peat, Marwick, Mitchell & Co. as auditors of the company will be proposed at the forthcoming annual general meeting.

BY ORDER OF THE BOARD

A handwritten signature, possibly 'S. J.', written in dark ink over a horizontal line.

Secretary.

Registered Office:

21 New Street,  
Bishopsgate,  
London.  
EC2M 4HR

Dated: 26th March 1986

ANCOMASS LIMITED  
AND SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST DECEMBER, 1985

|   | <u>Note</u> | <u>1985</u><br><u>£</u> | <u>1984</u><br><u>£</u> |
|---|-------------|-------------------------|-------------------------|
| GROUP PROFIT BEFORE<br>TAXATION and after<br>transfer to<br>contingency reserve | 2           | 8,304,794               | 7,067,622               |
| Taxation  | 1(vii)      | <u>1,879,097</u>        | <u>1,870,988</u>        |
| GROUP PROFIT AFTER<br>TAXATION  | 2           | 6,425,697               | 5,196,634               |
| Dividends payable from<br>profit for the year                                   |             | <u>2,160,000</u>        | <u>1,440,000</u>        |
| GROUP PROFIT AFTER TAXATION<br>AND DIVIDENDS FROM PROFIT<br>FOR THE YEAR        |             | 4,265,697               | 3,756,634               |
| REPRESENTING:   |             |                         |                         |
| Ancomass Limited  |             | 40,734                  | (3,805)                 |
| Subsidiary companies  | 5           | <u>3,788,790</u>        | <u>3,320,958</u>        |
|   |             | 3,829,524               | 3,317,153               |
| Companies not consolidated  | 9           | <u>436,173</u>          | <u>439,481</u>          |
|   |             | <u>4,265,697</u>        | <u>3,756,634</u>        |
|   |             | =====                   | =====                   |

The notes on pages 8 to 14  
form part of these accounts.

AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AT 31ST DECEMBER, 1985

|   | <u>Note</u> | <u>1985</u><br>£                      | <u>1984</u><br>£                      | <u>Note</u>  | <u>1985</u><br>£                         | <u>1984</u><br>£                         |
|---|-------------|---------------------------------------|---------------------------------------|--|--|--|
| Issued share capital of Ancomass Limited  | 4           | 11,700                                | 11,700                                | Cash in hand, with bankers, and money at call and short notice | 116,062,299                              | 114,223,853                              |
| Reserves  | 5           | 40,220,580                            | 37,036,094                            | Bank certificates of deposit and bills discounted              | 16,443,942                               | 14,639,561                               |
| Unsecured loan stock  | 10          | <u>6,700,000</u><br><u>46,932,280</u> | <u>6,700,000</u><br><u>43,797,794</u> | Other securities   | 64,925,902                               | 62,984,417                               |
| Current, deposit and other accounts, including taxation and contingency reserve |             | 390,411,202                           | 379,079,557                           | Advances to customers and other accounts                       | 220,243,166                              | 209,378,560                              |
| Dividend payable  |             | 1,080,000                             | -                                     | Amounts due from, less due to, group companies                 | 10,603,093                               | 10,282,345                               |
|   |             |                                       |                                       | Net investment in finance leases                               | <u>5,979,716</u><br><u>434,258,118</u>   | <u>7,063,921</u><br><u>418,572,657</u>   |
|   |             |                                       |                                       | Fixed asset  | -  | 139,330                                  |
|   |             |                                       |                                       | Investments in subsidiary companies not consolidated           | 4,165,364                                | 4,165,364                                |
| Acceptances for customers   |             | 120,511,012                           | 109,196,458                           | Liabilities of customers for acceptances                       | <u>120,511,012</u><br><u>558,934,494</u> | <u>109,196,458</u><br><u>532,073,809</u> |


The notes on pages 8 to 14 form part of these accounts.

ANCOMASS LIMITEDBALANCE SHEET AT 31ST DECEMBER, 1985

|  | Note | 1985              | 1984              |
|--|------|-------------------|-------------------|
|  |      | £                 | £                 |
| <b>FIXED ASSETS</b>                          |      |                   |                   |
| Investment in subsidiary companies           | 9    | 30,493,243        | 30,493,243        |
| Listed security                              | 6    | 5,227             | 5,111             |
|  |      | <u>30,498,470</u> | <u>30,498,354</u> |
| <b>CURRENT ASSETS</b>                        |      |                   |                   |
| Income tax recoverable                       |      | 171               | 171               |
| Cash at bank                                 | 8    | 1,123,343         | 10,163            |
|  |      | <u>1,123,514</u>  | <u>10,334</u>     |
| <b>CREDITORS FALLING DUE WITHIN ONE YEAR</b> |      |                   |                   |
| Corporation tax                              |      | 459               | 1,072             |
| Proposed dividend                            |      | 1,080,000         | -                 |
| Other creditors                              |      | 828               | 7,653             |
|  |      | <u>1,081,287</u>  | <u>8,725</u>      |
| <b>NET CURRENT ASSETS</b>                    |      | 42,227            | 1,609             |
|  |      | <u>30,540,697</u> | <u>30,499,963</u> |
|  |      | =====             | =====             |
| <b>CAPITAL AND RESERVES</b>                  |      |                   |                   |
| Called up share capital                      | 4    | 11,700            | 11,700            |
| Capital reserves                             | 5    | 23,248,825        | 23,248,825        |
| Revenue reserves                             | 5    | 580,172           | 539,438           |
| Unsecured loan stock                         | 10   | 6,700,000         | 6,700,000         |

The notes on pages 8 to 14 form part of these accounts.

Approved by the board of directors on 26th March, 1986.

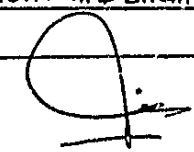
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30,499,963  
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CERTIFIED A TRUE COPY OF THE LAST PROFIT AND LOSS STATEMENT AND BALANCE SHEET AS  
LAID BEFORE THE COMPANY IN GENERAL MEETING.

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Secretary



ANCOMASS LIMITED  
AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS

1. ACCOUNTING POLICIES

(i) Banking company:

The accounts of the principal wholly-owned subsidiary company, Singer & Friedlander Limited, have been prepared on the basis applicable to banking companies under the Companies Act 1985; in particular profits are stated after transfer to undisclosed contingency reserve. Accordingly, these accounts have been prepared in accordance with Section 259 of, and Schedule 9 to, the 1985 Act. As the statutory exemptions from disclosure apply to the major part of the group, Statements of Standard Accounting Practice have not been complied with where this would require disclosure of such exempted information.

(ii) Consolidated accounts:

The balance sheets of all subsidiary companies have been consolidated with the exception of certain companies whose activities relate to property. The equity investment in these companies is shown in the balance sheet at its net asset value on the date of acquisition and their assets and liabilities are summarised in Note 9 to these accounts. The consolidated profit and loss account includes the results of all subsidiaries, including the property subsidiaries. In the opinion of the directors, this treatment results in a fairer presentation of the financial position of the banking group, where the consolidation of such assets and liabilities, and the inclusion of such companies' retained profits in group reserves, would be inappropriate in the context of the capital base available to support banking operations.

(iii) Investments:

In respect of the dealing portfolio, listed investments are shown at cost or lower market value and unlisted investments at cost or lower directors' valuation. Fixed interest securities not held as part of the dealing portfolio are held for the longer term. They are redeemable at fixed dates and are shown in the balance sheet at cost adjusted to give effect to the amortisation of the premium or discount on purchase over the period to redemption. Investment income received has been grossed up for the income tax suffered and the applicable tax credit has been added to franked income.

(iv) Net investment in finance leases:

The net investment in finance leases represents the future lease rentals receivable less profit and costs allocated to future periods. The profit and costs are allocated to provide a constant rate of return on the net investment in each lease.

(v) Capital equipment:

Capital expenditure in the banking group is written off against the profits for the year in which the expenditure is incurred.

(vi) Rates of exchange

Assets and liabilities in foreign currencies are expressed in sterling at exchange rates ruling at the balance sheet date.

ANCOMASS LIMITED  
AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS  
(continued)

1. ACCOUNTING POLICIES (continued)

(vii) Taxation:

Taxation represents the current and deferred liabilities in respect of the profits for the year, adjusted for under or over provisions in previous years, less amounts transferred to contingency reserve. Full provision is made, at current rates of taxation, for all timing differences except where, in the directors' opinion, these are likely to continue for the foreseeable future. In particular the tax charge for the current year has been reduced by approximately £444,000 (1984: £1,241,000) in respect of capital allowances on investment properties for which deferred tax has not been provided as they are held for long term investment purposes. No provision is made for the additional taxation which might arise on the distribution of the retained earnings of certain overseas subsidiaries.

2. GROUP PROFIT

The group profit after taxation includes £2,200,734 (1984: £1,436,195) which is dealt with in the accounts of Ancomass Limited. The group profit before taxation includes £382,381 (1984: £989,553) relating to companies not consolidated.

3. ULTIMATE HOLDING COMPANY

The ultimate holding company of Ancomass Limited is Britannia Arrow Holdings PLC (incorporated in Great Britain).

4. SHARE CAPITAL

|                            | <u>Authorised</u><br>£ | <u>Issued and<br/>fully paid</u><br>£ |
|----------------------------|------------------------|---------------------------------------|
| 'A' ordinary shares of 50p | 300                    | 300                                   |
| 'B' ordinary shares of 50p | 3,700                  | 3,700                                 |
| 'C' ordinary shares of 50p | 1,000                  | -                                     |
| 'D' ordinary shares of 50p | 200                    | -                                     |
| Deferred shares of 50p     | 7,700                  | 7,700                                 |
|                            | <u>12,900</u>          | <u>11,700</u>                         |
|                            | =====                  | =====                                 |

On 23rd August, 1984 the Company granted options to subscribe for 310 'D' ordinary shares of 50 pence each in the Company at a subscription price of £7,250 per share. The last date on which notice of exercise of the options can be given is 24th July, 1991.

5. RESERVES

|  | <u>Company</u><br>£ | <u>Group</u><br>£ |
|--|---------------------|-------------------|
| Share premium account                            | 23,248,825          | 23,248,825        |
| Capital reserve arising on consolidation         | -                   | 3,816,844         |
| Capital reserves at 31st December, 1984 and 1985 | <u>23,248,825</u>   | <u>27,065,669</u> |
|  | =====               | =====             |

ANCOMASS LIMITED  
AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS  
(continued)

## 5. RESERVES (continued)

|  | <u>Company</u><br>£ | <u>Group</u><br>£   |
|--|---------------------|---------------------|
| Revenue reserve:   |                     |                     |
| Balance at 1st January, 1985   | 539,438             | 10,020,425          |
| Profit retained  | 40,734              | 3,829,524           |
| Translation differences arising on<br>consolidation of overseas subsidiaries | -                   | (695,038)           |
| Balance at 31st December, 1985   | 580,172             | 13,154,911          |
| Total reserves at 31st December, 1985  | 23,828,997<br>===== | 40,220,580<br>===== |

## 6. OTHER SECURITIES

The mid-market value of listed investments and directors' valuation of unlisted investments are as follows:

|                          | <u>The company</u> |                  |                   |                  |
|--------------------------|--------------------|------------------|-------------------|------------------|
|                          | 1985               |                  | 1984              |                  |
|                          | <u>Book value</u>  | <u>Valuation</u> | <u>Book value</u> | <u>Valuation</u> |
| U.K. Government Security | £5,227<br>=====    | £5,858<br>=====  | £5,111<br>=====   | £5,736<br>=====  |

|                            | <u>The Group</u>       |                       |                        |                       |
|----------------------------|------------------------|-----------------------|------------------------|-----------------------|
|                            | 1985                   |                       | 1984                   |                       |
|                            | <u>Book value</u><br>£ | <u>Valuation</u><br>£ | <u>Book value</u><br>£ | <u>Valuation</u><br>£ |
| U.K. Government Securities | 12,805,227             | 12,805,858            | 12,805,111             | 12,805,736            |
| Listed in Great Britain    | 16,097,161             | 16,680,786            | 16,086,271             | 17,137,489            |
| Listed Overseas            | 10,385,395             | 11,607,341            | 13,342,048             | 14,290,700            |
| Unlisted                   | 25,638,119             | 29,842,713            | 20,750,987             | 22,177,648            |
|                            | 64,925,902<br>=====    | 70,936,698<br>=====   | 62,984,417<br>=====    | 66,411,573<br>=====   |

The unlisted securities include an investment of £400,000 in City & Provincial Home Loans Limited which represents 40% of its issued share capital.

Of the U.K. Government Securities, £12,800,000 (1984: £12,800,000) are subject to a minimum period of 3 months notice for realisation.

ANCOMASS LIMITED  
AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS  
(continued)

7. ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS

This item includes commodities which are held in respect of forward sales contracts to the extent of £20,109,291 (1984 £15,069,712) for the group and £NIL (1984: £NIL) for the company. The banking group has made certain advances which are matched by deposits, on terms such that it incurs no exposure. These items are excluded from the balance sheet and amounted to £16,246,663 (1984: £14,630,317) at 31st December, 1985.

8. GROUP COMPANY BALANCES

|  | <u>The Company</u> |               | <u>The Group</u>  |                   |
|--|--------------------|---------------|-------------------|-------------------|
|  | <u>1985</u>        | <u>1984</u>   | <u>1985</u>       | <u>1984</u>       |
|  | <u>£</u>           | <u>£</u>      | <u>£</u>          | <u>£</u>          |
| Amounts due from:                                      |                    |               |                   |                   |
| Subsidiary companies                                   | 1,123,343          | 10,163        | -                 | -                 |
| Unconsolidated Singer & Friedlander Group subsidiaries | -                  | -             | 12,578,407        | 10,163,240        |
| Ultimate Holding Company                               | -                  | -             | -                 | 800,000           |
| Amounts due to:  |                    |               |                   |                   |
| Subsidiaries of Ultimate Holding Company               | -                  | -             | (978,523)         | -                 |
| Unconsolidated Singer & Friedlander Group subsidiaries | -                  | -             | (611,791)         | (680,895)         |
| Ultimate Holding Company                               | -                  | -             | (385,000)         | -                 |
|  | <u>1,123,343</u>   | <u>10,163</u> | <u>10,603,093</u> | <u>10,282,345</u> |
|  | =====              | =====         | =====             | =====             |

9. INVESTMENT IN SUBSIDIARY COMPANIES

The investment of the company in its subsidiary companies is stated at cost which reflects the value attributable to the ordinary shares issued by the company in connection with the acquisition of the Singer & Friedlander Group by a former ultimate holding company together with the cost of additional shares issued by a subsidiary in 1984.

The group investment in unconsolidated subsidiary companies is stated at cost, being the net asset value as at 2nd October, 1980. In the opinion of the directors the net asset value of these companies at 31st December, 1985 is not less than the amount at which it is stated in the consolidated balance sheet.

|   | <u>The Group</u> |             |
|---|------------------|-------------|
|   | <u>1985</u>      | <u>1984</u> |
|   | <u>£</u>         | <u>£</u>    |
| Investment in unconsolidated subsidiary companies at cost | 4,165,364        | 4,165,364   |
|   | =====            | =====       |

ANCOMASS LIMITED  
AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS  
(continued)

9. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

The group's interest in all unconsolidated subsidiaries is 100% and their balance sheets may be consolidated as follows:

|  | <u>1985</u><br>£  | <u>1984</u><br>£  |
|--|-------------------|-------------------|
| Investment properties at valuation                         | 20,483,000        | 16,915,001        |
| Properties in the course of development at cost            | -                 | 614,407           |
| Properties occupied by the group at cost less depreciation | 7,595,526         | 7,599,770         |
| Investment in associated company                           | -                 | 41,511            |
| Net current assets/(liabilities)                           | 21,597            | (946,481)         |
| Net group indebtedness (see note 8)                        | (11,966,616)      | (9,482,345)       |
| Deferred taxation  | (1,041,040)       | (1,197,854)       |
| Loans (secured)  | (2,885,135)       | (3,309,590)       |
|  | <u>12,207,332</u> | <u>10,234,419</u> |
|  | =====             | =====             |
| Represented by:  |                   |                   |
| Share capital  | £100,200          | £100,200          |
| Reserves   | 12,107,132        | 10,134,219        |
|  | <u>12,207,332</u> | <u>10,234,419</u> |
|  | =====             | =====             |

Investment properties are stated at the open market values placed on them by a director of Singer & Friedlander Limited, who is an associate member of The Royal Institution of Chartered Surveyors.

The movement on reserves can be reconciled as follows:

|  | <u>Investment<br/>revaluation<br/>reserve</u><br>£ | <u>Other<br/>reserves</u><br>£ | <u>Total</u><br>£ |
|--|--|--------------------------------|-------------------|
| Balance at 1st January, 1985   | 2,416,028  | 7,718,191                      | 10,134,219        |
| Revaluation surplus  | 1,562,236  | -                              | 1,562,236         |
| Profit for year  | -  | 436,173                        | 436,173           |
| Translation difference arising on consolidation of overseas subsidiaries | -  | (25,496)                       | (25,496)          |
| Balance at 31st December, 1985   | <u>3,978,264</u>                                   | <u>8,128,868</u>               | <u>12,107,132</u> |
|  | =====  | =====                          | =====             |

At 31st December, 1985 there were no capital commitments (1984: £707,000).

Capital expenditure authorised but not contracted for at 31st December, 1985 amounted to £NIL (1984: £NIL).

10. LOAN STOCK

On 30th April, 1984 the Company issued £6,700,000 Interest-free Irredeemable Subordinated Unsecured Loan Stock at par to Britannia Arrow Holdings PLC.

ANCOMASS LIMITED  
AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS  
(continued)

## 11. SUBSIDIARY COMPANIES

At 31st December, 1985 the company owned all the issued share capital of Singer & Friedlander Holdings Limited and 44.61% of the issued share capital of Singer & Friedlander Limited; the balance of 55.39% is held by Singer & Friedlander Holdings Limited and both companies are registered in England. The principal subsidiary companies of Singer & Friedlander Limited, all of which are wholly owned, directly or through other subsidiaries are:

|  | <u>Country of<br/>incorporation/<br/>registration</u> |
|--|---|
| The First British American Corporation Limited             | England   |
| Sinjul Investments Limited                                 | England   |
| Singer & Friedlander Trust & Assurance Corporation Limited | England   |
| Singer & Friedlander Leasing Limited                       | England   |
| Singer & Friedlander (Jersey) Limited                      | Jersey  |
| Bread Street Investments Limited                           | England   |
| Singer & Friedlander (Isle of Man) Limited                 | Isle of Man   |
| Singer & Friedlander A.G.                                  | Switzerland   |
| West City Securities Limited                               | England   |
| Appledale Limited  | Isle of Man   |
| Singer & Friedlander Investment Fund S.A.                  | Panama  |
| Singer & Friedlander Managers Limited                      | England   |
| Capital Portfolio Management Limited                       | Scotland  |
| Weniver Investments Limited*                               | England   |
| Quinarius Investments Limited*                             | England   |
| Hillgrove Estates Limited*                                 | England   |
| Hillgrove Homes Limited*                                   | England   |
| Galefield Securities Limited*                              | England   |
| Melbreck Securities Limited*                               | England   |
| Nedcloe Investments Limited*                               | England   |
| Straker Brothers Limited*                                  | England   |
| Deepmead Limited*  | England   |

The companies marked \* above have not been consolidated.

## 12. DIRECTORS' LOANS AND OTHER INTERESTS

None of the directors had during the year, directly or indirectly, a material beneficial interest in any contract to which the company, or any of its subsidiary companies, was a party, and which is or was significant in relation to the business of the company or any of its subsidiary companies.

No director is employed under a contract of service which is not determinable by the company within one year without compensation.

The aggregate amounts outstanding at 31st December, 1985 to be disclosed under the provisions of the Companies Act 1985 in respect of loans and quasi-loans made to the company's directors and/or persons (including bodies corporate) connected with them by the company's banking subsidiary were:

- (a) £24,507 in respect of loans to one director.
- (b) £210,000 in respect of quasi-loans to two directors.

All loans and quasi-loans to directors are on normal arms length commercial terms both as to security and interest.

There was no amount outstanding at 31st December, 1985 in respect of credit transactions for any director and/or connected persons.

**ANCOMASS LIMITED  
AND SUBSIDIARY COMPANIES**

**NOTES ON THE ACCOUNTS  
(continued)**

**13. DIRECTORS' EMOLUMENTS**

The emoluments of the directors of the company were in respect of their service as directors of its subsidiaries for the periods they were directors of the company and amounted to £354,751 (1984: £326,689). The directors did not waive any entitlement to emoluments (1984: four directors waived emoluments totalling £21,458). The remuneration of the directors, excluding pension contributions, was as follows:

|                       | <u>1985</u><br>£ | <u>1984</u><br>£ |
|-----------------------|------------------|------------------|
| Chairman              | -                | -                |
| Highest paid director | 128,265<br>===== | 120,305<br>===== |
|                       |                  |                  |
|                       | <u>1985</u><br>£ | <u>1984</u><br>£ |
| Other Directors:-     |                  |                  |
| Up to £5,000          | 3                | 5                |
| £ 5,001 - £ 10,000    | -                | 1                |
| £ 70,001 - £ 75,000   | -                | 1                |
| £ 85,001 - £ 90,000   | 1                | -                |
| £ 90,001 - £ 95,000   | -                | 1                |
| £100,001 - £105,000   | 1                | -                |

**14. AUDITORS' REMUNERATION**

The remuneration of the auditors was:

|             | <u>1985</u>       | <u>1984</u>      |
|-------------|-------------------|------------------|
| The company | £426              | £518             |
| The group   | £103,514<br>===== | £95,869<br>===== |

**15. CONTINGENT LIABILITIES**

There are contingent liabilities in respect of the banking group relating to partly paid investments, guarantees on behalf of customers, forward contracts in foreign exchange, discounted bills and agreements for advances entered into in the normal course of business.

REPORT OF THE AUDITORS TO THE MEMBERS OF  
ANCOMASS LIMITED

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We have audited the accounts on pages 5 to 14 in accordance with approved Auditing Standards.

As set out in note 1(i) the accounts include information in respect of the principal subsidiary company in the manner authorised for banking companies.

On this basis, in our opinion the accounts which have been prepared under the historical cost convention supplemented by the revaluation of investment properties and on the basis of the remaining accounting policies in note 1 set out on pages 8 and 9, give a true and fair view of the state of the affairs of the company and of the group as at 31st December, 1985 and of the profit of the group for the year ended on that date and comply with the Companies Act 1985.

LONDON

26th March, 1986.

  
Chartered Accountants.