

ANCOMASS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31ST DECEMBER, 1992



KPMG PEAT MARWICK

1 Puddle Dock, Blackfriars, London, EC4V 3PD

ANCOMASS LIMITED
AND SUBSIDIARY UNDERTAKINGS

Directors

✓ A.N. Solomons - Chairman
✓ J. Hodson

Secretary

✓ R. Fiddemont

REPORT OF THE DIRECTORS

The directors submit their annual report, together with the statement of accounts of the company for the year ended 31st December, 1992.

PRINCIPAL ACTIVITY

The company is an investment holding company, which holds the whole of the issued share capital of Singer & Friedlander Holdings Limited.

Singer & Friedlander Holdings Limited has two principal subsidiaries, Singer & Friedlander Limited which is an authorised institution for the purposes of the Banking Act 1987 and Singer & Friedlander Investment Management Limited, a company which provides investment management and advisory services to the customers of Singer & Friedlander Limited.

DIRECTORS' AND OFFICERS' INSURANCE

The ultimate holding company maintained an insurance policy for the directors and officers against any liabilities incurred in the conduct of their duties throughout the year.

ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of Singer & Friedlander Group PLC.

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 4.

The directors declared two interim dividends in respect of the year ended 31st December, 1992 of £676,500 and £1,200,000 for payment on 30th June and 30th December 1992 respectively (1991: £137,243 and £3,500,000) The directors recommend the payment of a final dividend in respect of the year ended 31st December, 1992 of £1,800,000 (1991: £nil).

FIXED ASSETS

The values of fixed assets held by various of the company's property subsidiaries, and comprising industrial and office buildings held for long term investment purposes and properties occupied by the group, are stated at valuation as detailed in note 9 to the accounts. All other fixed assets are also shown in note 9.

ANCOMASS LIMITED
AND SUBSIDIARY UNDERTAKINGS

REPORT OF THE DIRECTORS
(continued)

DIRECTORS

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

Mr. N.W. Wray also served as a director until his resignation from the board on 31st March, 1992.

Mr B.H. Buckley served as a director of the company until his death on 23rd January, 1992.

The company's articles of association make no provision for the retirement of directors by rotation.

DIRECTORS' INTERESTS

Messrs. A.N. Solomons and J. Hodson are directors of this company's holding company, Singer & Friedlander Group PLC. Accordingly their interests in the share and loan capital of Singer & Friedlander Group PLC and its subsidiaries are not required to be recorded in this company's register of directors' interests.

CHARITABLE AND OTHER DONATIONS

During the year the group donated the sum of £62,308 (1991: £57,873) for charitable purposes and a donation of £6,500 (1991: £5,000) was made to the Conservative Party.

EMPLOYEES

The average number of persons, including directors, employed by the group (excluding those working wholly or mainly outside the United Kingdom) during the year was 243 (1991: 247) and the aggregate remuneration paid to them in respect of their services for the year was £7,876,887 (1991: £7,086,869).

The group endeavours to keep employees informed about the progress of the business and encourages them to make known their views. The text of public announcements is made available to employees simultaneously with its release to the press and shareholders. The interest of the staff in the group's performance is achieved through profit sharing schemes, and the Sharesave Scheme in which staff at all levels participate.

It is the group's policy not to discriminate against the disabled in recruitment, career development and promotion.

ANCOMASS LIMITED
AND SUBSIDIARY UNDERTAKINGS

REPORT OF THE DIRECTORS
(continued)

AUDITORS

In 1991 the company passed an elective resolution to dispense with the obligation to appoint auditors annually.

BY ORDER OF THE BOARD

R. Fiddemont
Secretary

Registered office:
21, New Street,
Bishopsgate,
LONDON, EC2M 4HR.

14th April, 1993

ANCOMASS LIMITED
AND SUBSIDIARY UNDERTAKINGS

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER, 1992

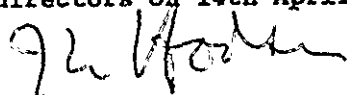
	<u>Note</u>	<u>1992</u>	<u>1991</u> <u>Restated</u> <u>Note 9</u>
		£	£
GROUP PROFIT BEFORE TAXATION out of which provision has been made for diminution in the value of assets	2	12,027,303	10,077,483
Taxation	1(vii)	<u>(2,847,613)</u>	<u>(3,330,785)</u>
GROUP PROFIT AFTER TAXATION	2	9,179,690	6,746,698
Dividends paid and payable		<u>(3,676,500)</u>	<u>(3,637,243)</u>
GROUP PROFIT AFTER TAXATION AND DIVIDENDS	5	<u>5,503,190</u> =====	<u>3,109,455</u> =====
REPRESENTING:			
Ancomass Limited		2,891	10,550
Subsidiary undertakings		5,552,949	3,149,161
Associated undertakings		<u>(52,650)</u>	<u>(50,256)</u>
	5	<u>5,503,190</u> =====	<u>3,109,455</u> =====

The notes on pages 7 to 16
form part of these accounts.

ANCOMASS LIMITEDBALANCE SHEET AT 31ST DECEMBER, 1992

	<u>Note</u>	<u>1992</u>	<u>1991</u>
		£	£
FIXED ASSETS			
Investment in subsidiary undertakings	12	83,630,089	83,630,089
Listed securities	7	<u>6,035</u>	<u>5,921</u>
		83,636,124	83,636,010
CURRENT ASSETS			
Income tax recoverable	142		573
Amount due from subsidiary undertakings	11	<u>1,021,566</u>	<u>1,017,979</u>
		<u>1,021,708</u>	<u>1,018,552</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Corporation tax		1,579	4,766
Other creditors		4,331	765
Dividend payable		<u>-</u>	<u>-</u>
		<u>5,910</u>	<u>5,531</u>
NET CURRENT ASSETS		<u>1,015,798</u>	<u>1,013,021</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>84,651,922</u>	<u>84,649,031</u>
CAPITAL AND RESERVES			
Called up share capital	4	36,000,000	36,000,000
Reserves	5	41,951,922	41,949,031
Unsecured loan stock	6	6,700,000	6,700,000
		<u>84,651,922</u>	<u>84,649,031</u>

Approved by the board of directors on 14th April, 1993.



J. Rodson

DIRECTOR

The notes on pages 7 to 16 form part of these accounts.

ANCOMASS LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES ON THE ACCOUNTS

1. ACCOUNTING POLICIES

(i) Basis of preparation of accounts:

The accounts have been prepared under the historical cost convention as modified by the periodic revaluation of properties and in accordance with applicable accounting standards.

(ii) Consolidated accounts:

The consolidated profit and loss account and balance sheet include the accounts of the Company and all subsidiary undertakings.

Previously certain undertakings whose activities relate to property were excluded from consolidation on the basis of dissimilar activities. The equity investment in these companies was shown in the balance sheet at valuation and their assets and liabilities were summarised in the accounts. This year these undertakings have been consolidated in order to comply with 'Financial Reporting Standard 2': the consolidated results and balance sheet for 1991 have been restated accordingly.

The consolidated profit & loss account also includes the Group's share of profits of its associated undertaking. The Group's investment in this company is shown in the consolidated balance sheet at the Group's appropriate share of net assets.

Unincorporated joint ventures, which are not in the opinion of the directors subsidiary undertakings, are included in the profit and loss account and balance sheet by way of proportional consolidation.

The accounts of Singer & Friedlander Limited and other subsidiary undertakings are consolidated in the manner authorised for banking companies. The Group accounts have accordingly, been prepared in accordance with section 255 and schedule 9 of the Companies Act 1985. Transfers to undisclosed reserves have not been made.

(iii) Investments:

Premiums and discounts on dated securities, bought in with the intention of holding them to maturity, are credited or amortised on a straight line basis. They are either redeemable or carry an option to surrender at a premium at fixed dates and are shown in the balance sheet at cost adjusted to give effect to the amortisation. Investment income received has been grossed up for the income tax suffered.

Unlisted investments are shown at the lower of cost or directors' valuation.

The investments in which the group makes a market or treats as dealing investment are valued on the basis of bid and offer prices at the period end rather than at historical cost. This year these investments have been shown under current assets and comparatives for 1991 have been adjusted accordingly.

NOTES ON THE ACCOUNTS
(continued)

1. ACCOUNTING POLICIES (continued)

(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) Fixed assets:

Furniture, fixtures and equipment are depreciated on a straight line basis over a period of four years. A full charge is made in the year of acquisition and none in the year of disposal.

In accordance with Statement of Standard Accounting Practice No. 19, investment properties are revalued annually and the aggregate surplus or deficit is taken to a revaluation reserve. Profits or losses on disposal are also transferred to capital reserves.

Depreciation is charged on group occupied properties at 1 per cent per annum on a straight line basis. No depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

This treatment, as regards the Company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the Directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified

(vi) Rates of exchange:

Assets and liabilities in foreign currencies and the results of overseas subsidiaries are expressed in sterling at exchange rates ruling at the balance sheet date. Exchange differences resulting from the translation of the net assets of overseas subsidiaries at the year end are transferred to reserves.

(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 the appropriate rate of taxation, for all timing differences except where, in the directors' opinion, these are likely to continue for the foreseeable future. No provision has been made for deferred tax on investment properties, as they are held for long term investment purposes, or for the additional taxation which might arise on the distribution of the retained earnings of certain overseas subsidiaries.

ANCOMASS LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES ON THE ACCOUNTS
(continued)

(viii) Cash flow:

The company is a wholly owned subsidiary of a parent undertaking which prepares consolidated financial statements including a consolidated cash flow statement. It is therefore exempt under Financial Reporting Standard 1 from preparing its own cash flow statement.

(ix) Goodwill :

Goodwill on acquisition of subsidiary undertakings is written off against reserves at the time of acquisition.

Provision is made in the accounts for future goodwill payments which may arise under the terms of buy-out agreements entered into in respect of undertakings in which the group already has an interest. The provisions arising are taken on consolidation directly to revenue reserves, where such payments would ultimately result in goodwill.

(x) Pension Costs:

Contributions to Group pension schemes are charged to the profit and loss account so as to spread the cost of pensions over the average remaining service lives of employees.

2. GROUP PROFIT

The group profit after taxation includes £3,679,391 (1991: £3,647,793) which is dealt with in the accounts of Ancomass Limited. A separate profit and loss account dealing with the results of the Company only has not been presented, as permitted by Section 230 of the Companies Act 1985.

Profits from the subsidiaries include gross rents receivable of £6,711,894 (1991: £6,150,005) and leasing income of £11,906 (1991: £52,883).

3. ULTIMATE HOLDING COMPANY

The ultimate holding company of Ancomass Limited is Singer & Friedlander Group PLC which is incorporated in Great Britain and registered in England and Wales. Copies of the accounts of the ultimate holding company can be obtained from its registered office at 21 New Street, Bishopsgate, London.

4. SHARE CAPITAL

	<u>Authorised</u>		<u>Issued and fully paid</u>	
	1992	1991	1992	1991
	£	£	£	£
'A' ordinary shares of 50p	36,987,400	36,987,400	35,988,546	35,988,546
'B' ordinary shares of 50p	3,700	3,700	3,700	3,700
'C' ordinary shares of 50p	1,000	1,000	-	-
'D' ordinary shares of 50p	200	200	54	54
Deferred shares of 50p	7,700	7,700	7,700	7,700
	<u>37,000,000</u>	<u>37,000,000</u>	<u>36,000,000</u>	<u>36,000,000</u>
	=====	=====	=====	=====

ANCOMASS LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES ON THE ACCOUNTS (Continued)

5. RESERVES	<u>The Company</u>
	£
Share premium account:	
Balance at 1st January and 31st December, 1992	<u>24,023,948</u>
Capital reserves:	
Balance at 1st January and 31st December, 1992	<u>17,148,600</u>
Total capital reserves at 31st December, 1992	<u>41,172,548</u>
Revenue reserve:	
Balance at 1st January, 1992	776,483
Profit retained	<u>2,891</u>
Balance at 31st December, 1992	<u>779,374</u>
Total reserves at 31st December, 1992	<u>41,951,922</u> =====
	<u>The Group</u>
	£
Share premium account:	
Balance at 1st January and 31st December, 1992	<u>24,023,948</u>
Reserves :	
Balance at 1st January, 1992	68,012,761
Prior year adjustment (note 9)	<u>1,239,363</u>
As restated	69,252,124
Profit retained	5,503,190
Other	(394,161)
Deficit on property revaluation	(10,242,741)
Translation differences arising on consolidation of overseas subsidiaries	<u>243,966</u>
Balance at 31st December, 1992	<u>64,362,378</u>
Total reserves at 31st December, 1992	<u>88,386,326</u> =====
Group reserves include the Group's share of associated undertaking retained reserves £393,377 (1991: £350,958).	

6. LOAN STOCK

On 22nd September, 1987 the company issued £6,700,000 Interest-free Irredeemable Unsecured Loan Stock at a premium of £2,000,000. The premium was used to create the Ancomass Employee Trust, a discretionary trust to provide benefits to employees in the form of options to purchase ordinary shares in Singer & Friedlander Group PLC.

ANCOMASS LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES ON THE ACCOUNTS
(continued)

7. OTHER INVESTMENTS

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

	<u>The Company</u>			
	<u>1992</u>		<u>1991</u>	
	<u>Book value</u>	<u>Valuation</u>	<u>Book value</u>	<u>Valuation</u>
U.K. Government Securities	£6,035	£6,872	£5,921	£6,183
	=====	=====	=====	=====

	<u>The Group</u>			
	<u>1992</u>		<u>1991</u>	
	<u>Book value</u>	<u>Valuation</u>	<u>Book value</u>	<u>Valuation</u>
	£	£	£	£
U.K. Government Securities	9,734	12,303	9,620	11,084
Listed in Great Britain	79,727,160	83,564,704	71,100,915	75,548,922
Listed Overseas	37,703,695	41,740,372	21,688,038	22,017,564
Unlisted	<u>35,463,297</u>	<u>38,257,137</u>	<u>32,149,079</u>	<u>33,370,653</u>
	152,903,826	163,574,516	124,947,652	130,948,223
	=====	=====	=====	=====

8. DEALING INVESTMENTS

The company holds no dealing investments. The market value of the group listed dealing investments based on bid and offer prices and directors' valuation of unlisted investments are as follows

	<u>The Group</u>			
	<u>Long</u>	<u>Short</u>	<u>Long</u>	<u>Short</u>
	<u>Positions</u>	<u>Positions</u>	<u>Positions</u>	<u>Positions</u>
	£	£	£	£
Listed in Great Britain	5,032,061	55,994	3,050,546	63,414
Listed Overseas	7,507,474	-	1,324,534	-
Unlisted	<u>13,153,741</u>	<u>-</u>	<u>5,797,984</u>	<u>-</u>
	25,693,276	55,994	10,173,064	63,414
	=====	=====	=====	=====

ANCOMASS LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES ON THE ACCOUNTS

(continued)

9. FIXED ASSETS

	Freehold Property £	Long Leasehold Property £	Plant and Machinery £	Furniture & Fittings £	Total £
1st January, 1992	61,881,342	9,294,985	2,127,200	355,713	73,659,240
Additions	1,000,835	5,618,052	473,316	448,007	7,540,210
Disposals	(1,000)	-	(257,457)	(74,830)	(333,287)
Revaluations	(8,834,759)	(1,503,051)	-	-	(10,337,810)
31st December, 1992	54,046,418	13,409,986	2,343,059	728,890	70,528,353
Depreciation					
1st January, 1992	1,005,481	6,456	1,188,903	232,380	2,433,220
Charge	168,574	3,325	535,083	182,225	889,207
Disposals	-	-	(229,629)	(74,830)	(304,459)
31st December, 1992	1,174,055	9,781	1,494,357	339,775	3,017,968
Net Book Value at					
31st December, 1992	52,872,363	13,400,205	848,702	389,115	67,510,385
	=====	=====	=====	=====	=====
31st December, 1991	60,875,861	9,288,529	938,297	123,333	71,226,020
	=====	=====	=====	=====	=====

The policy followed in accounting for expenditure on furniture, fixtures and equipment which in prior years was written off in the year in which it was incurred or provided for was changed during the year ended 31st December, 1992 and such expenditure is now written off over a period of four years. A similar adjustment has been made in respect of profits for the year ended 31st December, 1991 and the results for that year have been amended accordingly.

Prior year adjustments have been made to the company's balance sheet to capitalise expenditure previously written off of £1,061,630 and to eliminate provisions made in respect of such expenditure of £177,733.

Investment properties which have a net book value of £38,290,000 (1991: £42,975,000) are included in the accounts at their 31st December 1992 values. The figures stated for all the properties are based on valuations provided by Daniel Watney Douglas Young, Chartered Surveyors.

Group occupied properties were last revalued in the accounts at 31st December 1990. The open market valuation of group occupied properties at 31st December, 1992 was £18,230,000 but as in the opinion of the directors, this value does not represent any permanent diminution from the value at which these properties are stated in the accounts no adjustment has been made in these accounts.

10. ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS

This item includes commodities which are held in respect of forward sales contracts to the extent of £2,089,650 (1991: £4,832,189) for the group and £nil (1991: £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 £11,741,000 (1991: £13,249,306) at 31st December, 1992.

ANCOMASS LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES ON THE ACCOUNTS
(continued)

11. GROUP BALANCES

	<u>The Company</u>		<u>The Group</u>	
	<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
	£	£	£	£
Amounts due from:				
Subsidiary undertakings	1,021,566	1,017,979		
Amounts due to:				
Fellow direct subsidiaries				
of Ultimate Holding			(569,887)	(297,208)
Company			(1,172,742)	(12,719,550)
Ultimate Holding Company				
	1,021,566	1,017,979	(1,742,629)	(13,016,758)
	=====	=====	=====	=====

12. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

The investment of the company in its subsidiary undertakings is stated at valuation. In the opinion of the directors the aggregate value of these investments is not less than the value at which they are stated in the balance sheet.

	<u>The Company</u>	
	<u>1992</u>	<u>1991</u>
	£	£
Valuation at 1st January and 31st December	83,630,089	83,630,089
	=====	=====

The cost of the investment in subsidiaries at 31st December, 1992 was £52,795,455 (1991: £52,795,455).

13. SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

At 31st December, 1992 the company owned all the issued share capital of Singer & Friedlander Holdings Limited which itself owned all the issued share capital of Singer & Friedlander Limited. Both companies are registered in England. The principal subsidiary and associated undertakings of Singer & Friedlander Holdings Limited, which are owned directly or through other subsidiaries, are:

	<u>Country of incorporation/ registration</u>	<u>Proportion of share capital owned and effective interest of the company</u>
(i) Subsidiary Undertakings		
Singer & Friedlander Limited	England	100
Singer & Friedlander Investment Management Limited	England	100
The First British American Corporation Limited	England	100
Sinjul Investments Limited	England	100
Singer & Friedlander Trust		
& Assurance Corporation Limited	England	100
Singer & Friedlander Leasing Limited	England	100

ANCOMASS LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES ON THE ACCOUNTS
(continued)

13 SUBSIDIARY AND ASSOCIATED UNDERTAKINGS (Continued)	Country of incorporation/ registration	Proportion of share capital owned and effective interest of the company %
Singer & Friedlander (Jersey) Limited	Jersey	100
Singer Whitaker Limited	England	51
Singer & Friedlander (Isle of Man) Limited	Isle of Man	100
Singer & Friedlander AG	Switzerland	100
Appledale Limited	Isle of Man	100
Singer & Friedlander Investment Fund S.A.	Panama	100
Singer & Friedlander Managers Limited	England	100
Singer & Friedlander Properties PLC	England	100
Quinarius Investments Limited	England	100
Hillgrove Homes Limited	England	100
Matedawn Limited	England	100
Nedcloe Investments Limited	England	100
Straker Brothers Limited	England	100
Buyneat Limited	England	100
Singer & Friedlander Properties (IOM) Limited	Isle of Man	100
Singer & Friedlander Securities Limited	England	100
Iberian Investment Trust PLC	England	100
(ii) Associated undertakings		
Clarke London Limited	England	45

The principal activity of Clarke London Limited is property investment. In addition Singer & Friedlander Securities Limited is a partner in Collins Sewart & Co., a stockbroker resident in England. Singer & Friedlander Securities Limited currently hold 51 percent of the partnership capital, but does not yet have a controlling interest.

14. 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 undertakings, was a party, and which is or was significant in relation to the business of the company or any of its subsidiary undertakings.

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, 1992 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) £988,649 (1991: £3,158,613) in respect of loans to one (1991 - 3) director.
- (b) £195,500 (1991: £195,500) in respect of quasi-loans to one director (1991: 1).

The quasi-loans to a director is on normal arms length commercial terms both as to security and interest. There was no amount outstanding at 31st December, 1992 in respect of credit transactions for any director and/or connected persons.

ANCOMASS LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES ON THE ACCOUNTS
(continued)

15. DIRECTORS' EMOLUMENTS

The emoluments of the directors of the company in respect of their service as directors of its subsidiaries for the year ended 31st December, 1992, including pension contributions amounted to £432,281 (1991: £272,359). Included in the figure of £432,281 is a non-recurring payment totalling £181,691 made to one director as a result of the termination of a long term bonus scheme which commenced in January 1989.

The remuneration of the directors, excluding pension contributions was as follows:

	<u>1992</u>	<u>1991</u>
	£	£
Chairman	49,567	49,418
Highest paid director	345,368	134,418

	<u>Number</u>	<u>Number</u>
	<u>1992</u>	<u>1991</u>
Up to £5,000	2	1
£35,001 - £40,000	-	1
£45,001 - £50,000	1	1
£130,001 - £135,000	-	1
£345,001 - £350,000	1	-

16. PENSION SCHEMES

The principal pension scheme operated by the group is the Singer & Friedlander Limited Pension & Assurance Scheme which is a funded defined benefit scheme. 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 group. The contributions are assessed in accordance with the advice of a qualified actuary on the basis of triennial valuations using the attained age method. The most recent valuation was as at 1st December, 1989.

The pension cost charged in respect of this scheme was £1,169,307 (1991: £1,150,068).

The most recent actuarial valuation showed the market value of the schemes assets to be £16,313,497 and that the actuarial value of those assets represented 106% of the benefits that had accrued to members, after allowing for expected increases in earnings. The primary assumptions of the valuation are an investment return of 9% per annum, salary increases of 8% per annum and pension increases of 5% per annum.

The group also operates schemes in its overseas subsidiaries. These are defined contribution schemes and the cost relating to these schemes amounted to £130,063 (1991: £130,063). In addition, the group pays ex-gratia pensions to a number of retired employees.

ANCOMASS LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES ON THE ACCOUNTS
(Continued)

17. AUDITORS' REMUNERATION

The remuneration of the auditors was:

	Audit work		Non-Audit work	
	<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
	£	£	£	£
The company	764	764	-	-
The group	151,693	154,809	142,550	161,000
	=====	=====	=====	=====

18. 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.

19. SEGMENTAL REPORTING

In the opinion of the Directors, the Group has two separately identifiable business segments, Banking and Property, each of which is substantially conducted within the United Kingdom. The net assets of these segments may be analysed as follows:

	1992	1991
	£	£
Banking	91,085,505	87,649,595
Property	<u>40,000,821</u>	<u>48,326,477</u>
	131,086,326	135,976,072
	=====	=====

20. CAPITAL COMMITMENTS

At 31st December, 1992 there were capital commitments in respect of contracts entered into which amounted to £nil (1991: £5,828,000). Capital expenditure authorised but not contracted for at 31st December, 1992 amounted to £nil (1991: £nil).

REPORT OF THE AUDITORS, KPMG PEAT MARWICK
TO THE MEMBERS OF ANCOMASS LIMITED

We have audited the accounts on pages 4 to 16 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the Company and the Group at 31st December, 1992 and of the profit of the Group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

LONDON

14th April, 1993

KPMG Peat Marwick

KPMG Peat Marwick

Chartered Accountants.
Registered Auditors