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ANCOMASS LIMITED
AND SUBSIDIARY COMPANIES

DIRECTORS' REPORT AND ACCOUNTS
31ST DECEMBER, 1982



PEAT, MARWICK, MITCHELL & CO.
1 Puddle Dock, Blackfriars, London EC4V 3PD.

ANCOMASS LIMITED
AND SUBSIDIARY COMPANIES

Directors

A.N. Solomons - Chairman
K. Siddle
K.D. Wickenden
B.H. Buckley
A.G.O. Walker

Secretary

R. Fiddemont

REPORT OF THE DIRECTORS

The directors submit their report and the statement of accounts for the year ended 31st December 1982.

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.

The principal activity of the Singer & Friedlander group is merchant banking and activities ancillary thereto.

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 4.

The directors recommend a final dividend of £225,000 (1981:£195,000) payable on 5th May 1983 to holders of the company's 'A' ordinary shares and 'B' ordinary shares on the register on that date.

Changes in fixed assets:

The value of fixed assets held by various of the company's property subsidiaries has increased significantly during the year as indicated in the notes to the accounts and comprise industrial buildings held for long term investment purposes and the company's new head office at 21 New Street, London EC2.

ANCOMASS LIMITED
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REPORT OF THE DIRECTORS
(Continued)

Directors:

The names of the directors of the company at 6th April 1983 are shown at the head of this report. Mr A.G.O. Walker was appointed a director of the company on 2nd March 1983. The remaining directors served throughout 1982.

Mr P. Brackfield served until his resignation from the board of directors on 31st December 1982.

In accordance with the provisions of the articles of association of the company, at the forthcoming annual general meeting Messrs A.G.O. Walker and B.H. Buckley 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>'A' ordinary shares</u>	<u>1982 Deferred shares</u>	<u>1981 'A' ordinary shares</u>	<u>Deferred shares</u>
A.N. Solomons	48	48	48	48
B.H. Buckley	42	42	42	42

Messrs K. Siddle and K.D. Wickenden had no interest in the shares of Ancomass Limited during 1982.

The directors have interests in the issued share capital of European Ferries Plc, the ultimate holding company, as follows:

	<u>Ordinary shares</u>	<u>1982 Preference shares</u>	<u>1981 Ordinary shares</u>	<u>Preference shares</u>
A.N. Solomons	20,000	-	20,000	-
K. Siddle	28,625	-	28,625	-
K.D. Wickenden	11,124	5,000	11,124	5,000
B.H. Buckley	-	-	-	-

All interests are beneficial with the exception of 5,000 preference shares held by Mr K.D. Wickenden as trustee.

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Page 3.

REPORT OF THE DIRECTORS
(Continued)

Charitable and other donations:

The group donated the sum of £11,011 (1981:£8,955) for charitable purposes during the year and a donation of £1,000 (1981:£1,000) was made to the Conservative Party. In addition the group contributed £1,000 (1981:£1,000) to the Economic League.

Employees:

The average number of persons, including directors, employed by the group (excluding those working wholly or mainly outside the United Kingdom) in each week during the year was 235 (1981:231) and the aggregate remuneration paid to them in respect of their services for the year was £2,557,987 (1981:£2,431,603).

Auditors:

A resolution for the re-appointment of Peat, Marwick, Mitchell & Co. as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



R. FIDDEMONT
Secretary

Registered Office
21 New Street
Bishopsgate
London EC2M 4HR

6th April 1983

ANCOMASS LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER, 1982

	<u>Note</u>	<u>1982</u>	<u>1981</u>
GROUP PROFIT BEFORE TAXATION and after transfer to contingency reserve	2	£4,571,107	£4,086,627
Taxation	1(vi)	<u>1,129,587</u>	<u>380,028</u>
GROUP PROFIT AFTER TAXATION		3,441,520	3,706,599
Dividends proposed		<u>225,000</u>	<u>195,000</u>
		3,216,520	3,511,599
Profit retained:			
By Ancomass Limited	£ (462)	£ 563	
By subsidiary companies	1,508,458	2,416,774	
By associated company	<u>677</u>	<u>468</u>	
	5	1,508,673	2,417,805
By companies not consolidated	10	<u>1,707,847</u>	<u>1,093,794</u>
		<u>£3,216,520</u>	<u>£3,511,599</u>

The notes on pages 7 to 13
form part of these accounts.

ANCOMASS LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AT

	<u>Note</u>	<u>1982</u>	<u>1981</u>
Issued share capital of Ancomass Limited		£ 8,000	£ 8,000
Reserves		<u>33,022,927</u>	<u>30,827,727</u>
		33,030,927	30,835,727
Current, deposit and other accounts, including taxation and contingency reserve		362,678,478	291,500,275
Proposed dividend		225,000	195,000
Acceptances for customers		85,908,774	101,010,500
		<u>£481,843,179</u>	<u>£423,541,502</u>

The notes on pages 7 to 13 form part of these accounts.

ANCOMASS LIMITED
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BALANCE SHEET AT 31ST DECEMBER, 1982

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<u>1981</u>		<u>Note</u>	<u>1982</u>	<u>1981</u>
8,000	Cash in hand with bankers, money at call and short notice		£ 83,035,040	£ 77,029,601
<u>30,827,727</u>	Bank certificates of deposit and bills discounted		11,380,018	14,463,674
<u>30,835,727</u>				
	Other securities	6	56,256,271	22,385,821
91,500,275	Advances to customers and other accounts	7	230,571,369	196,333,012
195,000	Amounts due from, less due to, group companies	9	8,970,336	6,412,936
	Assets leased to customers at cost less depreciation	8	<u>1,237,091</u>	<u>1,422,455</u>
			391,450,125	318,047,499
	Fixed asset	12	139,330	139,330
	Investments in subsidiary and associated companies not consolidated	10	4,344,950	4,344,173
01,010,500	Liabilities of customers for acceptances		85,908,774	101,010,500
<u>23,541,502</u>			<u>£481,843,179</u>	<u>£423,541,502</u>



ANCOMASS LIMITED

BALANCE SHEET AT 31ST DECEMBER, 1982

	<u>Note</u>	<u>1982</u>	<u>1981</u>
FIXED ASSETS			
Investment in subsidiary companies	10	£23,250,000	£23,250,000
Listed security	6	<u>4,880</u>	<u>4,764</u>
		23,254,880	23,254,764
Current assets:			
Income tax recoverable		£ 171	£ 256
Cash at bank	9	6,783	7,517
Amounts due from subsidiary companies	9	<u>225,000</u>	<u>195,000</u>
		<u>231,954</u>	<u>202,773</u>
Current liabilities:			
Corporation tax		£ -	£ 299
Creditors falling due within one year		345	287
Proposed dividend		<u>225,000</u>	<u>195,000</u>
		<u>225,345</u>	<u>195,586</u>
Net current assets		6,609	7,187
		<u>£23,261,489</u>	<u>£23,261,951</u>
Represented by:			
Share capital	4	£ 8,000	£ 8,000
Capital reserve	5	23,252,525	23,252,525
Revenue reserves	5	964	1,426

The notes on pages 7 to 13 form part of these accounts.


Approved by the board of directors on 6th April, 1983.


 Directors


£23,261,489

£23,261,951

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 Acts 1948 to 1981; in particular profits are stated after transfer to undisclosed contingency reserves. Accordingly, these accounts have been prepared in accordance with Section 152A of and Schedule 8A to the 1948 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 accounts 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 10 to these accounts.

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) Capital equipment:

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

ANCOMASS LIMITED
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NOTES ON THE ACCOUNTS
(continued)

1. ACCOUNTING POLICIES (continued)

(v) Rates of exchange:

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

(vi) 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 £1,376,000 in respect of initial allowances on industrial buildings 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 £224,538 (1981: £195,563) which is dealt with in the accounts of Ancomass Limited. The group profit before taxation includes £581,995 (1981: £180,105) relating to companies not consolidated.

3. ULTIMATE HOLDING COMPANY

The ultimate holding company of Ancomass Limited is European Ferries Plc (incorporated in Great Britain).

4. SHARE CAPITAL

At 31st December, 1981 and 1982:

	<u>Authorised</u>	<u>Issued and fully paid</u>
'A' ordinary shares of 50p	£ 300	£ 300
'B' ordinary shares of 50p	3,700	3,700
'C' ordinary shares of 50p	1,000	-
Deferred shares of 50p	<u>4,000</u>	<u>4,000</u>
	<u>£9,000</u>	<u>£8,000</u>

5. RESERVES

	<u>Company</u>	<u>Group</u>
Share premium account	£23,252,525	£23,252,525
Capital reserve arising on consolidation	<u>-</u>	<u>3,816,844</u>
Capital reserves at 31st December, 1981 and 1982	<u>£23,252,525</u>	<u>£27,069,369</u>

ANCOMASS LIMITED
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NOTES ON THE ACCOUNTS
(continued)

5. RESERVES (continued)

	<u>Company</u>	<u>Group</u>
Revenue reserve:		
Balance at 1st January, 1982	£ 1,426	£ 3,758,358
Profit/(loss) retained	(462)	1,508,673
Translation differences arising on consolidation of overseas subsidiaries	-	686,527
Balance at 31st December, 1982	£ 964	£ 5,953,558
Total reserves at 31st December, 1982	<u>£23,253,489</u>	<u>£33,022,927</u>

6. OTHER SECURITIES

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

	<u>The company</u>			
	<u>1982</u>		<u>1981</u>	
	<u>Book value</u>	<u>Valuation</u>	<u>Book value</u>	<u>Valuation</u>
U.K. Government Security	<u>£4,880</u>	<u>£5,842</u>	<u>£4,764</u>	<u>£4,290</u>

	<u>The group</u>			
	<u>1982</u>		<u>1981</u>	
	<u>Book value</u>	<u>Valuation</u>	<u>Book value</u>	<u>Valuation</u>
U.K. Government Securities	£19,679,880	£19,680,842	£ 4,764	£ 4,290
Listed in Great Britain	8,576,672	9,161,683	5,441,991	5,773,680
Listed overseas	12,592,490	13,022,452	6,262,481	6,308,127
Unlisted	<u>15,407,229</u>	<u>16,228,689</u>	<u>10,676,585</u>	<u>11,199,331</u>
	<u>£56,256,271</u>	<u>£58,093,666</u>	<u>£22,385,821</u>	<u>£23,285,428</u>

Of the U.K. Government Securities, £14,400,000 (1981: £nil) are subject to a minimum period of 3 months notice for realisation.

7. ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS

This item includes commodities and manufactured products which are held in respect of forward sales contracts to the extent of £15,062,675 (1981: £13,967,675) for the group and £nil (1981: £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 £8,348,458 (1981: £10,311,504) at 31st December, 1982.

8. ASSETS LEASED TO CUSTOMERS

Leased assets are stated at cost £4,116,465 (1981: £4,116,465) less aggregate depreciation of £2,879,374 (1981: £2,694,010).

ANCOMASS LIMITED
AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS
(continued)

9. GROUP COMPANY BALANCES

	<u>The company</u>		<u>The group</u>	
	<u>1982</u>	<u>1981</u>	<u>1982</u>	<u>1981</u>
Amounts due from:				
Subsidiary companies	£231,783	£202,517	£ -	£ -
Unconsolidated Singer & Friedlander Group subsidiaries	-	-	9,258,312	6,746,675
Amounts due to:				
Unconsolidated Singer & Friedlander Group	-	-	(287,976)	(333,739)
	<u>£231,783</u>	<u>£202,517</u>	<u>£8,970,336</u>	<u>£6,412,936</u>

The above balances, in respect of the Group, exclude an amount of £4,460,316 (1981: £nil) advanced to unconsolidated subsidiaries. These amounts are secured on deposits of £2,260,316 made by those companies with a UK Government Agency and on investments totalling £2,200,000 in UK Government Securities which have been included in the consolidated balance sheet under advances to customers and other accounts and other securities respectively.

10. INVESTMENT IN SUBSIDIARY AND ASSOCIATED COMPANIES

The investment of the company in its subsidiary and associated 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 European Ferries Plc.

The group investment in unconsolidated subsidiary and associated 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, 1982 is not less than the amount at which it is stated in the consolidated balance sheet.

	<u>The group</u>	
	<u>1982</u>	<u>1981</u>
Investment in unconsolidated subsidiary companies at cost	£4,165,364	£4,165,264
Investment in associated company at cost	178,281	178,281
Retained profit of associated company	<u>1,305</u>	<u>628</u>
	<u>£4,344,950</u>	<u>£4,344,173</u>

A special resolution that the Associated Company be wound up voluntarily was passed on 27th January, 1983 and the amount to be distributed by the liquidators is expected to be at least equal to the cost and retained profits of the investment as shown above.

ANCOMASS LIMITED
AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS
(continued)

10. INVESTMENT IN SUBSIDIARY AND ASSOCIATED COMPANIES (continued)

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

	<u>1982</u>	<u>1981</u>
Investment properties at valuation	£10,453,932	£6,418,829
Properties in the course of development at cost	1,585,175	6,709,852
Properties occupied by the group at cost less depreciation	7,669,733	67,943
Investment in associated company	153,618	142,915
Net current (liabilities)/assets	(969,246)	525,574
Net group indebtedness (see note 9)	(8,970,336)	(6,412,936)
Deferred taxation	(1,395,844)	(782,356)
Loans (secured)	(268,500)	(268,500)
	<u>£8,258,532</u>	<u>£6,401,321</u>
Represented by:		
Share capital	£100,200	£100,200
Reserves	<u>8,158,332</u>	<u>6,301,121</u>
	<u>£8,258,532</u>	<u>£6,401,321</u>

Investment properties are stated at the open market values placed on them by the group's chartered surveyor.

The movement on reserves can be reconciled as follows:

	<u>Investment revaluation reserve</u>	<u>Other reserves</u>	<u>Total</u>
Balance at 1st January, 1982	£975,794	£5,325,327	£6,301,121
Revaluation surplus	129,085	-	129,085
Profit retained	-	1,707,847	1,707,847
Translation differences arising on consolidation of overseas subsidiaries	-	20,279	20,279
Balance at 31st December, 1982	<u>£1,104,879</u>	<u>£7,053,453</u>	<u>£8,158,332</u>

At 31st December, 1982 there were capital commitments in respect of contracts entered into which amounted to approximately £409,000 (1981: £3,825,000).

Capital expenditure authorised but not contracted for at 31st December, 1982 amounted to £35,000 (1981: £nil).

ANCOMASS LIMITED
AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS
(continued)

11. **SUBSIDIARY AND ASSOCIATED COMPANIES**

At 31st December, 1982 the company owned all the issued share capital of Singer & Friedla. Holdings Limited and 63.64% of the issued share capital of Singer & Friedlander Limited; the balance of 36.36% is held by the former company and both companies are registered in England. The principal subsidiary and associated companies of Singer & Friedlander Limited, all of which are wholly owned except where otherwise indicated, are:

	<u>Country of incorporation/ registration</u>
Subsidiary companies:	
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
Singer & Friedlander (Malta) Limited	Malta
West City Securities Limited	England
Appledale Limited	Isle of Man
Balfour Securities Corporation	U.S.A.
Singer & Friedlander Investment Fund S.A.	Panama
Capital Portfolio Management Limited	Scotland
Weniver Investments Limited*	England
Rathmines Investments Limited*	Eire
Hillgrove Estates Limited*	England
Galefield Securities Limited*	England
Melbreck Securities Limited*	England
Straker Brothers Limited*	England
Deepmead Limited*	England
Associated companies:	
The Hagley Industrial Trust Limited (42.1% owned)	England
United Land Properties Pty. Limited (25% owned)*	Australia

The companies marked * above have not been consolidated.

12. **FIXED ASSET**

This represents an investment in freehold property and is shown at valuation which is considered by the directors to be equal to cost.

ANCOMASS LIMITED
AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS
(continued)

13. 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, 1982 to be disclosed under the provisions of the Companies Act 1980 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) £92,911 in respect of loans to two directors and/or connected persons.
- (b) £95,000 in respect of quasi-loans to three 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, 1982 in respect of credit transactions for any director and/or connected person.

14. DIRECTORS' EMOLUMENTS

The year's emoluments of directors of the company amounted to £213,476 (1981: £217,038) inclusive of pension contribution and after three directors (1981: three) waived emoluments totalling £35,100 (1981: £17,850). The remuneration of the directors, excluding pension contributions, was as follows:

	<u>1982</u>	<u>1981</u>
Chairman and highest paid director	£65,002	£65,682
Other directors:	<u>Number</u>	<u>Number</u>
Up to £5,000	2	2
£55,001 - £60,000	1	1
£60,001 - £65,000	<u>1</u>	<u>1</u>
	4	4
	<u> </u>	<u> </u>

15. AUDITORS' REMUNERATION

The remuneration of the auditors was:

	<u>1982</u>	<u>1981</u>
The company	£ 345	£ 287
The group	<u>82,941</u>	<u>62,543</u>

16. 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

We have audited the accounts on pages 4 to 13 in accordance with approved Auditing Standards.

As set out in the statement of accounting policies and notes, 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, comply with the Companies Acts 1948 to 1981 and give under that convention, a true and fair view of the state of the affairs of the company and of the group as at 31st December, 1982 and of the profit of the group for the year to that date.

LONDON

6th April, 1983

Peat Marwick & Gutteridge
Chartered Accountants.