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ANCOMASS LIMITED  
AND SUBSIDIARY COMPANIES

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DIRECTORS' REPORT AND ACCOUNTS

31ST DECEMBER, 1983

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

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ANCOMASS LIMITED  
AND SUBSIDIARY COMPANIES

Directors

A.N.Solomons - Chairman  
B.H.Buckley  
K.Siddle  
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, 1983.

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. There has been no significant change in these activities during the year.

Ultimate holding company:

The ultimate holding company of Ancomass Limited at the date of this report is European Ferries Plc.

The board of directors of European Ferries Plc announced on 11th November, 1983 that it had been decided in principle to dispose of that company's interest in the Singer & Friedlander group. The sale is to be arranged by way of private negotiation, and is not yet concluded.

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 do not recommend a final dividend in respect of the year (1982: £225,000).



ANCOMASS LIMITED  
AND SUBSIDIARY COMPANIES

REPORT OF THE DIRECTORS  
(continued)

Fixed assets:

The value of fixed assets held by various of the company's property subsidiaries, and comprising industrial buildings held for long term investment purposes, has increased during the year as indicated in note 10 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.

Mr.A.G.O.Walker was appointed a director of the company on 2nd March, 1983. The remaining directors served throughout 1983. Mr.K.D.Wickenden also served during the year, and it is with regret that we record his death on 9th July, 1983.

In accordance with the provisions of the articles of association of the company, at the forthcoming annual general meeting Mr.A.N.Solomons will retire, and being eligible, offers himself for re-election.

Directors' interests in shares:

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

	<u>31.12.1983</u>		<u>31.12.1982</u>	
	<u>'A' Ordinary shares</u>	<u>Deferred shares</u>	<u>'A' Ordinary shares</u>	<u>Deferred shares</u>
A.N.Solomons	48	48	48	48
B.H.Buckley	42	42	42	42
K.Siddle	-	-	-	-
A.G.O.Walker	42	42	42*	42*

(\* holding as at 2nd March, 1983)

ANCOMASS LIMITED  
AND SUBSIDIARY COMPANIES  
REPORT OF THE DIRECTORS  
 (continued)

The directors have beneficial interests in the issued share capital of European Ferries Plc as follows :

	<u>31.12.1983</u>		<u>31.12.1982</u>	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
A.N.Solomons	20,000	-	20,000	-
B.H.Buckley	-	-	-	-
K.Siddle	28,625	-	28,625	-
A.G.O.Walker	-	-	-	-

Charitable and other donations:

The group donated the sum of £14,879 (1982 : £11,011) for charitable purposes during the year and a donation of £5,500 (1982: £1,000) was made to the Conservative Party. In addition the group contributed £1,000 (1982: £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 214 (1982: 25) and the aggregate remuneration paid to them in respect of their services for the year was £3,100,215 (1982: £2,557,987).

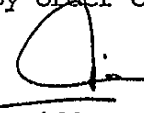
Auditors:

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.

Registered Office

21 New Street,  
 Bishopsgate,  
 London, EC2M 4HR

By order of the Board

  
 R. Fidders  
 Secretary

30  
 26th March, 1984

ANCOMASS LIMITED  
AND SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST DECEMBER, 1983

	<u>Note</u>	<u>1983</u>	<u>1982</u>
GROUP PROFIT BEFORE TAXATION and after transfer to contingency reserve	2	£5,962,565	£4,571,107
Taxation	1(vi)	742,861	1,129,587
GROUP PROFIT AFTER TAXATION		£5,219,704	3,441,520
Dividends proposed		-	225,000
		<u>5,219,704</u>	<u>3,216,520</u>
Profit retained:			
By Ancomass Limited		£ 146	£ (462)
By subsidiary companies		4,237,158	1,508,458
By associated company		-	677
	5	<u>4,237,304</u>	<u>1,508,673</u>
By companies not consolidated	10	<u>982,400</u>	<u>1,707,847</u>
		<u>£5,219,704</u>	<u>£3,216,520</u>

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

ANCOMASS LIMITED  
AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AT 31ST DECEMBER, 1983

Page 5

	Note	1983	1982	Note	1983	1982
Issued share capital of Ancomass Limited	4	8,000	8,000	Cash in hand with bankers, money at call and short notice	105,300,712	83,035,040
Reserves	5	37,678,775	33,022,927	Bank certificates of deposit bills discounted	13,495,960	11,380,018
		37,686,775	33,030,927			
Current, deposit and other accounts, including taxation and contingency reserve		377,664,586	362,678,478	Other securities	65,646,052	56,256,271
Proposed dividend		-	225,000	Advances to customers and other accounts	215,099,037	230,571,369
				Amounts due from, less due to, group companies	7,500,609	8,976,336
				Assets leased to customers at cost less depreciation	4,004,297	1,237,091
					411,046,667	391,450,125
				Fixed asset	139,330	139,330
				Investments in subsidiary and associated companies not consolidated	4,165,364	4,165,364
Acceptances for customers		93,075,208	85,908,774	Liabilities of customers for acceptances	93,075,208	85,908,774
		£508,426,569	£481,843,179		£508,426,569	£481,843,179

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

CERTIFIED A TRUE COPY OF THE LAST PROFIT AND LOSS STATEMENT  
AND BALANCE SHEET AS Laid before the COMPANY IN GENERAL MEETING

M. Walker Director

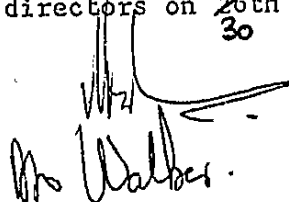
Secretary

ANCOMASS LIMITEDBALANCE SHEET AT 31ST DECEMBER, 1983

	<u>Note</u>	<u>1983</u>	<u>1982</u>
<b>FIXED ASSETS</b>			
Investment in subsidiary companies	10	£23,250,000	£23,250,000
Listed security	6	<u>4,996</u>	<u>4,880</u>
		23,254,996	23,254,880
<b>Current assets:</b>			
Income tax recoverable		£171	£171
Cash at bank	9	5,428	6,783
Amounts due from subsidiary companies	9	<u>1,500</u>	<u>225,000</u>
		<u>7,099</u>	<u>231,954</u>
<b>Current liabilities:</b>			
Corporation tax		£ -	£ -
Creditors falling due within one year		460	345
Proposed dividend		<u>-</u>	<u>225,000</u>
		<u>460</u>	<u>225,345</u>
<b>Net current assets</b>			
		<u>6,639</u>	<u>6,609</u>
		<u>£23,261,635</u>	<u>£23,261,489</u>
<b>Represented by:</b>			
Share capital	4	£ 8,000	£ 8,000
Capital reserve	5	23,252,525	23,252,525
Revenue reserves	5	1,110	964

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

Approved by the board of  
directors on 26th March, 1984.

 )  
 ) Directors

£23,261,635£23,261,489

ANCOMASS LIMITED  
AND SUBSIDIARY COMPANIES

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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 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 10 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) 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  
AND SUBSIDIARY COMPANIES

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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 £1,510,000 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 £146 (1982: £224,538) which is dealt with in the accounts of Ancomass Limited. The group profit before taxation includes £900,012 (1982: £581,995) 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, 1982 and 1983:

	<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, 1982 and 1983	<u>£23,252,525</u>	<u>£27,069,369</u>

ANCOMASS LIMITED  
AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS  
(continued)

5. RESERVES (continued)

	<u>Company</u>	<u>Group</u>
Revenue reserve:		
Balance at 1st January, 1983	£ 964	£5,953,558
Profit retained	146	4,237,304
Translation differences arising on consolidation of overseas subsidiaries	-	418,544
Balance at 31st December, 1983	£ 1,110	£10,609,406
Total reserves at 31st December, 1983.	<u>£23,253,635</u>	<u>£37,678,775</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>1983</u>		<u>1982</u>	
	<u>Book value</u>	<u>Valuation</u>	<u>Book value</u>	<u>Valuation</u>
U.K. Government Security	<u>£4,996</u>	<u>£5,948</u>	<u>£4,880</u>	<u>£5,842</u>

	<u>The Group</u>			
	<u>1983</u>		<u>1982</u>	
	<u>Book value</u>	<u>Valuation</u>	<u>Book value</u>	<u>Valuation</u>
	£	£	£	£
U.K. Government Securities	18,204,996	18,205,948	19,679,880	19,680,842
Listed in Great Britain	14,433,857	16,147,625	8,576,672	9,161,683
Listed Overseas	14,337,058	14,884,509	12,592,490	13,022,452
Unlisted	18,670,141	19,856,825	15,407,229	16,228,689
	<u>65,646,052</u>	<u>69,094,907</u>	<u>56,256,271</u>	<u>58,093,666</u>

Of the U.K. Government Securities, £18,200,000 (1982: £14,400,000) 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 £14,855,628 (1982: £15,062,675) for the group and £nil (1982: £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 £9,609,571 (1982: £8,348,458) at 31st December, 1983.

8. ASSETS LEASED TO CUSTOMERS

Leased assets are stated at cost £7,094,560 (1982: £4,116,465) less aggregate depreciation £3,090,263 (1982: £2,879,374). The deferred taxation of the leasing subsidiary amounting to £1,703,203 (1982: £643,287) in respect of these assets has been included in "current, deposit and other accounts".

ANCOMASS LIMITED  
AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS  
(continued)

9. GROUP COMPANY BALANCES

	<u>The company</u>		<u>The group</u>	
	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>
Amounts due from:				
Subsidiary companies	£6,928	£231,783	-	-
Unconsolidated Singer & Friedlander Group subsidiaries	-	-	8,174,645	9,258,312
Amounts due to:				
Unconsolidated Singer & Friedlander Group	-	-	(674,036)	(287,976)
	<u>£6,928</u>	<u>£231,783</u>	<u>£7,500,609</u>	<u>£8,970,336</u>

The above balances, in respect of the Group, exclude an amount of £4,970,163 (1982: £4,460,316) advanced to unconsolidated subsidiaries. These amounts are secured on deposits of £2,220,163 made by those companies with a UK Government Agency and on investments totalling £2,750,000 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, 1983 is not less than the amount at which it is stated in the consolidated balance sheet.

	<u>1983</u>	<u>The group</u> <u>1982</u>
Investment in unconsolidated subsidiary companies at cost	£4,165,364	£4,165,364
Investment in associated company at cost	-	178,281
Retained profit of associated company	-	1,305
	<u>£4,165,364</u>	<u>£4,344,950</u>

A special resolution that the Associated Company be wound up voluntarily was passed on 27th January, 1983 and during the year the Liquidators made a first and final distribution which was in excess of the cost and retained profits of the investment.

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>1983</u>	<u>1982</u>
Investment properties at valuation	£14,935,129	£10,453,932
Properties in the course of development at cost	565,000	1,585,175
Properties occupied by the group at cost less depreciation	7,678,121	7,669,733
Investment in associated company	888,964	153,618
Net current assets/(liabilities)	196,216	(969,246)
Net group indebtedness (see note 9)	(7,500,609)	(8,970,336)
Deferred taxation	(1,822,273)	(1,395,844)
Loans (secured)	(3,734,045)	(268,500)
	<u>£11,206,505</u>	<u>£8,258,532</u>
Represented by:		
Share capital	£100,200	£100,200
Reserves	<u>11,106,305</u>	<u>8,158,332</u>
	<u>£11,206,505</u>	<u>£8,258,532</u>

Investment properties, with one exception, are stated at the open market value placed on them by Jones Lang Wootton, Chartered Surveyors, in a valuation dated February, 1984. This valuation has been prepared in accordance with the Guidance Notes issued by the Assets Valuation Standards Committee of the Royal Institution of Chartered Surveyors. The exception is valued at £703,000 being the sale proceeds expected at completion of exchanged contracts.

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, 1983	£1,104,879	£7,053,453	£8,158,332
Revaluation surplus	1,300,207		1,300,207
Profit retained	-	982,400	982,400
Profit on disposal of investment property	-	677,975	677,975
Translation differences arising on consolidation of overseas subsidiaries	-	(12,609)	(12,609)
Balance at 31st December, 1983	<u>£2,405,086</u>	<u>£8,701,219</u>	<u>£11,106,305</u>

At 31st December, 1983 there were capital commitments in respect of contracts entered into which amounted to approximately £1,975,000 (1982: £409,000).

Capital expenditure authorised but not contracted for at 31st December, 1983 amounted to £420,000 (1982: £35,000).

**ANCOMASS LIMITED  
AND SUBSIDIARY COMPANIES**

**NOTES ON THE ACCOUNTS**  
(continued)

**11. SUBSIDIARY COMPANIES**

At 31st December, 1983 the company owned all the issued share capital of Singer & Friedlander Holdings Limited and 36.36% of the issued share capital of Singer & Friedlander Limited; the balance of 63.64% 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 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
West City Securities Limited	England
Appledale Limited	Isle of Man
Balfour Securities Corporation	U.S.A.
Singer & Friedlander Investment Fund S.A.	Panama
Singer & Friedlander Managers Limited	England
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
Staker Brothers Limited*	England
Deepmead Limited*	England

The companies marked \* above have not been consolidated.

**FIXED ASSET**

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

**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.

ANCOMASS LIMITED  
AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS  
(continued)

13. (continued)

The aggregate amounts outstanding at 31st December, 1983 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) £25,268, in respect of loans to one director.

(b) £73,000 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, 1983 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 £275,930 (1982: £213,476) inclusive of pension contribution and after three directors (1982: three) waived emoluments totalling £23,800 (1982: £35,100). The remuneration of the directors, excluding pension contributions, was as follows:

	<u>1983</u>	<u>1982</u>
Chairman and highest paid director	£94,254	£65,002
Other directors:	<u>Number</u>	<u>Number</u>
Up to £5,000	2	2
£55,001 - £60,000	-	1
£60,001 - £65,000	1	1
£85,001 - £90,000	<u>1</u>	<u>-</u>
	<u>4</u>	<u>4</u>

15. AUDITORS' REMUNERATION

The remuneration of the auditors was:

	<u>1983</u>	<u>1982</u>
The company	£460	£345
The group	89,074	82,941

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

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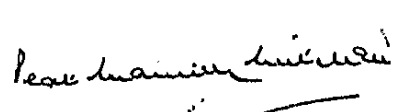
We have audited the accounts on pages 4 to 13 in accordance with approved Auditing Standards.

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, 1983 and of the profit of the group for the year to that date.

LONDON

**30 MAR 1984**

  
Chartered Accountants.