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ANCOMASS LIMITED  
DIRECTORS' REPORT AND ACCOUNTS  
31ST DECEMBER, 1988

PEAT MARWICK McLINTOCK  
1 Puddle Dock, Blackfriars, London, EC4V 3PD



ANCOMASS LIMITED  
AND SUBSIDIARY COMPANIES

Directors

A.N. Solomons - Chairman  
B.H. Buckley  
A.G.O. Walker  
N.W. Wray

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, 1988.

PRINCIPAL ACTIVITY

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

At 31st December, 1988 Singer & Friedlander Holdings Limited had two direct subsidiary companies, 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.

ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of Singer & Friedlander Group 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 4.

No interim dividends have been declared during the year (1987: £1,115,134). The directors recommend the payment of a final dividend of £1,500,000 in respect of the year ended 31st December, 1988 (1987: £180,000)

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 10 to the accounts.

ANCOMASS LIMITED  
AND SUBSIDIARY COMPANIES

REPORT OF THE DIRECTORS  
(continued)

DIRECTORS

The names of the directors of the company as at 23rd March, 1989 are shown at the head of this report. The directors have served throughout the year.

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

DIRECTORS' INTERESTS IN SHARES

Messrs. A.N. Solomons, A.G.O. Walker and N.W. Wray 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.

Mr. B.H. Buckley had a beneficial interest in £1,234,584 1 1/2% Convertible Unsecured Loan Stock 1992/2002 in the capital of Singer & Friedlander Group PLC at 31st December, 1988 and 31st December, 1987. He had no other interest in the share or loan capital of Singer & Friedlander Group PLC at 31st December, 1988 and 31st December, 1987.

CHARITABLE AND OTHER DONATIONS

During the year the group donated the sum of £28,399 (1987: £16,277) for charitable purposes and a donation of £3,000 (1987: £8,000) was made to the Conservative Party. In addition the group contributed £1,000 (1987: £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 255 (1987: 236) and the aggregate remuneration paid to them in respect of their services for the year was £6,447,150 (1987: £7,027,460).

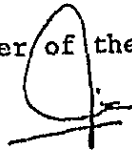
ANCOCLASS LIMITED  
AND SUBSIDIARY COMPANIES

REPORT OF THE DIRECTORS  
(continued)

AUDITORS

A resolution for the re-appointment of Peat Marwick McLintock 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.

23rd March, 1989.

ANCOMASS LIMITED  
AND SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST DECEMBER, 1988

	<u>Note</u>	<u>1988</u> £	<u>1987</u> £
GROUP PROFIT BEFORE TAXATION out of which provision has been made for diminution in the value of assets	2	13,663,352	13,082,086
Taxation	1(vii)	<u>4,324,968</u>	<u>3,888,304</u>
GROUP PROFIT AFTER TAXATION	2	9,338,384	9,193,782
Dividends paid and payable from profit for the year		<u>1,500,000</u>	<u>1,295,134</u>
GROUP PROFIT AFTER TAXATION AND DIVIDENDS FROM PROFIT FOR THE YEAR		<u>7,838,384</u>	<u>7,898,648</u>

REPRESENTING:

Ancomass Limited	53,458	9,497
Subsidiary companies	<u>6,565,932</u>	<u>6,256,718</u>
	5 6,619,390	6,266,215
Companies not consolidated	10 <u>1,218,994</u>	<u>1,632,433</u>
	<u>7,838,384</u>	<u>7,898,648</u>

The notes on pages 7 to 14  
form part of these accounts.

ANCOMASS LIMITED  
AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AT 31ST DECEMBER, 1988

	Note	1988 £	1987 £		Note	1988 £	1987 £
Issued share capital of Ancomass Limited	4	11,754	11,754	Cash in hand, with bankers, and money at call and short notice		107,638,191	129,960,452
Reserves	5	70,843,415	65,455,508	Bank certificates of deposit and bills discounted		34,848,850	27,141,734
Unsecured loan stock	6	<u>6,700,000</u>	<u>6,700,000</u>	Other securities	7	114,047,471	116,338,400
		77,555,169	72,167,262	Advances to customers and other accounts	8	234,253,787	213,318,124
Current, deposit and other accounts, including provision for taxation		389,465,522	413,205,452				
Dividend payable		1,500,000	180,000	Net investment in finance leases		<u>2,956,869</u>	<u>4,715,120</u>
						493,745,168	491,473,830
Amounts due to, less due from, group companies	9	29,389,843	10,086,480	Investments in subsidiary companies not consolidated	10	4,165,366	4,165,364
Acceptances for customers		<u>102,735,069</u>	<u>107,168,142</u>	Liabilities of customers for acceptances		<u>102,735,069</u>	<u>107,168,142</u>
		600,645,603	602,807,336			600,645,603	602,807,336

The notes on pages 7 to 14 form part of these accounts.

ANCOMASS LIMITEDBALANCE SHEET AT 31ST DECEMBER, 1988

	<u>Note</u>	<u>1988</u>	<u>1987</u>
		£	£
<b>FIXED ASSETS</b>			
Investment in subsidiary companies	10	52,795,455	52,795,455
Listed security	7	<u>5,574</u>	<u>5,458</u>
		52,801,029	52,800,913
<b>CURRENT ASSETS</b>			
Income tax recoverable		307	159
Amount due from subsidiary company	9	<u>2,431,077</u>	<u>1,038,025</u>
		<u>2,431,384</u>	<u>1,038,184</u>
<b>CREDITORS FALLING DUE WITHIN ONE YEAR</b>			
Corporation tax		28,722	8,899
Other creditors		713	678
Dividend payable		<u>1,500,000</u>	<u>180,000</u>
		<u>1,529,435</u>	<u>189,577</u>
<b>NET CURRENT ASSETS</b>		<u>901,949</u>	<u>848,607</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>53,702,978</u>	<u>53,649,520</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	4	11,754	11,754
Capital reserves	5	46,326,160	46,326,160
Revenue reserves	5	665,064	611,606
Unsecured loan stock	6	6,700,000	6,700,000

Approved by the board of directors, on 23rd March, 1989.



)  
) Directors  
)

53,702,978

53,649,520

The notes on pages 7 to 14 form part of these accounts.

ANGOMASS 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 under the historical cost convention on the basis applicable to banking companies under the Companies Act 1985, except that transfers to undisclosed reserves have not been made. As the statutory exemptions from disclosure apply to the major part of the group, Statements of 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.

The reserves of the property companies are available to support the banking activities. However, in the opinion of the directors, the non-consolidation of these companies and the inclusion of their figures in a separate note, provides a clearer presentation of the banking group and property interests.

(iii) Investments:

Listed investments are shown at cost or lower market value and unlisted investments at cost or lower directors' valuation. 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 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) Fixed assets:

Capital expenditure in the banking group has been written off and it is not practicable to ascertain the original cost and total amounts written off.



ANCOMASS LIMITED  
AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS  
(continued)

1. ACCOUNTING POLICIES (continued)

(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.

2. GROUP PROFIT

The group profit after taxation includes £1,553,458 (1987: £1,304,631) which is dealt with in the accounts of Ancomass Limited. The group profit before taxation includes £1,651,076 (1987: £2,029,551) relating to companies not consolidated.

3. ULTIMATE HOLDING COMPANY

The ultimate holding company of Ancomass Limited is Singer & Friedlander Group PLC (incorporated in Great Britain).

4. SHARE CAPITAL

	<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	-
'D' ordinary shares of 50p	200	54
Deferred shares of 50p	<u>7,700</u>	<u>7,700</u>
	12,900	11,754
	=====	=====

ANCOMASS LIMITED  
AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS  
(continued)

## 5. RESERVES

	<u>The Company</u> £
Share premium account:	
Balance at 1st January and 31st December, 1988	24,023,948
Capital reserves:	
Balance at 1st January and 31st December, 1988	<u>22,302,212</u> <u>46,326,160</u>
Revenue reserve:	
Balance at 1st January, 1988	611,606
Profit retained	<u>53,458</u>
Balance at 31st December, 1988	<u>665,064</u>
Total reserves at 31st December, 1988	<u>46,991,224</u>

	<u>The Group</u> £
Share premium account:	
Balance at 1st January and 31st December, 1988	24,023,948
Capital reserves:	
Balance at 1st January and 31st December, 1988	<u>3,816,844</u> <u>27,840,792</u>
Revenue reserve:	
Balance at 1st January, 1988	37,614,716
Profit retained	6,619,390
Translation differences arising on consolidation of overseas subsidiaries	<u>(1,231,483)</u>
Balance at 31st December, 1988	<u>43,002,623</u>
Total reserves at 31st December, 1988	<u>70,843,415</u>

## 6. LOAN STOCK

On 22nd September, 1987 the company issued of £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 COMPANIES

NOTES ON THE ACCOUNTS  
(continued)

## 7. OTHER SECURITIES

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

	<u>The Company</u>			
	<u>1988</u>		<u>1987</u>	
	<u>Book value</u>	<u>Valuation</u>	<u>Book value</u>	<u>Valuation</u>
U.K. Government Security	£5,574	£6,178	£5,458	£6,360

	<u>The Group</u>			
	<u>1988</u>		<u>1987</u>	
	<u>Book value</u>	<u>Valuation</u>	<u>Book value</u>	<u>Valuation</u>
	£	£	£	£
U.K. Government Securities	5,574	6,178	12,605,458	12,606,360
Listed in Great Britain	54,419,891	57,941,651	49,767,890	54,850,186
Listed Overseas	12,658,854	12,725,125	8,132,812	8,157,605
Unlisted	<u>46,963,152</u>	<u>50,801,830</u>	<u>45,832,240</u>	<u>48,107,727</u>
	<u>114,047,471</u>	<u>121,474,784</u>	<u>116,338,400</u>	<u>123,721,878</u>

## 8. ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS

This item includes commodities which are held in respect of forward sales contracts to the extent of £13,465,026 (1987: £16,673,080) for the group and £nil (1987: £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 £16,274,196 (1987: £17,851,263) at 31st December, 1988.

## 9. GROUP COMPANY BALANCES

	<u>The Company</u>		<u>The Group</u>	
	<u>1988</u>	<u>1987</u>	<u>1988</u>	<u>1987</u>
	£	£	£	£
Amounts due from:				
Subsidiary companies	2,431,077	1,038,025	-	-
Unconsolidated Singer & Friedlander group subsidiaries	-	-	16,347,049	15,135,668
Amounts due to:				
Fellow direct subsidiaries of Ultimate Holding Company	-	-	(224,683)	(6,338,843)
Unconsolidated Singer & Friedlander group subsidiaries	-	-	(234,348)	(204,723)
Ultimate Holding Company	<u>-</u>	<u>-</u>	<u>(45,277,861)</u>	<u>(18,678,582)</u>
	<u>2,431,077</u>	<u>1,038,025</u>	<u>(29,389,843)</u>	<u>(10,086,480)</u>

ANCOMASS LIMITED  
AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS  
(continued)

10. INVESTMENT IN SUBSIDIARY COMPANIES

The investment of the company in its subsidiary companies is stated at cost.

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, 1988 is not less than the amount at which it is stated in the consolidated balance sheet.

Investment in unconsolidated subsidiary companies at cost	<u>The Group</u>	
	<u>1988</u>	<u>1987</u>
	£	£
At 1st January	4,165,364	4,165,364
Cost of subsidiaries acquired in year	<u>2</u>	<u>-</u>
At 31st December	<u>4,165,366</u>	<u>4,165,364</u>

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

	<u>1988</u>	<u>1987</u>
	£	£
Investment properties	43,220,000	32,022,072
Properties occupied by the group	37,876,770	35,211,225
Other investments	464,495	-
Net current assets	1,069,784	1,322,045
Net group indebtedness (see note 9)	(16,112,701)	(14,930,945)
Deferred taxation	(1,050,013)	(997,581)
Loans (secured)	<u>(1,611,770)</u>	<u>(2,036,225)</u>
	<u>63,856,565</u>	<u>50,590,591</u>
Represented by:		
Share capital	100,202	100,200
Reserves	<u>63,756,363</u>	<u>50,490,391</u>
	<u>63,856,565</u>	<u>50,590,591</u>

The figures stated for investment and group occupied properties are based on valuations provided by a director of Singer & Friedlander Holdings Limited, who is an associate member of The Royal Institution of Chartered Surveyors.

ANCOMASS LIMITED  
AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS  
(continued)

10. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

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, 1988	40,303,298	10,187,093	50,490,391
Revaluation surplus	12,027,822	-	12,027,822
Profit for year	-	1,218,994	1,218,994
Profit on disposal of investment property	(1,376,394)	1,383,531	7,137
Translation difference arising on consolidation of overseas subsidiaries	-	12,019	12,019
Balance at 31st December, 1988	50,954,726	12,801,637	63,756,363

At 31st December, 1988 the group had capital commitments in respect of contracts entered into which amounted to approximately £550,000 (1987: £602,000). Capital expenditure authorised but not contracted for at 31st December, 1988 amounted to £nil (1987: £nil).

11. SUBSIDIARY COMPANIES

At 31st December, 1988 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 companies of Singer & Friedlander Holdings Limited, all of which are wholly owned, directly or through other subsidiaries, are:

	<u>Country of incorporation/ registration</u>
Singer & Friedlander Limited	England
Singer & Friedlander Investment Management Limited	England
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 AG	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
Singer & Friedlander Properties PLC*	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
Buyneat Limited*	England
The companies marked * above have not been consolidated.	

ANCOMASS LIMITED  
AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS  
(continued)

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, 1988 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) £8,926,817 (1987: £2,766,054) in respect of loans to one director (1987: 2).
- (b) £251,100 (1987: £237,500) in respect of quasi-loans to two directors (1987: 2).

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, 1988 in respect of credit transactions for any director and/or connected persons.

13. DIRECTORS' EMOLUMENTS

The emoluments of the directors of the company were in respect of their service as directors of its subsidiaries for the year ended 31st December, 1988 and amounted to £515,295 (1987: £499,807) including pension contributions.

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

	<u>1988</u> £	<u>1987</u> £
Chairman		
1st January, 1987 to 15th October, 1987	203,036	
16th October, 1987 to 31st December, 1987		40,414
Highest paid director	203,036	191,572

Other directors:

	<u>Number</u> <u>1988</u>	<u>Number</u> <u>1987</u>
Up to £5,000		
£105,001 - £110,000	1	2
£115,001 - £120,000	-	1
£135,001 - £140,000	2	-
	-	1

ANCOMASS LIMITED  
AND SUBSIDIARY COMPANIES

NOTES ON THE ACCOUNTS  
(continued)

## 14. AUDITORS' REMUNERATION

The remuneration of the auditors was:

	<u>1988</u>	<u>1987</u>
The company	£713	£756
The group	£118,496	£118,040
	<u>£118,496</u>	<u>£118,040</u>

## 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 4 to 14 in accordance with 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 give a true and fair view of the state of affairs of the company and of the group as at 31st December, 1988 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

23rd March, 1989.

*Peter Mansfield Nicholls*

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Chartered Accountants.