

**ADAM & COMPANY INVESTMENT MANAGEMENT LIMITED**

**REPORT AND ACCOUNTS**

**FOR THE YEAR TO 30 SEPTEMBER 1996**



A handwritten signature in black ink, consisting of a stylized 'A' followed by a flourish.

**BOARD OF DIRECTORS**

R M Entwistle FCIB (Chairman)  
A M Hedderwick (Managing Director)  
I J Hunter  
J A R Jakobi FCA (Non-Executive)  
T R H Kimber (Non-Executive)  
H J Morgan

**SECRETARY**

W J Stanworth CA

**AUDITORS**

Coopers & Lybrand  
PO Box 90  
Erskine House  
68-73 Queen Street  
Edinburgh EH2 4NH

**REGISTERED OFFICE**

22 Charlotte Square  
Edinburgh EH2 4DF  
Telephone: 0131 225 8484  
Fax: 0131 220 2357  
Telex: 72182  
Registered No: 102144

## DIRECTORS' REPORT

The directors present their annual report and accounts for the year ended 30 September 1996.

### RESULTS AND DIVIDENDS

The profit for the period after providing for taxation was £233,000. The directors recommend that no dividend be paid.

### PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The company's business is that of providing investment management services. The directors aim to maintain the management policies which have resulted in the high quality of service received by clients.

### DIRECTORS

The names of the directors of the company are shown on page 1, all of whom have served the full year.

Mr Pearson retired as a director on 31 August 1996.

The interests of the directors in the capital of The Royal Bank of Scotland Group plc were:

Ordinary shares of 25p each

	At 30 September 1996	At 1 October 1995
R M Entwistle	2,234	1,445
H J Morgan	790	-

Options to subscribe for ordinary shares of 25p each

	At 1 October 1995	Granted in period	Exercised in period	At 30 September 1996
R M Entwistle	2,005	-	-	2,005
A M Hedderwick	2,913	825	-	3,738
I J Hunter	415	330	-	745
H J Morgan	1,894	-	-	1,894

Mr Entwistle and Mrs Hunter who held office as directors at 30 September 1996 will retire by rotation and, being eligible, will offer themselves for re-election at the Annual General Meeting on 16 December 1996.

### SHARE CAPITAL

There were no changes in the share capital of the company during the year under review.

### AUDITORS

The auditors, Coopers & Lybrand, have indicated their willingness to continue in office. Resolutions to re-appoint them and to authorise the directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board



W J Stanworth CA  
Secretary

22 Charlotte Square  
EDINBURGH EH2 4DF  
18 November 1996

**ADAM & COMPANY INVESTMENT MANAGEMENT LIMITED  
STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that these accounts comply with the aforementioned requirements.

By order of the Board

  
W J Stanworth CA, Secretary, 18 November 1996

**REPORT OF THE AUDITORS  
TO THE MEMBERS OF ADAM & COMPANY INVESTMENT MANAGEMENT LIMITED**

We have audited the accounts on pages 4 to 8.

**Respective responsibilities of directors and auditors**

As described above the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

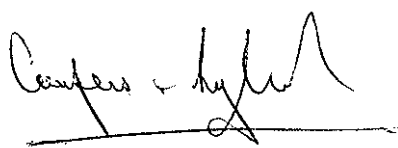
**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of the affairs of the company as at 30 September 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
COOPERS & LYBRAND  
CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS  
Edinburgh

18 November 1996

**ADAM & COMPANY INVESTMENT MANAGEMENT LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR TO 30 SEPTEMBER 1996**

Year to 30 September 1995 £000		Notes	£000
1,575	Turnover	2	1,921
<u>(1,455)</u>	Administrative expenses	3	<u>(1,574)</u>
120	Profit on ordinary activities before tax		347
<u>(40)</u>	Tax on ordinary activities	5	<u>(114)</u>
<u>80</u>	Retained profit	6	<u>233</u>

No gains or losses have been recognised in the accounts other than those set out in the profit and loss account above.

There is no difference between the profit on ordinary activities before tax and the retained profit for the period stated above, and their historical cost equivalents. All the results of the company relate to continuing operations.

**ADAM & COMPANY INVESTMENT MANAGEMENT LIMITED**  
**BALANCE SHEET AS AT 30 SEPTEMBER 1996**

30 September  
1995  
£000

		Notes	£000
<b>Current assets</b>			
590	Cash at fellow subsidiary		911
<u>453</u>	Debtors	7	<u>865</u>
1,043			1,776
	<b>Creditors: amounts falling due</b>		
<u>373</u>	<b>within one year</b>	8	<u>873</u>
<u>670</u>	<b>Total assets less current liabilities</b>		<u>903</u>
<b>Equity Shareholders' Funds</b>			
		10	
100	Called up share capital	9	100
<u>570</u>	Profit and loss account	6	<u>803</u>
<u>670</u>			<u>903</u>

  
R M Entwistle, Director

  
A M Hedderwick, Director

18 November 1996

## NOTES TO THE ACCOUNTS

### 1. ACCOUNTING POLICIES

**a. Accounting convention**

The accounts have been prepared in accordance with applicable Accounting Standards and under the historical cost convention.

**b. Pensions**

The group operates a defined benefits scheme. Contributions to this scheme are charged to the profit and loss account so as to spread the costs of the pension over the employees' estimated average working lives with the company. These are determined by independent qualified actuaries on the basis of triennial valuations using the projected unit credit method. The scheme is a funded scheme.

All contracts of employment for employees are held with a fellow subsidiary company, and details of the pension scheme are disclosed in the accounts of Adam & Company plc.

**c. Cash flow statement**

The Royal Bank of Scotland Group plc is the ultimate parent of the company and the cash flows are included in the consolidated group cash flow statement of that company. Consequently the company is exempt under the terms of Financial Reporting Standard number 1 from publishing a cash flow statement.

**d. Related party disclosures**

The company is exempt under the terms of Financial Reporting Standard number 8 from reporting transactions with group entities by virtue of the fact that the company is a wholly-owned subsidiary of Adam & Company Group plc, which is itself a wholly-owned subsidiary of The Royal Bank of Scotland plc. The ultimate controlling party is The Royal Bank of Scotland Group plc whose consolidated accounts are publicly available.

	Year to 30 September 1996 £000	Year to 30 September 1995 £000
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### 2. TURNOVER

Investment management fees, commission and other income	1,921	1,575
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### 3. ADMINISTRATIVE EXPENSES

Administrative expenses include:

- auditors' remuneration		
- audit services	4	3
- pension scheme costs	34	41

The average number of persons charged to Adam & Company Investment Management Limited was 13 (1995 - 11) and their aggregate remuneration for the year amounted to £485,666 (1995 - £465,350).

# NOTES TO THE ACCOUNTS (CONTINUED)

## 4. DIRECTORS' EMOLUMENTS

	Year to 30 September 1996 £	Year to 30 September 1995 £
Non-executive directors' fees	15,000	13,000
Pension contributions	24,620	22,700
Other emoluments	<u>221,650</u>	<u>207,320</u>
	<u>261,270</u>	<u>243,020</u>

Emoluments of the Chairman

-

-

Emoluments of the highest paid director excluding pension contributions

94,730

91,910

The directors' emoluments, excluding pension contributions, fell into the following bands:

	Year to 30 September 1996	Year to 30 September 1995
£ nil - £ 5,000	3	3
£ 5,001 - £ 10,000	1	1
£ 55,001 - £ 60,000	-	2
£ 60,001 - £ 65,000	2	-
£ 90,001 - £ 95,000	1	1

1996  
£000

1995  
£000

## 5. TAX ON ORDINARY ACTIVITIES

Corporation tax at 33% (1995 - 33%)

114

40

## 6. RESERVES

At 1 October 1995

570

Retention for the period

233

At 30 September 1996

803

Profit and  
loss account  
£000

1996  
£000

1995  
£000

## 7. DEBTORS

Amounts falling due within one year

Due from fellow subsidiaries

865

453



# NOTES TO THE ACCOUNTS (CONTINUED)

		1996 £000		1995 £000
8.	<b>CREDITORS: Amounts falling due within one year</b>			
	Due to parent company	<u>873</u>		<u>373</u>

## 9. SHARE CAPITAL

	Shares	1996 £000	Shares	1995 £000
Authorised:				
Ordinary shares of £1 each	100,000	<u>100</u>	100,000	<u>100</u>
Allotted, called up and fully paid:				
Ordinary shares of £1 each	100,000	<u>100</u>	100,000	<u>100</u>

		1996 £000		1995 £000
10.	<b>RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS</b>			
	Profit attributable to members of the company	233		80
	Opening equity shareholders' funds	<u>670</u>		<u>590</u>
	Closing equity shareholders' funds	<u>903</u>		<u>670</u>

## 11. ULTIMATE PARENT COMPANY

The company is a wholly-owned subsidiary of Adam & Company Group plc which is registered in Scotland. The ultimate parent company is The Royal Bank of Scotland Group plc which is registered in Scotland. The report and accounts of The Royal Bank of Scotland Group plc are available at 36 St Andrew Square, Edinburgh.

## 12. APPROVAL OF ACCOUNTS

The accounts were approved by the Board of directors on 18 November 1996.

**ADAM & COMPANY INVESTMENT MANAGEMENT LIMITED**

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Annual General Meeting of Adam & Company Investment Management Limited will be held at 22 Charlotte Square, Edinburgh on 16 December 1996 at 10.10am for the following purpose:

To consider and, if thought fit, pass the following Ordinary Resolutions:

1. That the report and accounts for the period to 30 September 1996 be approved.
2. That Mr Entwistle who retires in accordance with the Articles of Association be re-elected a director.
3. That Mrs Hunter who retires in accordance with the Articles of Association be re-elected a director.
4. That Coopers & Lybrand be re-appointed as auditors and that the directors be authorised to fix their remuneration.

By order of the Board



W J Stanworth CA  
Secretary

18 November 1996

Registered Office  
22 Charlotte Square  
EDINBURGH EH2 4DF