

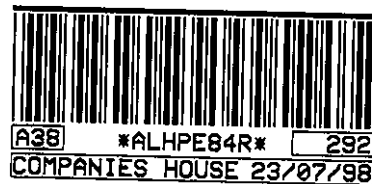
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GRYPHON INVESTMENTS PLC

REPORT AND FINANCIAL STATEMENTS

31 MARCH 1998

219670



# GRYPHON INVESTMENTS PLC

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DIRECTORS AND COMPANY INFORMATION

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DIRECTORS

Sir Edward Howard Bt., GBE, D.Sc., MSI - (Chairman)  
David H S Howard MA, MSI  
John L S Howard

SECRETARY

Eric R Hurrell MSI

REGISTERED OFFICE

25 Luke Street  
London  
EC2V 4AR

COMPANY REGISTRATION NUMBER

219670

STOCKBROKERS

Charles Stanley & Co Limited  
25 Luke Street  
London  
EC2A 4AR

AUDITORS

Saffery Champness  
Chartered Accountants  
Fairfax House  
Fulwood Place  
London  
WC1V 6UB

NOTICE OF MEETING

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Notice is hereby given that the seventy second annual general meeting of the company will be held at 25 Luke Street, London, EC2 on 8 July 1998 at 10.15 am for the following purposes:-

- 1 to receive and adopt the report of the directors and the financial statements for the year ended 31 March 1998.
- 2 to declare a dividend.
- 3 to re-elect a director.
- 4 to elect Sir Edward Howard, who has attained the age of 82, as a director.
- 5 to re-appoint the auditors and to authorise the directors to fix their remuneration.

By order of the Board



Eric R Hurrell  
Secretary

9 June 1998

A member entitled to attend and vote may appoint one or more proxies to attend and, on a poll, vote instead of him; a proxy need not be a member.

REPORT OF THE DIRECTORS

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The directors submit their report and the financial statements for the year ended 31 March 1998.

**Result and Dividend**

The profit after taxation for the year amounted to £50,082. The directors recommend the payment of a dividend of 1.9p per share (7.6%) for the year. After taking into account the tax credit to resident shareholders of 20% (1997: 20%) this represents a gross dividend of 9.5% (1997: 9.5%).

**Principal Activities**

The principal activity of the company is that of an investment company.

**Review of the Year and Future Developments**

No investments are currently held although the directors continue to monitor suitable investment opportunities.

**Directors**

The directors named on page 1 served throughout the year.

Mr David H S Howard retires by rotation and, being eligible, offers himself for re-election.

Sir Edward Howard, having attained the age of 82 years, vacates office by reason of his age and, being eligible, offers himself for re-election. Special notice has been given of the intention to propose his re-election.

**Statement of Directors' Responsibilities in Respect of the Accounts**

The following statement, which should be read in conjunction with the auditors' statement of auditors' responsibilities set out on page 5, is made for the purpose of clarifying for members the respective responsibilities of the directors and the auditors in the preparation of the financial statements.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the financial year and of its profit or loss for the financial year. In preparing those financial statements the directors are required to use appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and confirm that all applicable accounting standards have been followed. The directors are required to prepare the financial statements on a 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 financial statements 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.

## REPORT OF THE DIRECTORS (continued)

**Directors' Interests**

The interests of the directors in the capital of the company and its holding company were:-

	BENEFICIALLY HELD		OTHERWISE HELD	
	31 March 1998	1 April 1997	31 March 1998	1 April 1997
Sir Edward Howard				
Charles Stanley Group PLC	493,719	493,719	103,200	80,000
Gryphon Investments PLC	15,000	15,000	-	-
David H S Howard				
Charles Stanley Group PLC	2,312,480	2,445,000	335,300	271,880
Gryphon Investments PLC	15,000	15,000	-	-
John L S Howard				
Charles Stanley Group PLC	1,080,298	1,080,298	-	-
Gryphon Investments PLC	10,000	10,000	-	-

**Auditors**

The company's auditors, Saffery Champness, are willing to continue in office and a resolution proposing their re-appointment and authorising the directors to fix their remuneration will be put to the Annual General Meeting.

By order of the Board



Eric R Hurrell  
Secretary

9 June 1998

REPORT OF THE AUDITORS TO THE SHAREHOLDERS

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We have audited the financial statements on pages 6 to 9.

**Respective Responsibilities of Directors and Auditors**

As described in the directors' report on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, 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 financial statements 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 financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



SAFFERY CHAMPNESS

Chartered Accountants  
Registered Auditors  
Fairfax House  
Fulwood Place  
Gray's Inn  
London  
WC1V 6UB

9 June 1998

PROFIT AND LOSS ACCOUNT  
YEAR ENDED 31 MARCH 1998

	Note	1998	1997
INCOME			
Group interest receivable		89,073	86,997
Bank interest receivable		<u>162</u>	<u>118</u>
		89,235	87,115
ADMINISTRATION EXPENSES			
Directors' emoluments -			
Chairman		1,500	1,500
Two other directors		4,250	4,250
Auditors' remuneration:			
- Audit		1,000	1,000
- Non-audit		250	320
Other operating expenses		<u>22,005</u>	<u>22,007</u>
		29,005	29,077
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		60,230	58,038
Tax on profit on ordinary activities	2	<u>10,148</u>	<u>13,929</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		50,082	44,109
Proposed dividend	3	<u>20,000</u>	<u>20,000</u>
PROFIT RETAINED FOR YEAR		30,082	24,109
BALANCE BROUGHT FORWARD		<u>631,692</u>	<u>607,583</u>
BALANCE CARRIED FORWARD		<u>£661,774</u>	<u>£631,692</u>
EARNINGS PER SHARE	4	4.77p	4.20p

There were no recognised gains or losses in the company other than those reflected above.

The notes on pages 8 and 9 form part of these financial statements.



BALANCE SHEET  
31 MARCH 1998

	Note	1998	1997
<b>CURRENT ASSETS</b>			
Debtors: Amount owed by holding undertaking		966,313	937,612
Cash at bank and in hand		<u>2,065</u>	<u>1,780</u>
		968,378	939,392
CREDITORS (amounts falling due within one year)	5	<u>44,104</u>	<u>45,200</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><u>£924,274</u></u>	<u><u>£894,192</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital			
Authorised 1,400,000 ordinary shares of 25p each		<u><u>£350,000</u></u>	<u><u>£350,000</u></u>
Allotted and fully paid 1,050,000 ordinary shares of 25p each		262,500	262,500
Profit and loss account		<u>661,774</u>	<u>631,692</u>
<b>SHAREHOLDERS' FUNDS</b>	6	<u><u>£924,274</u></u>	<u><u>£894,192</u></u>

Approved by the board on 9 June 1998.



David H S Howard  
Director

The notes on pages 8 and 9 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

## 1 ACCOUNTING POLICIES

The company has adopted the following accounting policies which should be read in conjunction with the financial statements set out on pages 6 to 9. The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

**Investment Income and Interest**

Dividends on investments are credited to the profit and loss account in the year in which they are received. Interest receivable and all expenses are dealt with on an accruals basis. Income from investments is shown inclusive of tax credits.

**Deferred Taxation**

Provision is made, using the liability method, for taxation at the currently projected rates of corporation tax in respect of items where there is a timing difference between their treatment for accounts and taxation purposes, if, in the opinion of the directors, it is probable that a material tax liability will crystallise in the foreseeable future.

**Investments**

Investments are shown in the financial statements at cost.

## 2 TAX ON PROFIT ON ORDINARY ACTIVITIES

1998

1997

The charge for tax is made up as follows:

## Current

Corporation tax at 21% (1997: 24%) on  
profit of the year

12,648

13,929

## Prior years

Corporation tax

(2,500)

-

£10,148£13,929

## 3 DIVIDEND

Proposed:

Final of 1.9p per share (1997: 1.9p)

£20,000£20,000

## 4 EARNINGS PER SHARE

The calculation of earnings per ordinary share is based on profit after taxation of £50,082 (1997: £44,109) and 1,050,000 ordinary shares in issue.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 CREDITORS (amounts falling due within one year)	1998	1997
Corporation tax	12,648	13,929
Other taxes and social security	1,960	1,980
Other creditors	2,246	2,041
Accruals	7,250	9,230
Proposed dividend	20,000	20,000
	<u>£44,104</u>	<u>£45,200</u>
6 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
Profit for the financial year	50,082	44,109
Dividend	20,000	20,000
	<u>30,082</u>	<u>24,109</u>
Opening shareholders' funds	894,192	870,083
Closing shareholders' funds	<u>£924,274</u>	<u>£894,192</u>

## 7 HOLDING COMPANY

The ultimate holding company is Charles Stanley Group PLC.

Copies of the group accounts prepared by the holding company are available from the registered office shown on page 1.