

Carrington Pembroke Limited

Directors' report and consolidated financial statements

7 April 1996

Registered number 979759



Carrington Pembroke Limited

Directors' report and consolidated financial statements

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Carrington Pembroke Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 7 April 1996.

Principal activities

The principal activity of Carrington Pembroke Limited is investment management for private clients, trust funds and pension funds. The principal activity of Lathkil Securities Limited, a subsidiary, is dealing in securities. The principal activity of Pembroke Administration Limited, a subsidiary, is unit trust management.

Business review

There have been no significant changes in the activities of the group and no changes are anticipated by the directors.

The consolidated profit for the year ended 7 April 1996 after deducting all expenses and taxation amounts to £554,000 (1995:£463,000). After proposed dividends of £330,000 (1995:£272,000), an amount of £224,000 (1995:£191,000) was credited to reserves.

Proposed dividend

The directors paid an interim dividend during the year of £155,000 (1995:£117,000) and recommend the payment of a final dividend of £175,000 (1995:£155,000). This is equivalent to 850 pence per ordinary share (1995: 700 pence).

Fixed assets

Movements in fixed assets during the year are shown in notes 9 to 11 to the financial statements.

Charitable contributions

Donations to UK charities amounted to £5,000.

Directors and directors' interests

The directors during the year were:

GAB Steer	(Chairman)
JP Carrington	
AF Hames	
GM Luckraft	
NAD Thomas	
MF Cartwright	

Carrington Pembroke Limited

Directors' report

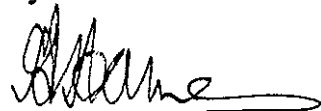
Directors and directors' interests (*continued*)

The following are the directors' interests in the shares of group companies according to the register kept by the company under the provisions of Section 325, Companies Act 1985:

Name of director	Name of company and description of shares	Holding at 7 April	
		1996	1995
JP Carrington	Carrington Pembroke Limited Ordinary shares of £1 each	10,242	10,242
AF Hames	Carrington Pembroke Limited Ordinary shares of £1 each	1,724	1,724
GM Luckraft	Carrington Pembroke Limited Ordinary shares of £1 each	1,190	1,190
NAD Thomas	Carrington Pembroke Limited Ordinary shares of £1 each	853	853
MF Cartwright	Carrington Pembroke Limited Ordinary shares of £1 each	152	152

The interests of GAB Steer are disclosed in the directors' report of the immediate parent company.

By order of the board



AF Hames
Secretary

37-41 Bedford Row
London
WC1R 4JH

9 July 1996

Carrington Pembroke Limited

Statement of directors' responsibilities

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 and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Report of the auditors to the members of Carrington Pembroke Limited

We have audited the financial statements on pages 5 to 18.

Respective responsibilities of directors and auditors

As described 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 group'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 and the group as at 7 April 1996 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

10 July 1996

Carrington Pembroke Limited

Consolidated profit and loss account for the year ended 7 April 1996

	<i>Note</i>	1996 £'000	1995 £'000
Turnover - continuing operations	2	4,665	4,578
Cost of sales		(2,014)	(2,317)
Gross profit		2,651	2,261
Administrative expenses		(1,859)	(1,542)
Operating profit		792	719
Interest receivable and similar income		124	90
Interest payable and similar charges	3	(53)	(78)
Profit on ordinary activities before taxation	4	863	731
Tax on profit on ordinary activities	5	(309)	(268)
Profit for the financial year	6	554	463
Dividends paid and proposed		(330)	(272)
Retained profit for the financial year		224	191
Retained profit brought forward		2,404	2,213
Retained profit carried forward		2,628	2,404

There were no recognised gains or losses other than those shown in the profit and loss account.

There is no material difference between the results reported in the profit and loss account and the equivalent historical cost basis of those results.

Carrington Pembroke Limited

Consolidated balance sheet
at 7 April 1996

	Note	1996 £'000	1995 £'000
Fixed assets			
Intangible assets	9	-	33
Tangible assets	10	72	111
		<hr/>	<hr/>
Current assets		72	144
Stocks	12	48	125
Debtors	13	476	621
Investments	14	2,807	3,075
Cash at bank and in hand		1,487	1,199
		<hr/>	<hr/>
		4,818	5,020
Creditors: amounts falling due within one year	15	(1,999)	(2,497)
		<hr/>	<hr/>
Net current assets		2,819	2,523
		<hr/>	<hr/>
		2,891	2,667
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	16	79	79
Share premium account		184	184
Profit and loss account		2,628	2,404
		<hr/>	<hr/>
Equity shareholders' funds		2,891	2,667
		<hr/>	<hr/>

These financial statements were approved by the board of directors on
signed on its behalf by:

9 July 1996 and were

JP Carrington
Director

Carrington Pembroke Limited

Balance sheet at 7 April 1996

	Notes	1996 £'000	1995 £'000
Fixed assets			
Tangible assets	10	72	111
Investments	11	75	75
		<u>147</u>	<u>186</u>
Current assets			
Debtors	13	1,278	978
Investments	14	438	440
Cash at bank and in hand		893	929
		<u>2,609</u>	<u>2,347</u>
Creditors: amounts falling due within one year	15	<u>(1,163)</u>	<u>(1,048)</u>
Net current assets		<u>1,446</u>	<u>1,299</u>
Net assets		<u>1,593</u>	<u>1,485</u>
Capital and reserves			
Called up share capital	16	79	79
Share premium account		184	184
Profit and loss account		1,330	1,222
Equity shareholders' funds		<u>1,593</u>	<u>1,485</u>

These financial statements were approved by the board of directors on
signed on its behalf by:

9 July 1996 and were


JP Carrington
Director

Carrington Pembroke Limited

Consolidated cash flow statement for the year ended 7 April 1996

	<i>Note</i>	1996	1995
		£'000	£'000
Net cash inflow from operating activities	17	855	324
Returns on investments and servicing of finance			
Interest received		106	90
Interest paid		(55)	(74)
Dividends paid		(311)	(233)
		<hr/>	<hr/>
Net cash outflow from returns on investments and servicing of finance		(260)	(217)
Taxation paid			
UK corporation tax paid		(237)	(253)
Investing activities			
Purchase of investments		(1,560)	(2,160)
Sale of investments		1,993	2,136
Sale of fixed assets		10	-
Purchase of tangible fixed assets		(4)	(133)
		<hr/>	<hr/>
Net cash inflow/(outflow) from investing activities		439	(157)
		<hr/>	<hr/>
Net cash inflow/(outflow) before financing		797	(303)
		<hr/>	<hr/>
Increase/(decrease) in cash and cash equivalents	18	797	(303)
		<hr/>	<hr/>

Carrington Pembroke Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's accounts.

Basis of preparation

The accounts have been prepared under the historical cost accounting rules and in accordance with applicable accounting standards.

Basis of consolidation

The group accounts consolidate the accounts of the company and its two subsidiaries. The excess of the cost of shares in subsidiaries over the fair value of their net assets at the date of acquisition is charged directly to reserves as goodwill.

Depreciation

Depreciation is charged on fixed assets on a straight line basis at the following rates per annum:

Fixture and fittings	-	25 % on cost
Motor vehicles	-	25 % on cost
Computer equipment	-	33 % on cost

Leases

Leases are accounted for as "operating leases" and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Valuation of securities held for resale

Securities held for resale are carried at the lower of cost and market value of each individual security. The cost of securities acquired with foreign currency is based on the rate of exchange ruling at the time of acquisition. The market value of securities is the bid price in the principal market for the securities concerned (where relevant translated at the rate of exchange ruling at the year end) or directors' valuation of unlisted securities.

Stocks

Stocks of units held in the Pembroke funds are valued at the lower of actual bid price paid for their purchase and bid price at the balance sheet date.

Deferred taxation

Deferred taxation, calculated on the liability method, is provided to the extent that the directors consider that a liability will become payable in the foreseeable future.

Income from securities

Income from securities is accounted for on a receivable basis.

Management contracts

The consideration for purchased management contracts is carried in intangible fixed assets and amortised over three years.

Carrington Pembroke Limited

Notes (continued)

2 Turnover

Turnover from continuing operations, all of which are carried out in the United Kingdom.

	1996 £'000	1995 £'000
Investment management	1,837	1,634
Sale of securities	1,993	2,129
Unit trust dealing	730	708
Income from securities	56	50
Sub-underwriting commission	49	57
	<u>4,665</u>	<u>4,578</u>

3 Interest payable

	1996 £'000	1995 £'000
On bank overdraft	<u>53</u>	<u>78</u>

4 Profit on ordinary activities before taxation

	1996 £'000	1995 £'000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration:		
Audit work	24	24
Non audit work	9	4
Depreciation of tangible fixed assets	33	37
Directors' emoluments (note 7)	763	526
Amortisation of management contract	33	33
Rental of premises	<u>44</u>	<u>44</u>

Carrington Pembroke Limited

Notes (continued)

5 Taxation

	1996 £'000	1995 £'000
UK corporation tax at 33% on the profit for the year on ordinary activities	298	252
Tax attributable to income from securities written off in year	11	12
Underprovision in prior year	-	4
	<u>309</u>	<u>268</u>

Unrecognised deferred tax assets amount to £21,000 and arise from timing differences relating to items which are expected to be replaced by equivalent debit balances.

6 Profit for the financial year

Of the profit for the financial year, £438,000 (1995:£277,000) has been dealt with in the accounts of the company. No profit and loss account is presented for the company as permitted by s.230(7) of the Companies Act 1985.

7 Remuneration of directors

Directors' total remuneration was as follows:

	1996 £'000	1995 £'000
Directors emoluments	763	526
Pension contributions	51	30
	<u>814</u>	<u>556</u>

The emoluments, excluding pension contributions, of the chairman were £nil (1995:£nil) and those of the highest paid director were £270,039 (1995:£165,036).

Carrington Pembroke Limited

Notes (continued)

7 Remuneration of directors (continued)

The emoluments, excluding pension contributions, of the directors (including the chairman and highest paid director) were within the following ranges:

		Number of directors	
		1996	1995
£0	- £ 5,000	1	1
£ 60,001	- £ 65,000	-	1
£ 70,001	- £ 75,000	1	-
£ 90,001	- £ 95,000	-	2
£110,001	- £115,000	-	1
£130,001	- £135,000	1	-
£135,001	- £140,000	1	-
£150,000	- £155,000	1	-
£165,001	- £170,000	-	1
£270,001	- £275,000	1	-

8 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

		Number of employees	
		1996	1995
Investment managers		5	4
Administration		14	13
		<hr/>	<hr/>
		19	17
		<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

		1996	1995
		£	£
Wages and salaries		1,129	769
Social security costs		103	81
Other pension costs		55	30
		<hr/>	<hr/>
		1,287	880
		<hr/>	<hr/>

The pension costs represent amounts payable into the pension plans of certain employees.

Carrington Pembroke Limited

Notes (continued)

9 Intangible fixed assets

	1996 £	1995 £
Cost	100	100
Amortisation	(100)	(67)
Net book value	-	33

The asset relates to two management contracts acquired by Pembroke Administration Limited on 29 October 1993. The contracts are in respect of the management of two unit trusts purchased from Brown Shipley Holdings Limited.

10 Tangible fixed assets

Group and company	Fixtures & fittings £'000	Motor vehicles £'000	Total £'000
<i>Cost</i>			
At beginning of year	222	19	241
Additions	4	-	4
Disposals	-	(19)	(19)
At end of year	226	-	226
<i>Depreciation and diminution in value</i>			
At beginning of year	121	9	130
Charge for year	33	-	33
Disposals	-	(9)	(9)
At end of year	154	-	154
<i>Net book value</i>			
At 7 April 1996	72	-	72
At 7 April 1995	101	10	111

Carrington Pembroke Limited

Notes (continued)

11 Fixed asset investments

Fixed asset investments comprise shares in group undertakings:

	£'000
Cost	
At 7 April 1995 and 7 April 1996	<u>75</u>

The investments comprise the entire ordinary share capital of Lathkil Securities Limited and Pembroke Administration Limited both of which are incorporated in Great Britain and registered in England and Wales. Lathkil Securities Limited is a company dealing in securities. Pembroke Administration Limited is a unit trust manager.

12 Stocks

	1996 £'000	1995 £'000
Stock of units in hand held by Pembroke Administration Limited	<u>48</u>	<u>125</u>

13 Debtors

	Group		Company	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Trade debtors	285	455	60	29
Amounts owed by group undertakings:				
Subsidiary undertakings	-	-	1,033	788
Other debtors	12	23	12	23
Prepayments and accrued income	161	126	155	121
Deferred tax	-	3	-	3
Advance corporation tax recoverable	18	14	18	14
	<u>476</u>	<u>621</u>	<u>1,278</u>	<u>978</u>

There was one director's loan outstanding as at 7 April 1996. The maximum amount outstanding during the year owed by Mr N Thomas was £4,000. The amount outstanding as at 7 April 1996 was £3,000 (1995:£3,000).

Carrington Pembroke Limited

Notes (continued)

14 Investments - Securities held for resale

	Group 1996		Group 1995	
	Book value £'000	Market value* £'000	Book value £'000	Market value* £'000
Listed on The London Stock Exchange in Great Britain	1,155	1,669	1,633	2,031
Listed outside Great Britain	403	469	337	337
Traded on the Unlisted Securities Market	-	-	44	48
Unlisted	1,249	1,605	1,061	1,264
	<u>2,807</u>	<u>3,743</u>	<u>3,075</u>	<u>3,680</u>

* or directors' valuation, if unlisted.

The company's current asset investments are listed on The London Stock Exchange in Great Britain and have a market value of £438,000 (1995:£440,000), and a book value of £438,000 (1995:£440,000).

15 Creditors: amounts falling due within one year

	Group		Company	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Bank overdraft	522	1,031	-	-
Trade creditors	236	360	41	62
Amounts owed to immediate holding company	24	119	23	119
Corporation tax	259	215	179	133
Social security	101	22	101	22
Value added tax	25	22	25	22
Accruals and deferred income	622	556	584	518
Proposed dividends	175	156	175	156
Advance corporation tax payable	35	16	35	16
	<u>1,999</u>	<u>2,497</u>	<u>1,163</u>	<u>1,048</u>

Carrington Pembroke Limited

Notes (continued)

16 Called up share capital

	1996 £'000	1995 £'000
<i>Authorised</i>		
40,000 ordinary shares of £1 each	40	40
40,000 deferred ordinary shares of £1 each	40	40
	<hr/>	<hr/>
	80	80
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
38,869 ordinary shares of £1 each	39	39
39,997 deferred ordinary shares of £1 each	40	40
	<hr/>	<hr/>
	79	79
	<hr/>	<hr/>

The holders of deferred ordinary shares are:

- (i) entitled to participate in dividends or distributions where the amount available for distribution exceeds £5 million in any one financial period;
- (ii) entitled to priority to any payment to ordinary share holders in the event of a winding up of the company or other return of capital; and
- (iii) not entitled to attend or vote at any general meeting.

17 Reconciliation of operating profit to net cash inflow from operating activities

	1996 £'000	1995 £'000
Operating profit	816	718
Profit on sale of investments	(25)	(78)
(Reduction)/increase in provisions against investments	(164)	4
Tax attributable to franked investment income and income tax deducted at source	(11)	(12)
(Decrease) in creditors	(71)	(93)
Decrease/(increase) in stock	78	(79)
Depreciation	33	37
Decrease/(increase) in debtors	166	(206)
Amortisation of management contract	33	33
	<hr/>	<hr/>
Net cash inflow from operating activities	855	324
	<hr/>	<hr/>

Carrington Pembroke Limited

Notes (continued)

18 Analysis of changes in cash and cash equivalents

	Cash £'000	Overdraft £'000	Net £'000
Balances at 7 April 1994	726	(255)	471
Net cash inflow/(outflow)	473	(776)	(303)
	<hr/>	<hr/>	<hr/>
Balance at 7 April 1995	1,199	(1,031)	168
Net cash inflow	288	509	797
	<hr/>	<hr/>	<hr/>
Balance at 7 April 1996	1,487	(522)	965
	<hr/>	<hr/>	<hr/>

19 Contingent liabilities

The group has contingent liabilities of £459,000 (1995:£199,000) in respect of sub-underwriting commitments and Lathkil Securities Limited has granted to its bankers a Memorandum of Deposit as security for that company's obligations.

20 Operating leases commitment

Payments under operating leases committed to be made during the following year are as follows:

	1996 £'000	1995 £'000
Commitment expiring in the second to fifth year inclusive:		
Rents payable on land and buildings	50	50
	<hr/>	<hr/>

All operating leases relate to land and buildings.

Carrington Pembroke Limited

Notes (continued)

21 Reconciliation of movements in shareholders' funds

	Group		Company	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Retained profit for the year	224	191	108	5
Opening shareholders' funds	2,667	2,476	1,485	1,480
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	2,891	2,667	1,593	1,485
	<hr/>	<hr/>	<hr/>	<hr/>

22 Ultimate holding company

The company's immediate parent company is Chasophie Limited and the ultimate holding company is Bonas and Company Limited, which are both incorporated in Great Britain and registered in England and Wales. Copies of the accounts of the above incorporated companies may be obtained at the following address:

Thavies Inn House
3/4 Holborn Circus
London
EC1