

HOWE ROBINSON AND COMPANY LIMITED

ACCOUNTS

31 MARCH 1996

Kingston Smith  
(Incorporating Gane Jackson Scott)  
Chartered Accountants  
Holborn Hall  
100 Gray's Inn Road  
London WC1X 8AY.



**DIRECTORS:**

P. B. KERR-DINEEN	Joint Chairman	
D. M. LEWIS	Joint Chairman	
R. B. HUNT	Deputy Chairman	
J. E. KERR		
N.B.F. HUBBARD		
G.C.B. HINDLEY		
B.M. HINTZ		(Appointed 1 April 1996)
Z.J. BLAZIC		(Appointed 1 April 1996)
G. J. SOUTHCOTT	Non-executive Director	

**REGISTERED OFFICE:**

77 Mansell Street  
London  
E1 8AF

**COMPANY SECRETARY:**

R.A. WOOD

**AUDITORS:**

KINGSTON SMITH  
Chartered Accountants  
Holborn Hall  
100 Gray's Inn Road  
London  
WC1X 8AY

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## DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 March 1996.

### REVIEW OF ACTIVITIES AND FUTURE DEVELOPMENTS

The company carries a ship chartering and broking business.

The level of trading has increased during the year against the backdrop of strong markets. During 1996 significantly weaker conditions will inevitably erode profitability, but this is to be expected in a cyclical industry.

On 1 April 1996 the company acquired the shipbroking activities of Lambert Bros. from Inchcape Shipping Services. The acquisition, which will create one of the largest dry cargo operations in the world, results from the complimentary nature of Lambert's and Howe Robinson's existing activities, and from a recognition of the increasing 'critical mass' necessary to provide comprehensive and competitive market coverage in the current environment.

In order to achieve the absorption of 11 additional brokers and 4 administration staff, the company has had to bring forward its anticipated programme of investment in new information technology, but the investment in computer, communications and ancillary equipment is not expected to exceed £200,000. There are no other post balance sheet capital expenditures associated with this merger requiring disclosure in these financial statements.

### RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 5. The profit after taxation amounted to £728,233 (1995: £625,138) which is available for distribution. The directors recommend this amount is paid as a dividend to the parent company, Howe Robinson Investments Limited, for the year ended 31 March 1996 being £14.56 per ordinary share (1995: £12.50).

### SHARE CAPITAL AND STATUS OF COMPANY

The company is a wholly owned subsidiary undertaking of Howe Robinson Investments Limited, the ultimate holding company, which is incorporated in England.

The company is, in the opinion of the directors, a close company within the meaning of the Income and Corporation Taxes Act 1988.

### DIRECTORS AND DIRECTORS' INTERESTS

The directors who served during the year are shown below and will continue in office. The articles of association do not require the rotation of directors.

None of the directors had any interest as defined by Section 324 of the Companies Act 1985 in the shares of the company.

P. B. Kerr-Dineen  
D. M. Lewis  
R. B. Hunt  
J. E. Kerr  
N.B.F. Hubbard  
G.C.B. Hindley  
G. J. Southcott

The directors' interests in the share capital of the holding company, Howe Robinson Investments Limited, are disclosed in the financial statements of that company.

**DIRECTORS' REPORT**

(Continued)

**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 of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements 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 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.

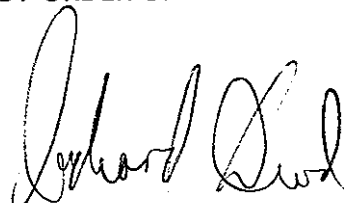
**CHARITABLE AND POLITICAL CONTRIBUTIONS**

Charitable donations in the year amounted to £7,574 (1995: £9,259). No political contributions were made during the year.

**AUDITORS**

Gane Jackson Scott merged their London practice with Kingston Smith with effect from 1st July 1996, and now practises in the name of Kingston Smith.

Accordingly they have signed the audit report, and having expressed their willingness to continue in office as Auditors, a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

**BY ORDER OF THE BOARD**

R.A. WOOD  
Secretary

77 Mansell Street,  
London, E1 8AF.

**AUDITORS' REPORT**  
**TO THE MEMBERS OF**  
**HOWE ROBINSON AND COMPANY LIMITED**

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

**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.

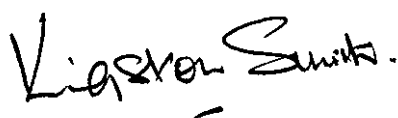
**BASIS OF OPINION**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes an 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 judgments 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 the company's affairs as at 31 March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KINGSTON SMITH  
Registered Auditor  
Chartered Accountants  
Holborn Hall  
100 Gray's Inn Road  
London WC1X 8AY

Date: 5 September 1996

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 1996**

	NOTES	1996 £	1995 £
<b>TURNOVER</b>	1(b)	6,456,520	4,952,318
Net Operating Expenses	2	(5,332,708)	(4,057,719)
<b>OPERATING PROFIT</b>	3	<u>1,123,812</u>	<u>894,599</u>
Investment Income	5	1,875	3,750
Interest Receivable		<u>3,102</u>	<u>48,447</u>
		1,128,789	946,796
Interest payable	12	<u>(3,035)</u>	<u>(6,290)</u>
Profit on Ordinary Activities before Taxation		1,125,754	940,506
Taxation on Profit on Ordinary Activities	6	<u>(397,521)</u>	<u>(315,368)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>728,233</u>	<u>625,138</u>
Dividends	7	(728,233)	(625,138)
Profit and Loss Account - Balance brought forward		-	-
<b>Profit and Loss Account - Balance carried forward</b>		<u><u>-</u></u>	<u><u>-</u></u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the above two financial years.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profit for the above two financial years.

The notes on pages 7 to 13 form an integral part of these financial statements.

BALANCE SHEET

31 MARCH 1996

	NOTES	1996		1995	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible Assets	8		338,922		376,829
Investments	9		14,950		14,950
			<u>353,872</u>		<u>391,779</u>
<b>CURRENT ASSETS</b>					
Debtors	10	3,325,855		1,022,416	
Cash at Bank and in Hand		396,610		1,429,420	
		<u>3,722,465</u>		<u>2,451,836</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	11	(4,026,337)		(2,721,362)	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			<u>(303,872)</u>		<u>(269,526)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			50,000		122,253
<b>CREDITORS</b>					
Amounts falling due after more than one year	12		-		(72,253)
			<u>50,000</u>		<u>50,000</u>
<b>CAPITAL AND RESERVES (Equity Interests)</b>					
Called up Share Capital	13		50,000		50,000
Profit and Loss Account			-		-
			<u>50,000</u>		<u>50,000</u>

Approved by the Board on 5 September 1996

  
P.B. KERR-DINEEN

DIRECTORS

  
D.M. LEWIS

The notes on pages 7 to 13 form an integral part of these financial statements.

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1996

## NOTES

## 1. ACCOUNTING POLICIES

The significant accounting policies of the company are shown below:-

## a) Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

## b) Turnover

Turnover represents brokerage and commissions received during the year.

## c) Fixed Assets and Depreciation

Depreciation is provided on fixed assets estimated to write off the cost of each asset in equal annual instalments over its estimated useful life, as follows:-

Computers and other Office Equipment	-	33% per annum
Motor Cars	-	25% per annum
Furniture, Fixtures and Fittings	-	20% per annum
Long Leasehold Property	-	Over the life of the lease

## d) Deferred Taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider a liability to taxation unlikely to crystallise.

## e) Foreign Currencies

Transactions during the year in foreign currencies have been translated into sterling at the rates ruling at the date of the transactions. Amounts relating to assets in foreign currencies at the balance sheet date are expressed in sterling at the rates ruling at the year end.

## f) Investments and Investment Income

Fixed asset investments are included at cost less amounts written off. Amounts are written off when in the opinion of the directors there has been a permanent diminution in value. Income from investments is included, together with the related tax credits, in the profit and loss account in the accounting period in which it is received.

## g) Pension Scheme

The company operates a defined contributions scheme and pension costs relate to contributions payable during the period.

## h) Cash Flow Statement

The company is a wholly owned subsidiary undertaking of Howe Robinson Investments Limited. Consequently the cash flows of Howe Robinson and Company Limited are incorporated in the cash flow statement of the holding company.



FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1996

NOTES  
(Continued)

	1996	1995
	£	£
<b>2. NET OPERATING EXPENSES</b>		
Administrative Expenses	5,352,558	4,070,319
Less: Other Operating Income	(19,850)	(12,600)
	<u>5,332,708</u>	<u>4,057,719</u>
	£	£
<b>3. OPERATING PROFIT</b>		
Operating Profit is stated after charging:		
Depreciation and amounts written off assets:-		
Depreciation of tangible fixed assets	169,174	129,084
(Profit)/loss on disposal of fixed assets	(20,411)	(15,034)
Hire of other assets - operating leases		
Property	33,648	125,162
Plant and Machinery	1,065	7,136
Directors' emoluments (note 4)	1,128,676	735,137
Auditors' remuneration and expenses	<u>4,500</u>	<u>4,500</u>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1996

NOTES  
(Continued)

	1996 £	1995 £
<b>4. DIRECTORS AND EMPLOYEES</b>		
Directors' emoluments, excluding pension contributions are as follows:		
<b>Chairman's emoluments</b>		
R.L. Lund (1995: to 30 September 1994)	-	14,718
D.M. Lewis -joint chairman (1995: 1 October 1994 to 31 March 1995)	154,117	54,971
P.B. Kerr-Dineen -joint chairman (1995: 1 October 1994 to 31 March 1995)	165,083	54,208
<b>The Highest Paid Director</b>	<u>191,293</u>	<u>128,532</u>
The number of directors (including the above) whose emoluments were within the following ranges are:	<b>Number</b>	<b>Number</b>
£1 - 5,000	1	1
£10,000 - 15,000	-	1
£55,001 - 60,000	-	1
£100,001 - 105,000	1	1
£105,001 - 110,000	-	2
£115,001 - 120,000	-	1
£125,001 - 130,000	-	1
£150,001 - 155,000	2	-
£155,001 - 160,000	-	-
£160,001 - 165,000	1	-
£165,001 - 170,000	1	-
£190,001 - 195,000	1	-
	<u>7</u>	<u>8</u>
<b>Directors' Emoluments:</b>	<b>£</b>	<b>£</b>
Fees	9,000	9,000
Remuneration and benefits	925,434	668,131
Pension contributions	194,242	58,006
	<u>1,128,676</u>	<u>735,137</u>
<b>Staff costs (including directors) during the year were as follows:</b>	<b>£</b>	<b>£</b>
Wages and salaries	2,831,405	1,960,736
Social security costs	314,577	208,397
Other costs including pensions	377,935	174,099
	<u>3,523,917</u>	<u>2,343,232</u>
The average weekly number of persons employed by the company during the year was:	<b>Number</b>	<b>Number</b>
Brokers	27	26
Administration	14	13
	<u>41</u>	<u>39</u>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1996

NOTES  
(Continued)

	1996	1995			
	£	£			
5. INVESTMENT INCOME					
Fixed Asset Investments (Unquoted) - see note 9	<u>1,875</u>	<u>3,750</u>			
	£	£			
6. TAXATION ON ORDINARY ACTIVITIES					
United Kingdom - Corporation Tax @ 33% (1995: 33%) based on the profits for the year, as adjusted for taxation purposes	405,000	325,000			
(Over)/Under provision in previous year	(7,854)	(10,382)			
Tax on United Kingdom franked investment income	<u>375</u>	<u>750</u>			
	<u>397,521</u>	<u>315,368</u>			
	£	£			
7. DIVIDENDS					
Proposed dividend at £14.56 (1995: £12.50) per share	<u>728,233</u>	<u>625,138</u>			
8. TANGIBLE FIXED ASSETS					
	Long Leasehold Buildings £	Computers & other Office Equipment £	Furniture Fixtures & Fittings £	Motor Vehicles £	Total £
COST					
At 1 April 1995	119,000	302,536	153,698	271,370	846,604
Additions	-	52,023	61,690	133,721	247,434
Disposals	(119,000)	(250)	-	(74,480)	(193,730)
At 31 March 1996	<u>-</u>	<u>354,309</u>	<u>215,388</u>	<u>330,611</u>	<u>900,308</u>
DEPRECIATION					
At 1 April 1995	2,000	218,379	71,012	178,384	469,775
Charge for year	1,000	59,604	36,933	71,637	169,174
Disposals	(3,000)	(83)	-	(74,480)	(77,563)
At 31 March 1996	<u>-</u>	<u>277,900</u>	<u>107,945</u>	<u>175,541</u>	<u>561,386</u>
NET BOOK VALUE					
At 31 March 1996	<u>-</u>	<u>76,409</u>	<u>107,443</u>	<u>155,070</u>	<u>338,922</u>
At 31 March 1995	<u>117,000</u>	<u>84,157</u>	<u>82,686</u>	<u>92,986</u>	<u>376,829</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1996

NOTES  
(Continued)

9. FIXED ASSET INVESTMENTS (Unquoted)

The amount stated in the balance sheet comprises - 1,500 (1995: 1,500) £5 Ordinary Shares in Baltic Exchange Ltd acquired at cost of £14,950 (1995: £14,950). The directors' valuation of these shares is not less than cost.

	1996	1995
	£	£
10. DEBTORS		
Amounts owed by Parent Undertaking	2,927,112	771,611
Amounts owed by Associated Undertaking	20,100	50,052
Other Debtors	164,856	146,113
Prepayments and accrued income	213,787	54,640
	<u>3,325,855</u>	<u>1,022,416</u>

£4,000 of Other Debtors is due after more than one year (1995: £13,694).

	1996	1995
	£	£
11. CREDITORS		
Amounts falling due within one year:		
Bank Loan (see note 12)	-	9,000
Trade Creditors	595,365	384,691
Amounts owed to Group undertakings	10,169	11,262
Other Taxes and Social Security	226,663	156,373
Other Creditors	14,003	2,265
Corporation Tax	407,517	215,385
Dividends	728,233	625,138
Accruals	2,044,387	1,317,248
	<u>4,026,337</u>	<u>2,721,362</u>
	£	£

12. CREDITORS

Amounts falling due after more than one year:

Bank Loan	<u>-</u>	<u>72,253</u>
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The loan which was repaid during the year was secured by a mortgage on the long leasehold property (see note 8). Interest was payable at the bank's base rate plus two per cent, and amounted to £3,035 for the year (1995: £6,290).

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1996

NOTES  
(Continued)

	£	£
<b>13. SHARE CAPITAL</b>		
Authorised, allotted, called up and fully paid		
50,000 Shares of £1 each	<u>50,000</u>	<u>50,000</u>

**14. PENSION COMMITMENTS**

The company operates a self administered defined contribution scheme. The assets of the scheme are held in funds administered by independent investment managers. The pension cost charge represents contributions payable by the company to the fund and amounted to £352,492 (1995: £155,200).

**15. OPERATING LEASE COMMITMENTS**

At the 31 March 1996 the company had annual commitments under operating leases as set out below:-

	1996 £	1995 £
Land and Buildings - leases expiring		
Two to five years	<u>39,340</u>	<u>39,340</u>

**16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	Share Capital £	Profit & Loss Reserves £	Total Shareholders Funds £
Balance at 1 April 1993	50,000	-	50,000
Profit for the financial year to 31 March 1995	-	625,138	625,138
Dividend paid	-	(625,138)	(625,138)
Balance at 31 March 1995	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Profit for financial year to 31 March 1996	-	728,233	728,233
Dividends paid	-	(728,233)	(728,233)
Balance at 31 March 1996	<u>50,000</u>	<u>-</u>	<u>50,000</u>

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1996

**NOTES**  
(Continued)**17. ULTIMATE HOLDING COMPANY**

The company is a wholly owned subsidiary undertaking of Howe Robinson Investments Limited, which is incorporated in England.

**18. CONTINGENT LIABILITIES**

The company's bankers hold a debenture over the company's assets in respect of its forward foreign exchange position. At the balance sheet date the liability under this facility was nil. The company has also given its bankers a guarantee not exceeding US\$375,000 on behalf of another company. Against this, there is a cross guarantee from a group associated undertaking.