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Britannia Arrow Holdings Limited

Report &
Financial Statements
1980



Contents

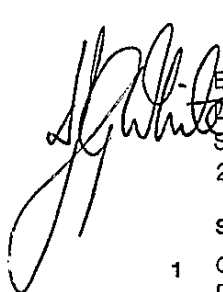
	Page
Notice of Meeting	3
Directors	4
Principal Subsidiaries	5
Chairman's Statement	6
Principal Activities	8
Directors' Report	10
Auditors' Report	13
Group Profit and Loss Account	14
Group Balance Sheet	15
Company Balance Sheet	16
Source and Application of Funds	17
Notes on the Financial Statements	18
Proxy Form	27

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Forty-sixth Annual General Meeting of Britannia Arrow Holdings Limited will be held at The Connaught Rooms, Great Queen Street, Holborn, London WC2, on Wednesday, 20th May, 1981, at 11.30 a.m. for the following purposes:—

Resolutions will be proposed:

- As ordinary business**
- 1 To receive and consider the financial statements for the year ended 31st December, 1980, the Reports of the directors and auditors thereon, and to declare a final dividend.
 - 2 To re-elect directors.
 - 3 To re-appoint the auditors and authorise the directors to fix their remuneration.
- As special business**
- 4 To consider and, if thought fit, pass the following as Ordinary Resolutions:—
 - (a) "That the authorised share capital be increased from £26,137,500 to £28,137,500 by the creation of 8,000,000 ordinary shares of 25p each."
 - (b) "That the directors be and they are hereby authorised to amend Clause 3(a) of the Share Option Scheme ('the Scheme') approved by shareholders at the Annual General Meeting held on 21st May, 1980, so that the maximum number of ordinary shares which may be issued or placed under the Scheme is increased from 3,750,000 to 4,900,000."


By Order of the Board
J. G. WHITE
Secretary
24th April, 1981

Shareholders are advised that coffee and biscuits will be served from 11.00 a.m.

Notes:

- 1 Only holders of ordinary shares are entitled to attend or to be represented at the meeting. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him. Such proxy need not be a member of the Company. A form of proxy is enclosed.
- 2 To be effective, the form of proxy, duly completed, must be lodged with the Company at the offices of its Registrars, Midland Bank Limited, Registrar's Department, Courtwood House, Silver Street Head, Sheffield S1 1AY, or at the Registered Office of the Company, not less than forty-eight hours before the meeting.
- 3 There will be available for inspection at the Company's Registered Office between the hours of 9.30 a.m. and 4.30 p.m. from 24th April, 1981 until 19th May, 1981 (Saturdays, Sundays and Public Holidays excluded), and on 20th May, 1981 from 11.15 a.m. until the conclusion of the Meeting, copies of contracts of service of Mr. P. C. Baker with two subsidiaries of the Company. In addition, a copy of the terms and conditions of the Share Option Scheme together with a copy of the same incorporating the proposed amendment will be available for inspection.
- 4 No service contract exists with any other director which is not determinable by the Company or its subsidiaries within one year without payment of compensation.

Directors

Directors	Rt. Hon. G. Rippon, Q.C., M.P. (Chairman) K. P. Ney, F.C.A. (Deputy Chairman) M. H. Newman, F.C.A. (Chief Executive) S. A. Goldsmith A. T. Maldment, F.C.A. P. C. Baker, F.C.A.
Secretary	D. J. G. White, F.C.I.S.
Registered Office	Salisbury House, 31 Finsbury Circus, London EC2M 5QL
Registered Number	308372 England
Auditors	Arthur Young McClelland Moores & Co., Chartered Accountants
Bankers	National Westminster Bank Limited
Financial Advisers	J. Henry Schroder Wagg & Co. Limited
Brokers	Carr, Sebag & Co.
Registrars	Midland Bank Limited, Registrar's Department, Courtwood House, Silver Street Head, Sheffield S1 3RD.

Principal Subsidiaries

The following is a list of the principal subsidiaries of which the equity share capital is wholly owned by Britannia Arrow Holdings Limited, either directly or through subsidiaries.

The subsidiary companies are incorporated in Great Britain and registered in England unless otherwise stated.

The country of operation of each of the subsidiary companies is the same as the country of incorporation.

Fund Management:	The Britannia Group of Investment Companies Limited
Unit Trusts	Britannia Group of Unit Trusts Limited Britannia International Investment Management Limited (Incorporated in Jersey)
Pension and Insurance Funds	Britannia Institutional Fund Management Limited
Private Clients	Britannia Portfolio Managers Limited

Finance	Britannia International Finance Limited (Incorporated in Bermuda)
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Investment Portfolio	Citystep Limited Lombard Place Securities Limited
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Property	St Paul's Investment Company Limited Hampshire and City Estates Limited
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Publishing and Distribution	Siemssen, Hunter Limited Autobooks Limited E P Publishing Limited Seymour Press Group Limited
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Chairman's Statement

Results

1980 has been a year of substantial progress. Since I became Chairman in late 1977, ordinary shareholders' funds have increased from £8.7 million to £23.2 million. This has been achieved by the sale of low income producing assets, the cutting of overseas borrowings and the very successful redeployment of funds. We are now expanding as a diversified financial services group based on our proven expertise in investment.

I am pleased to report that trading profits increased by 87 per cent. from £1,524,468 in 1979 to £2,859,432 in 1980. The total profit for the year, after allowing for taxation, and including extraordinary items of £5,480,574, amounted to £8,106,729. A final dividend of 1p net on the ordinary shares is recommended. As indicated in my interim statement, your Board intends to pay two dividends per annum starting in the current year.

Shareholders may be aware that the Companies Act 1980 introduced a major change in company law whereby companies are now required to make good prior years' deficits before they can pay dividends. We are taking the appropriate steps to comply.

Fund Management

The fund management division once again enjoyed a successful year and investment performance was thoroughly satisfactory. Combined sales of units by the U.K. and Jersey management companies comfortably exceeded £50 million and this success was reflected in a 57 per cent. improvement in profits. Much of this improvement is attributable to our Jersey subsidiaries which are making a significant contribution to profitability.

The major event for the division was the acquisition of Schlesinger Investment Management Services Limited and its subsidiaries in July. As a result funds under management increased by £150 million and important new pension and insurance clients, as well as a range of unit trusts, were brought into the Group. A number of new unit trusts were successfully launched during the year and more are planned for this year. The two teams have been fully integrated and all functions are carried out from Salisbury House. Major cost savings are being achieved. The other important development in 1980 was the increase in annual unit trust management charges approved by unitholders at Extraordinary General Meetings held in September and October.

The first three months of this year have started well, with unit sales again improving upon the sales for the same period last year. I look forward to further substantial improvements in profits.

Property

Investment and dealing properties have been sold during the year realising good profits. As I said in my statement last year, it is the Group's intention to maintain a property development portfolio and developments in West London and Northampton are nearing completion. The enlargement of this division is continuing in 1981 with the purchase of an industrial development site in Aberdeen.

Chairman's Statement continued

Investment Portfolio

The investment portfolio has been enlarged considerably from a market value of £5 million at 31st December, 1979 to £14.2 million at the end of 1980. During the year the investments in West of England Trust Limited and Mills and Allen International Limited were sold at substantial profits which are included as extraordinary items.

Three major investments acquired during 1980 were, 15 per cent. of Minister Assets Limited (since increased to 17 per cent.), 10 per cent. of London United Investments Limited, and 6 per cent. of First Pennsylvania Mortgage Trust. In addition, investments were made in a number of unlisted companies. I anticipate continued expansion in this division in 1981.

Publishing and Distribution

Following the acquisition of Siemssen, Hunter Limited, loss making subsidiaries have been sold or liquidated, properties disposed of and stocks and debtors reduced. Capital employed has thus been reduced and the division made a profit of £286,000 for the year.

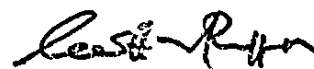
The main profit earner in 1980 was the distribution company, Seymour Press Group Limited, which, despite difficult conditions, traded well. In common with other publishing companies, Autobooks Limited and E P Publishing Limited had a hard year, but following the relocation of Autobooks from Brighton to Wakefield the savings in overheads achieved should show through in 1981.

I hope that this division's profits will increase this year.

Future

In the current year, the Group is planning to extend into further areas of financial services and to expand its other activities in order to increase profitability. To assist these plans an increase in the authorised share capital is being proposed. This increase will provide a total of 9.3 million ordinary shares (after providing for all conversion and option rights of 7.9 million shares) available for issue. Your directors have no immediate plans to issue any of these shares. At the same time a resolution is being proposed to bring the share option scheme into line with the authorised share capital.

This expansion will involve continued hard work on the part of all members of the staff to whom I should like to pay a special tribute for their unstinting and successful efforts during 1980.



GEOFFREY RIPPON,
Chairman,
24th April, 1981

Principal Activities

Fund Management

The Britannia Group of Investment Companies Limited manages funds approaching £500 million in the U.K. and Jersey in the following subsidiaries:—

Britannia Group of Unit Trusts Limited is the fifth largest unit trust management company in the U.K., responsible to over 200,000 investors for the management of some £300 million. The company has one of the widest ranges of specialised authorised unit trusts and a full range of life assurance linked products, both for lump sum investment and regular savings.

Britannia International Investment Management Limited, incorporated in Jersey, offers a similar range of offshore trusts and related insurance products. Funds under management are valued at over £60 million.

Britannia Institutional Fund Management Limited is an expanding company which manages pension and insurance funds on behalf of both U.K. and International companies. Funds under management amount to over £100 million.

Britannia Portfolio Managers Limited provides investment management services to individuals and companies. For sums between £10,000 and £50,000 the company offers its Unit Trust Portfolio Management Service and for larger amounts directly manages portfolios of securities and other investments. A subsidiary in Jersey, Britannia International Portfolio Managers Limited, provides similar services to non-resident investors.

Property

St. Paul's Investment Company Limited is the holding company for the Group's property interests. Hampshire and City Estates Limited develops commercial and industrial properties.

Current developments include an office refurbishment in West London, industrial developments in Aberdeen and Northampton and a hotel site in Brighton. The present policy is to sell the resulting investments.

Principal Activities continued

Investment Portfolio

Citystep Limited holds the Group's own investments in U.K. companies, details of which are shown in Note 10. There are three portfolios:—

Listed investments in companies, particularly in the financial services sector which offers above average growth potential. These investments include:—

Mercantile House Holdings Limited, an international financial group which includes the largest world wide money broking organisation in the U.K.

Minster Assets Limited, involved in insurance, broking, underwriting, investment, financial and banking services.

London United Investments Limited, an insurance holding company engaged in specialized insurance underwriting and non-life insurance.

Anglo Metropolitan Holdings Limited, a property investment and dealing company.

Unlisted investments in developing companies. The most significant of these are:—

Credit Data Limited, providing computerised personal credit information.

Computer Ancillaries Limited, marketing mini computer systems and word processors.

Unlisted investments in companies involved in oil exploration, many of which were awarded 7th round licences in the North Sea.

Lombard Place Securities Limited holds the Group's investments in overseas companies. The most significant of these is First Pennsylvania Mortgage Trust (registered in U.S.A.) which undertakes property investment, development and finance. Details of this holding are also shown in Note 10.

Publishing and Distribution

The holding company for the Group's interest in publishing and distribution is Siemssen, Hunter Limited.

Distribution is the largest activity and is carried on by Seymour Press Group Limited from its premises in South London. Seymour Press is the leading U.K. importer and distributor of foreign newspapers and journals and is a major distributor of U.K. magazines.

The publishing activities have been rationalised and Autobooks Limited, publishers of car repair manuals, and E P Publishing Limited, leading publishers of sporting, leisure and educational books, now operate from one site in Wakefield.

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31st December, 1980.

Activities of the Company and its Subsidiaries

The Company is a holding company, whose principal subsidiaries and their activities are set out on pages 5, 8 and 9.

Group Results

The Group profit and loss account is set out on page 14 and shows the results for the year ended 31st December, 1980. As its activities are mainly concerned with financial services and investments, the Group is not required to present Current Cost Accounts (CCA). The directors do not believe that the cost of presenting CCA information in respect of the publishing and distribution activities is warranted in view of the size of their contribution to the Group's results.

An analysis by activity of the results before extraordinary items and taxation is given below:—

	1980 £'000	1979 £'000
Fund management	1,391	886
Investment income less interest payable	1,329	905
Property	416	146
Publishing and distribution	286	91
	<u>3,422</u>	<u>2,028</u>
Group overheads	(562)	(504)
Profit before extraordinary items and taxation	<u>2,860</u>	<u>1,524</u>

Details of extraordinary items and of taxation, which must also be taken into account, are shown in the Notes on the financial statements. The above profit was earned entirely in the United Kingdom and Channel Islands.

An analysis by activity of turnover is given below:—

	1980 £'000	1979 £'000
Financial	10,220	6,757
Property	1,178	654
Publishing and distribution (including exports £1,124)	13,251	6,751
	<u>24,649</u>	<u>14,162</u>

Dividends

The directors recommend the payment of a final dividend on the ordinary shares for 1980 of 1p per share to be paid on 29th May, 1981.

Directors' Report continued

Directors and Directors' Interests

All the directors listed on page 4 were directors throughout 1980, with the exception of Mr. P. C. Baker, who was appointed to the Board on 1st July, 1980. In accordance with the Articles of Association Mr. Baker holds office until the conclusion of the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

The directors retiring by rotation are the Chairman, the Rt. Hon. Geoffrey Rippon, Q.C., M.P. and Mr. A. T. Maidment, who, being eligible, offer themselves for re-election.

The directors and their immediate families have notified the Company that they were beneficially interested in the following shares and options of the Company at 31st December, 1980. Their interests at 1st January, 1980, or date of appointment if later, are shown in brackets.

	Ordinary shares fully paid		Options to subscribe for ordinary shares 1980 scheme New scheme	
Rt. Hon. G. Rippon	100,000	(40,000)	—	(—)
K. P. Nay	100,000	(40,000)	—	(—)
M. H. Newman	10,000	(10,000)	400,000	(18,900)
S. A. Goldsmith	10,000	(10,000)	340,000	(18,700)
A. T. Maidment	10,000	(10,000)	300,000	(18,800)
P. C. Baker	1,592,323	(1,592,323)	300,000	(—)

The directors and their immediate families had no other interests, beneficial or non-beneficial, in the share capital, options or warrants of the Company or of any of its subsidiaries at 1st January, 1980 and 31st December, 1980.

Mr. P. C. Baker acquired his interest in 1,592,323 ordinary shares of the Company as a result of his interest in Schlesinger Investment Management Services Limited which was acquired by the Company on 1st July, 1980, at which date he was appointed a director.

During the year Mr. M. H. Newman, Mr. S. A. Goldsmith and Mr. A. T. Maidment waived their rights to old options to subscribe for ordinary shares issued under the share option scheme approved by shareholders in 1972, which is described in Note 5 on page 21. These directors, together with Mr. P. C. Baker, were granted new options to subscribe for ordinary shares issued under the scheme approved by shareholders at the Annual General Meeting held on 21st May, 1980.

Since the year end the Chairman, the Rt. Hon. Geoffrey Rippon, Q.C., M.P. has purchased an additional 20,000 ordinary shares and Mr. P. C. Baker has purchased an additional 7,677 ordinary shares.

There have been no other changes in the interests shown above between 31st December, 1980 and 13th April, 1981, the latest practicable date before the printing of this Report.

Material Contracts

The directors had no interest in any other material contracts in relation to the Company's business at any time during the financial year.

Substantial Interests

The Company has received notification of the following substantial holdings of ordinary shares of the Company:—

London Trust Company Limited	14,290,124 ordinary shares	(17.68%)
The Edinburgh Investment Trust Limited	4,100,000 ordinary shares	(5.07%)

Directors' Report continued

Share Capital	On 1st July, 1980, the Company acquired the whole of the issued share capital of Schlesinger Investment Management Services Limited. The acquisition resulted in the issue of 5,600,000 ordinary shares of 25p each in the Company.		
Reserves	Movements during the year are shown in Note 6.		
Fixed Assets:	The value attributed to the unit trust management contracts is made up as follows:—		
Unit Trust Management Contracts			£
	At cost:	Jessel contracts acquired in 1974	1,568,470
		National contracts acquired in 1975	1,135,235
		Schlesinger contracts acquired in 1980	2,452,690
			<u>5,156,395</u>
	At valuation:	Britannia contracts valued by the directors in 1975	2,296,295
			<u>£7,452,690</u>
	The directors are of the opinion that the open market value of the unit trust management contracts is substantially in excess of the figure shown above.		
Other	The directors are of the opinion that the market value of other fixed assets is not materially different from their book value in aggregate.		
Employees	The average number of persons employed in the United Kingdom during the year, by companies within the Group was 518 and their aggregate remuneration for the year was £2,867,599. At 31st December, 1980 the Group employed 371 persons.		
Political and Charitable Donations	During the year companies within the Group made charitable donations of £817. No other contributions were made by the Group for political or charitable purposes.		
Taxation	(a) The market valuation of Britannia Arrow Holdings Limited shares on 6th April, 1965 for the purpose of capital gains tax, after taking into account the one-for-three capitalisation issues of ordinary shares in April, 1966, February, 1968, June, 1969, and July 1972, was:—		
		Ordinary shares of 25p each	27.39p
		Cumulative Preference shares of £1 each	68.75p
	(b) The Company does not fall within the close company provisions of the Income and Corporation Taxes Act 1970.		

Auditors

A resolution to re-appoint Arthur Young McClelland Moores & Co. as auditors will be put to the shareholders at the Annual General Meeting.

By Order of the Board,
D. J. G. WHITE, Secretary.
24th April, 1981.

Auditors' Report

To the members of
Britannia Arrow Holdings Limited

We have audited the financial statements on pages 14 to 26 in accordance with approved auditing standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, modified to include the revaluation of certain assets, give a true and fair view of the state of affairs of the Company and the Group at 31st December, 1980, and of the profit and source and application of funds of the Group for the year then ended and comply with the Companies Acts 1948 to 1980.



Arthur Young McClelland Moores & Co.,
Chartered Accountants.

London.

24th April, 1981

Group Profit and Loss Account for the year ended 31st December, 1980

	Notes	1980 £	1979 £
Group profit	2(b)	2,859,432	1,524,468
Taxation	3	(234,729)	(161,842)
		<u>2,624,703</u>	<u>1,362,626</u>
Minority Interests		1,452	628
Profit before extraordinary items		<u>2,626,155</u>	<u>1,363,254</u>
Extraordinary items	2(c)	5,480,574	2,209,102
Net profit for the year		<u>8,106,729</u>	<u>3,572,356</u>
Preference dividend		(158,931)	(158,931)
Ordinary dividend		(808,280)	(526,596)
		<u>£7,139,518</u>	<u>£2,886,829</u>
Earnings per ordinary share of 25p	4	3.2p	1.6p

The notes on pages 18-26 form part of these financial statements

Group Balance Sheet at 31st December, 1980

	Notes	1980 £	1979 £
Funds Employed			
Share Capital	5	23,570,617	22,170,617
Share Premium Account	6 (a)	23,253,780	23,253,748
Unrealised Revaluation Reserve	6 (b)	2,296,295	2,296,295
Accumulated Losses	6 (c)	(22,511,496)	(29,651,014)
		<u>26,609,196</u>	<u>18,069,646</u>
Minority Interests		7,287	8,764
Loans	7	6,399,093	9,177,970
Deferred Taxation	8	13,311	279,574
		<u>£33,028,887</u>	<u>£27,535,954</u>
Employment of Funds			
Fixed Assets	9	9,865,542	9,204,797
Investments (Market value £14,161,339, 1979: £4,983,074)	10	10,351,115	4,226,139
Current Assets			
Stock and work in progress		1,904,127	4,047,059
Properties held for resale		1,540,011	1,169,294
Debtors		15,503,201	11,469,013
Bank balances and cash		13,040,863	16,228,424
		<u>31,988,202</u>	<u>32,913,790</u>
Current Liabilities			
Creditors and short-term loans		15,682,220	10,472,229
Taxation	3	175,866	327,813
Bank loans and overdrafts (Secured £1,448,538, 1979: £5,184,269)		2,509,606	7,482,134
Ordinary dividend		808,280	526,596
		<u>19,175,972</u>	<u>18,808,772</u>
Net Current Assets		<u>12,812,230</u>	<u>14,105,018</u>
		<u>£33,028,887</u>	<u>£27,535,954</u>

G. RIPPON

M. H. NEWMAN

The notes on pages 18-26 form part of these financial statements

Company Balance Sheet at 31st December, 1980

	Notes	1980 £	1979 £
Funds Employed			
Share Capital	5	23,570,617	22,170,617
Share Premium Account	6 (a)	23,253,780	23,253,748
Unrealised Revaluation Reserve	6 (b)	2,296,295	2,296,295
Accumulated Losses	6 (c)	(23,521,624)	(29,651,014)
		<u>25,599,068</u>	<u>18,069,646</u>
Loans	7	2,927,645	3,603,604
		<u>£28,526,713</u>	<u>£21,673,250</u>
Employment of Funds			
Fixed Assets	9	4,861	6,076
Investments (Market value £1,967,500)	10	2,000,059	—
Subsidiary Companies	11	14,804,405	8,732,962
Current Assets			
Debtors		1,559,485	2,879,846
Bank balances and cash		12,179,137	15,143,227
		<u>13,738,622</u>	<u>18,023,073</u>
Current Liabilities			
Creditors and short-term loans		1,176,979	1,039,963
Taxation	3	35,975	222,302
Bank loan (Secured)		—	3,300,000
Ordinary dividend		808,280	526,596
		<u>2,021,234</u>	<u>5,088,861</u>
Net Current Assets		<u>11,717,388</u>	<u>12,934,212</u>
		<u>£28,526,713</u>	<u>£21,673,250</u>

G. RIPPON

M. H. NEWMAN

Geoff Rippon
M. H. Newman

The notes on pages 18–26 form part of these financial statements

Group Statement of Source and Application of Funds for the year ended 31st December, 1980

	1980 £	1979 £
Source of Funds		
Profit after taxation but before minority interests and extraordinary items	2,624,703	1,802,626
Depreciation	241,095	153,439
Sales of capital assets and subsidiaries	10,888,924	5,447,543
Shares issued on acquisition of subsidiary*	1,400,000	—
Share premium	32	—
Loans	—	517,681
	<u>15,154,754</u>	<u>7,481,239</u>
Application of Funds		
Purchases of capital assets*	(13,307,093)	(6,423,849)
Loans becoming repayable within one year	(1,906,975)	(570,450)
Goodwill on acquisition of subsidiary	—	(197,906)
Ordinary and preference dividends paid	(685,527)	(158,931)
Deferred taxation*	(266,263)	279,574
	<u>(16,165,858)</u>	<u>(7,071,562)</u>
	<u>£(1,011,104)</u>	<u>£409,677</u>
Components of decrease in Working Capital		
Stock and work in progress*	(2,142,932)	4,047,059
Properties held for resale	370,717	241,299
Debtors*	4,034,188	6,896,908
Creditors*	(3,721,519)	(6,410,655)
	<u>(1,459,546)</u>	<u>4,774,611</u>
Movement in net liquid funds:		
Current portion of loans	(1,336,525)	1,114,417
Cash balances, less bank loans and overdrafts*	1,784,967	(5,479,351)
	<u>448,442</u>	<u>(4,364,934)</u>
	<u>£(1,011,104)</u>	<u>£409,677</u>
*Summary of the effects of the acquisition of subsidiaries:		£
Fixed assets (including unit trust management contracts)		2,729,495
Investments		71,097
Stock and work in progress		7,361
Debtors		1,923,669
Deferred taxation		(2,100)
Creditors		(780,064)
Bank overdraft		(1,051,397)
		<u>—</u>
Discharged by cash	1,498,061	
Discharged by shares issued	1,400,000	
	<u>—</u>	<u>£2,898,061</u>

The notes on pages 18-26 form part of these financial statements

Notes on the Financial Statements

1. ACCOUNTING POLICIES

(a) Basis of consolidation

The Group financial statements include the financial statements of the Company and all its subsidiaries.

The profit before taxation includes the results of any subsidiaries acquired during the year from the effective dates of their acquisition. The excess of cost of shares in subsidiaries acquired over the fair value of their net assets is debited to the profit and loss account as an extraordinary item.

(b) Property

Investment properties including those in the course of development or held with the intention of future development, are stated at their original cost plus directly attributable expenditure to date less any provision necessary in respect of permanent impairment below book value. Capitalisation ceases when a building has been completed and substantially let.

Profits and losses on disposal of investment properties are shown in the profit and loss account under extraordinary items.

Properties held for re-sale, including work in progress, are included as current assets and are stated at the lower of cost and estimated net realisable value.

Profits and losses on disposal of properties held for resale are taken to the profit and loss account.

(c) Depreciation

No depreciation is provided on investment properties in line with the exemption granted to property investment companies under SSAP 12, or on unit trust management contracts.

Depreciation is provided on other fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings	— over 50 years
Leasehold land and buildings	— over the lease terms
Plant and equipment	— various between 4 and 10 years according to category
Motor vehicles	— over 4 years

(d) Investments

Investments stated at cost less amounts written off in the Group balance sheet are those held by investment companies and are, in the main, the Group's long-term holdings. Profits and losses arising on the disposal of long-term investments have been included under extraordinary items in the Group profit and loss account.

Investments held as current assets are stated at the lower of cost and net realisable value. These are held by dealing companies and are generally held for the short-term. Realised profits or losses on sales of these investments are taken to the profit and loss account. No such investments were held at 31st December, 1980.

Should the policy in respect of a particular holding be changed, the resulting transfer between investment and dealing companies is made at market price and any unrealised profit is eliminated on consolidation.

(e) Stock and work in progress

Stock and work in progress are stated at the lower of cost (including, where appropriate, production overheads) and net realisable value. At 31st December, 1980, stock consisted predominantly of finished goods.

(f) Deferred taxation

Deferred taxation is provided on the liability method on all short-term timing differences. Provision is also made for long-term timing differences, except for those which are not expected to reverse in the future.

(g) Foreign currencies

Assets and liabilities denominated in foreign currencies and the financial statements of overseas subsidiaries are translated at the rates of exchange ruling on the balance sheet date.

Gains and losses on revenue transactions in foreign currencies are included in the profit and loss account and those arising on capital transactions and on translation into sterling of the financial statements of overseas subsidiaries are shown in the profit and loss account under extraordinary items.

(h) Investment income and interest

Income from investments is accounted for in the year in which the investment is quoted "ex dividend". Interest receivable and payable are accounted for on the accruals basis.

Notes on the Financial Statements continued

2. GROUP PROFIT AND LOSS ACCOUNT

	1980 £	1979 £
(a) Turnover		
Turnover comprises sales and fees to third parties, dividends and interest, rental income and sales of trading properties.	<u>£24,648,804</u>	<u>£14,162,476</u>
(b) Group profit is arrived at:-		
After crediting:—		
Income from investments including related tax credits		
Listed	493,952	168,253
Unlisted	2,733	72
Rents receivable less outgoings	135,136	234,620
After charging:—		
Depreciation	241,095	153,439
Remuneration of directors (fees £27,500—1979: £15,000)	186,134	91,772
Remuneration of auditors	91,983	61,574
Interest payable, gross		
Bank overdrafts and loans repayable within five years	853,259	524,690
Other loans	<u>574,535</u>	<u>682,892</u>
(c) Group extraordinary items comprise the following:—		
	1980 £	1979 £
Profits on sales and liquidations of group companies	2,583,739	1,807,211
Goodwill on acquisition of subsidiary written off	—	(197,906)
Profits on sales of investments	1,702,037	23,666
Profits on sales of investment properties	1,307,515	656,327
Net loss on exchange	(112,717)	(80,196)
	<u>£5,480,574</u>	<u>£2,209,102</u>

Profits on sales include provisions where appropriate for anticipated losses on future planned disposals.

- (d) The results of the Group have been dealt with in the financial statements of the holding company to the extent of a profit of £7,096,601 (1979: £2,888,197).

Notes on the Financial Statements continued

3. TAXATION

The charge for taxation is made up as follows:—

	1980	1979
	£	£
Corporation tax	244,399	(12,146)
Double tax relief	(91,250)	(8,750)
Advance corporation tax written back	(136,875)	(13,125)
	<u>16,274</u>	<u>(34,021)</u>
Tax on franked investment income	363,451	176,758
Overseas tax	49,036	19,105
Deferred tax	(194,032)	—
	<u>£234,729</u>	<u>£161,842</u>

The provision for taxation comprises the following:—

	1980		1979	
	Company £	Group £	Company £	Group £
Current	133,707	278,114	286,734	427,823
Recoverable	(97,732)	(102,248)	(64,432)	(100,010)
	<u>£35,975</u>	<u>£175,866</u>	<u>£222,302</u>	<u>£327,813</u>

Notes:

(a) The charge for corporation tax arises on dividends received gross from certain overseas subsidiaries together with prior year adjustments. No charge for corporation tax on other profits is necessary as a result of losses available.

(b) There remain substantial unutilised losses for corporation tax purposes available for offsetting against future profits from the same sources. In addition, advance corporation tax of approximately £2.8 million is available to reduce future corporation tax liabilities.

(c) No liability to taxation is expected to arise if assets included in the financial statements at valuations in excess of their cost are disposed of at the amounts included, as substantial losses are available.

4. EARNINGS PER ORDINARY SHARE

The figure for earnings per ordinary share is calculated on the net profit of the Group (after minority interests and preference dividend, but before extraordinary items) of £2,467,224 (1979: £1,204,323) and on the weighted average of 78,043,262 ordinary shares in issue during the year (1979: 73,227,952).

Notes on the Financial Statements continued

5. SHARE CAPITAL

(a) Authorized

	1980		1979	
	No. of Shares	£	No. of Shares	£
Ordinary shares of 25p each	90,000,000	22,500,000	90,000,000	22,500,000
6½% (now 4.725% plus tax credit) cumulative preference shares of £1 each	3,637,500	3,637,500	3,637,500	3,637,500
		<u>£26,137,500</u>		<u>£26,137,500</u>

(b) Issued and fully paid

Ordinary shares of 25p each	80,827,952	20,206,938	75,227,952	18,806,988
6½% (now 4.725% plus tax credit) cumulative preference shares of £1 each	3,363,629	3,363,629	3,363,629	3,363,629
		<u>£23,570,617</u>		<u>£22,170,617</u>

(c) Share options

(i) The original scheme

There were outstanding, at 1st January, 1980, options granted to former executives under the original scheme approved by shareholders at the Annual General Meeting held on 29th April, 1965, to subscribe for ordinary shares to the aggregate nominal value of £9,233 at a price of 124p per share. These options lapsed on 21st August, 1980, during which period no options had been exercised and the original scheme is accordingly terminated.

(ii) The new scheme

There were outstanding, at 31st December, 1980, options granted to executives under the new scheme approved by shareholders at the Extraordinary General Meeting held on 15th November, 1972, to subscribe for ordinary shares to the aggregate nominal value of £2,275 (1979: £30,450) at prices between 73p and 142½p. These options are capable of being exercised over varying periods up to 26th March, 1982. None of these options has been exercised and the reduction during the year in the nominal value of the ordinary shares to be subscribed for, is due to options lapsing, being waived, or to holders leaving the service of the Group. No options have been granted since March, 1975 or will be granted following the introduction of the latest share option scheme.

(iii) The 1980 scheme

There were outstanding, at 31st December, 1980, options granted to directors and executives under the 1980 scheme approved by shareholders at the Annual General Meeting held on 21st May, 1980, to subscribe for ordinary shares to the aggregate nominal value of £657,950 at prices of 25p and 27p. These options are capable of being exercised over varying periods up to 15th October, 1987. None of these options had been exercised up to 13th April, 1981 the latest practicable date before the printing of these financial statements.

(d) Warrants to subscribe for ordinary shares

There were outstanding at 31st December, 1980, warrants to subscribe for ordinary shares to the aggregate nominal value of £689,736.

Each warrant confers the right to subscribe for 1½ ordinary shares of 25p each at 225p per share. There are no restrictions on the subscription rights attached to the warrants which are exercisable during any period of any year and there is no final date by which such rights must be exercised.

(e) Conversion rights (bonds)

There were outstanding at 31st December, 1980, rights attaching to the Britannia International Finance Limited 5½% Guaranteed U.S. Dollar Convertible Bonds due 1987, shown as loans in Note 7, to convert into ordinary shares of Britannia Arrow Holdings Limited to the aggregate nominal value of £60,926 (see Note 7(c)).

Notes on the Financial Statements continued

6. RESERVES

(a) Share premium account

	£
Balance at 31st December, 1979	23,253,748
Paid on issue of options under the 1980 scheme	32
Balance at 31st December, 1980	<u>£23,253,780</u>

(b) Unrealised revaluation reserve

Balance at 31st December, 1979 and 1980	<u>£2,296,295</u>
---	-------------------

The reserve of £2,296,295 arose when the directors valued the Britannia unit trust management contracts in 1975.

(c) Accumulated losses

	Company £	Group £
Balance at 31st December, 1979	(29,651,014)	(29,651,014)
Transfer from Profit and Loss Account	6,129,390	7,139,518
Balance at 31st December, 1980	<u>£(23,521,624)</u>	<u>£(22,511,496)</u>

The opening balance of accumulated losses at 31st December, 1979 has been restated following the decision of the directors to segregate the revaluation surplus in the balance sheets, whereas in previous years this has been shown by way of Note.

7. LOANS

	1980 £	1979 £
The Company		
8½% U.S. Dollar Bonds due 1988 (Note (b))	2,927,645	3,603,604
Subsidiaries (guaranteed by the Company)		
5½% Guaranteed U.S. Dollar Convertible Bonds due 1987 (Notes (b) and (c))	882,476	2,128,828
7½% Luxembourg Franc Bonds due 1987	2,493,069	2,927,907
Other loans of subsidiaries (Note (b))	95,903	517,631
	<u>£6,399,093</u>	<u>£9,177,970</u>

Notes on the Financial Statements continued

Notes:

(a) These loans are repayable as follows:—

	1980		1979	
	Company £	Group £	Company £	Group £
After five years	1,254,705	3,466,760	1,801,803	6,287,906
Between two and five years	1,254,705	2,487,898	1,351,351	2,282,565
Between one and two years	418,235	444,435	450,450	607,499
	<u>£2,927,645</u>	<u>£6,399,093</u>	<u>£3,603,604</u>	<u>£9,177,970</u>

(b) Amounts repayable during 1981 in respect of these loans—£1,906,975 (1980: £570,450)—are not shown above but are included with creditors and short-term loans in the Group balance sheet. They include 2,616 5½% Guaranteed U.S. Dollar Convertible Bonds of \$1,000 each due 1987 which the Company has purchased for cancellation since the year end.

(c) The 5½% Guaranteed U.S. Dollar Convertible Bonds due 1987 carry conversion rights to convert into ordinary shares of Britannia Arrow Holdings Limited. Holders are entitled to convert at any time prior to maturity of the Bonds into fully paid ordinary shares of Britannia Arrow Holdings Limited at a conversion price of 333p per ordinary share based on a fixed exchange rate of £1=U.S. \$2.60 throughout the life of the Bonds.

8. DEFERRED TAXATION

Deferred taxation provided in the financial statements and the potential amounts, including the amounts for which provision has been made, are as follows:

	1980		1979	
	Amount Provided £	Total Potential Amount £	Amount Provided £	Total Potential Amount £
Stock relief	—	—	364,786	1,275,622
Capital allowances	13,311	237,857	168,273	272,965
	<u>13,311</u>	<u>237,857</u>	<u>533,059</u>	<u>1,548,587</u>
Losses and advance corporation tax carried forward	—	(175,734)	(253,485)	(271,274)
	<u>£13,311</u>	<u>£62,123</u>	<u>£279,574</u>	<u>£1,277,313</u>

Notes:

(a) The losses and advance corporation tax mentioned in Note 3(b) are not available to reduce the above amounts since they arose prior to the companies concerned joining the Group.

(b) The reduction in the amounts shown above for stock relief arises partly from disposals of subsidiaries during the year and partly as a result of the revised stock relief provisions in the Finance Bill, 1981.

Notes on the Financial Statements continued

9. FIXED ASSETS

	Freehold Properties Investment £	Own Occupation £	Investment Leasehold Properties Under 50 years £	Unit Trust Management Contracts £	Other £	Total £
Cost or valuation						
At 31st December, 1979	1,513,588	1,424,530	736,552	5,000,000	1,716,286	10,390,956
Arising on acquisition of subsidiaries	—	96,000	—	2,452,690	320,285	2,868,975
Additions	230,240	22,138	735	—	466,165	719,278
Disposals	(1,340,917)	(942,852)	(72,336)	—	(584,803)	(2,940,908)
At 31st December, 1980	402,911	599,816	664,951	7,452,690	1,917,933	11,038,301
Depreciation						
At 31st December, 1979	—	101,454	261,765	—	822,940	1,186,159
Arising on acquisition of subsidiaries	—	—	—	—	139,480	139,480
Provided during the year	—	7,379	18,017	—	215,699	241,095
Disposals	—	(91,377)	(65,233)	—	(237,365)	(393,975)
At 31st December, 1980	—	17,456	214,549	—	940,754	1,172,759
Net Book Value						
At 31st December, 1979	£1,513,588	£1,323,076	£474,787	£5,000,000	£893,346	£9,204,797
At 31st December, 1980	£402,911	£582,360	£450,402	£7,452,690	£977,179	£9,865,542

Notes:

(a) The fixed assets of Britannia Arrow Holdings Limited included above have a net book value of £4,861 at 31st December, 1980 (1979: £6,076).

(b) Other fixed assets comprise, motor vehicles, office furniture and equipment, microform and filmstrip negatives.

(c) No revaluation was carried out of either the unit trust management contracts or of fixed assets acquired on the acquisition of subsidiaries during the year, as the directors considered that the costs of a full professional valuation were not warranted.

Notes on the Financial Statements continued

10. INVESTMENTS

	1980		1979	
	Cost	Market value	Cost	Market value
Listed:	£	£	£	£
In United Kingdom	8,862,840	12,335,452	3,820,493	4,613,565
Outside United Kingdom	665,743	878,039	2,985	18,600
	<u>9,528,583</u>	<u>13,213,491</u>	<u>3,823,478</u>	<u>4,632,165</u>
	Cost less provision	Directors' valuation	Cost less provision	Directors' valuation
Unlisted:	£	£	£	£
In United Kingdom	757,512	882,828	402,661	350,909
Outside United Kingdom	65,020	65,020	—	—
	<u>822,532</u>	<u>947,848</u>	<u>402,661</u>	<u>350,909</u>
Total	<u>£10,351,115</u>	<u>£14,161,339</u>	<u>£4,226,139</u>	<u>£4,983,074</u>

The investments of Britannia Arrow Holdings Limited having a cost of £2,000,059 (market value £1,967,500) are included above as listed in the United Kingdom.

The Group held more than 5% of the equity of the following:—

		Percentage held at	
		31st December, 1980	13th April, 1981
Company	Holding		
Listed in United Kingdom:			
Mercantile House Holdings Limited	Ordinary shares	11.57	11.57
Minster Assets Limited	Ordinary shares	14.90	17.01
London United Investments Limited	Ordinary shares	9.98	9.98
Anglo Metropolitan Holdings Limited	Ordinary shares	9.98	9.62
Listed outside United Kingdom:			
First Pennsylvania Mortgage Trust	Shares of beneficial interest	5.74	5.74
Unlisted in United Kingdom:			
Credit Data Limited	Ordinary shares	17.90	17.90
Computer Ancillaries Limited	Ordinary shares	16.04	16.04
Cannon Street Investments Limited	Ordinary and preferred ordinary shares	15.99	15.99

Notes:

(a) All the above companies are registered and incorporated in the United Kingdom and First Pennsylvania Mortgage Trust is registered in the U.S.A.

(b) The above percentages, at 13th April, 1981, are those at the latest practicable date before the printing of these financial statements.

Notes on the Financial Statements continued

11. SUBSIDIARY COMPANIES

	1980	1979
	£	£
Shares at cost less amounts written off	2,856,220	4,176,348
Amounts due from subsidiaries less provisions	39,968,108	49,643,382
	<u>42,834,328</u>	<u>53,819,730</u>
Amounts due to subsidiaries	(28,029,923)	(45,086,768)
	<u>£14,804,405</u>	<u>£8,732,962</u>

The principal subsidiary companies at 31st December, 1980 are listed on page 5. The directors have omitted details of other subsidiary companies as they consider that the list would otherwise be of excessive length.

12. REMUNERATION OF DIRECTORS AND EMPLOYEES

	1980	1979
Emoluments of Chairman	<u>£20,000</u>	<u>£10,000</u>
Emoluments of the highest paid director	£52,500	£25,250
Number of other directors in receipt of emoluments within the ranges:—		
Nil to £5,000	—	2
£5,001 to £10,000	1	—
£15,001 to £20,000	1	—
£20,001 to £25,000	—	2
£25,001 to £30,000	1	—
£45,001 to £50,000	1	—
Number of employees of U.K. subsidiary companies at 31st December, 1980 receiving more than £20,000 per annum:—		
£20,001 to £25,000	4	1
£25,001 to £30,000	2	—

13. CONTINGENT LIABILITIES (See also Note 7)

(a) Certain subsidiary companies have contingent liabilities in the normal course of their trades amounting to £118,977 (1979: £260,000).

(b) Warranties and indemnities in the usual form have been given by companies in the Group in connection with sales of investments and subsidiaries but no significant claims have been received or are anticipated, arising from these disposals. These include an indemnity outstanding in respect of subordinated loan notes issued by a former subsidiary amounting to \$10 million. This indemnity cannot be called before 1988 and can only be called then if the issuer fails to make full repayment, including interest, by 1985. The latest audited balance sheet available for this former subsidiary showed shareholders funds of over \$44 million at 31st January, 1980 and there has been no default on interest payments.

14. FUTURE CAPITAL EXPENDITURE

(a) There was no commitment for capital expenditure at 31st December, 1980 (1979: £193,450).

(b) There was no capital expenditure authorised but not contracted for at 31st December, 1980 (1979: Nil).

(c) The Group has commitments in respect of uncalled capital in various oil exploration companies with North American licences, the amount of which cannot presently be quantified.

Proxy Form for Annual General Meeting

Please insert full name(s) and address(es) in BLOCK CAPITALS

I/WE
of
..... being (a) Member(s) of
Britannia Arrow Holdings Limited HEREBY APPOINT failing whom the
Chairman of the Meeting, or as my/our Proxy
to vote for me/us and on my/our behalf at the Forty-sixth Annual General Meeting of the Company to be held
on Wednesday, 20th May, 1981, and at every adjournment thereof on the following Resolutions:—

RESOLUTIONS	FOR	AGAINST
1. To adopt the report and financial statements for the year ended 31st December, 1980 and to declare a dividend.	<input type="checkbox"/>	<input type="checkbox"/>
2. To elect or re-elect the following directors: (i) The Rt. Hon. Geoffrey Rippon, Q.C., M.P. (ii) Mr. A. T. Maidment, F.C.A. (iii) Mr. P. C. Baker, F.C.A.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
3. To re-appoint Messrs. Arthur Young McClelland Moores & Co., Chartered Accountants, as auditors of the Company and to authorise the directors to fix the remuneration of the auditors.	<input type="checkbox"/>	<input type="checkbox"/>
4. (a) "That the authorised share capital be increased from £26,137,500 to £28,137,500 by the creation of 8,000,000 ordinary shares of 25p each." (b) "That the directors be and they are hereby authorised to amend Clause 3(a) of the Share Option Scheme ('the Scheme') approved by shareholders at the Annual General Meeting held on 21st May, 1980, so that the maximum number of ordinary shares which may be issued or placed under the Scheme is increased from 3,750,000 to 4,900,000."	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>

Date

Please complete in block capitals including initials and surname of Joint Holders if any

Signature

Name(s) in full

Address

Joint Holders

Notes:

1. A member may appoint one or more proxies of his own choice who need not be a member(s) of the Company, by inserting the name(s) in the space provided. If no name is inserted, the Chairman of the Meeting will be your Proxy.
2. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of members.
A Corporation's form of proxy must be executed under its common seal, or under the hand of its officer or attorney duly authorised in writing.
This form of proxy, to be valid, must be lodged with the Registrars of the Company at the address overleaf or at the Registered Office of the Company not later than forty-eight hours before the time appointed for the Meeting at which it is to be used.

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