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The Law Debenture Corporation p.l.c.

LAW DEBENTURE

Annual Report 1993

Contents

Corporate objectives

The Corporation's objectives are to achieve long term capital growth in real terms, and steadily increasing income through investing in and maintaining a high quality portfolio of investments spread both geographically and by industry, and to profitably develop the trustee and related activities.

Performance summary

	1993	% change
Assets		
Assets attributable to ordinary shareholders (£'000)	£151,347	+29.8
Net asset value per ordinary share	667.3p	+29.8
Profit & dividends		
Profit attributable to ordinary shareholders after tax (£'000)	£4,969	+9.1
Earnings per ordinary share	21.91p	+9.2
Dividends per ordinary share	19.25p	+5.5
Share price		
Ordinary share price (mid market)	823p	+49.9
Indices		
F.T. – Actuaries All Share Index	1,682.17	+23.3
Standard and Poor's Composite Index	466.45	+7.1
Standard and Poor's Composite Index sterling adjusted	315.28	+9.6
F.T. – Actuaries World Index sterling adjusted	167.55	+22.6
US dollar/sterling exchange rate	1.4795	

Chairman's statement

Raymond Cazalet

In October last year Raymond Cazalet left the board due to ill health, and it was with great regret that the board accepted his resignation. Although he had been Chairman for just under 3 years, he had been on the board for over 20 years, during which time the net assets per share grew from 40p to 667p. His advice and guidance over more than two decades have had much to do with the success of the Corporation and he will be much missed at board meetings by his colleagues who wish him well for the future.

Dividends

After tax income for the year to 31 December 1993 increased 9.1% on the year to 31 December 1992 to £4,982,000 or 21.9p per ordinary share (1992: 20.1p) which, considering the difficult economic conditions, represents an encouraging result. Your board feels able to recommend a modest increase in the final dividend from 12.00p per ordinary share last year to 12.75p. This would give a total dividend for the year of 19.25p per ordinary share, representing an increase of 5.5% on last year's total of 18.25p.

Assets

Net asset value per ordinary share increased from 514p to 667.3p per ordinary share, an increase of 29.8%; this compares with a 23.3% increase in the F.T.-Actuaries All Share Index for the same period and a 22.6% increase in the F.T.-Actuaries World Index when adjusted for sterling over the same period.

Corporate compliance

As you know it is the board's policy that the Corporation should comply with the recommendations of Cadbury so far as is presently possible. This process was started in 1992. This year's accounts include a statement of the directors' responsibilities in relation to these accounts and a management review has been introduced which discusses a number of topics which Cadbury recommended should be commented upon in the annual report.

Shareholders

The savings scheme, PEP and low cost share dealing service introduced in August 1991 continue to attract substantial interest from shareholders. We are able to keep the costs of these shareholders' services to a minimum as we do not advertise them nor do we pay commissions but they have made a very significant contribution to the increase in the number of shareholders. We now have over 5,400 shareholders which represents an increase of 57.7% compared with a year ago.

Other board changes

Clive Rumbelow reached 60 last year and indicated that he would like to retire. We are most grateful for the contributions he has made and wish him well in retirement; as his successor we welcomed Robert Williams. He retired in September as a partner of Linklaters & Paines where he specialised in international finance. Like Clive Rumbelow, he is an executive director of the Corporation on a part time basis and his experience will be a valuable addition.

Staff

The Corporation now has a staff of over 50 concentrating on its trustee activities, and we are most grateful to them for their hard work and dedication.

J. M. Kennedy
Chairman
22 March 1994

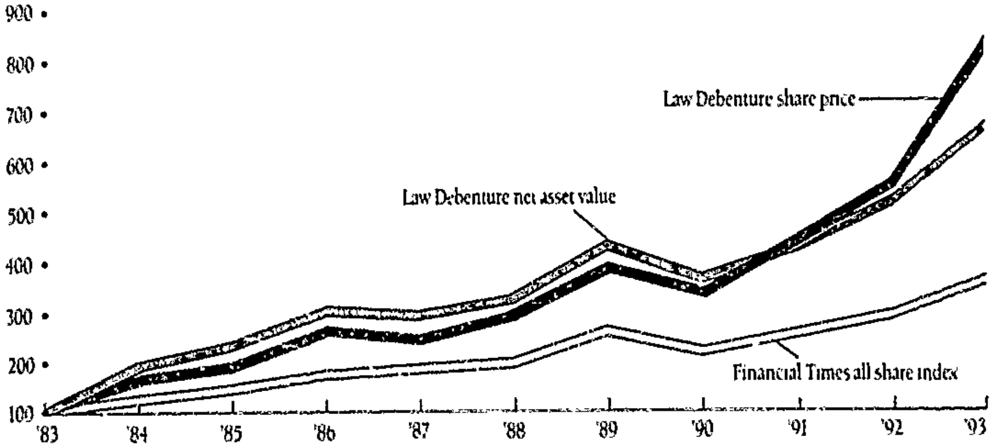
Ten year record

	Group Revenue £000	Profit on ordinary activities after taxation £000	Earnings per share p	Net dividend per share p	Net asset value per share p	Share price p
1984	3,914	*1,590	*7.0	*5.5	197.6	165
1985	4,582	*1,869	*8 2	*6.3	233.6	190
1986	4,951	*2,302	*10.1	*7.5	305.9	260
1987	5,879	2,440	10.7	8.5	295.4	243
1988	6,459	2,785	12.2	10.2	326.5	292
1989	8,035	3,514	15.4	13.5	428.7	385
1990	9,222	4,006	17.6	16.0	363.4	350
1991	10,191	4,304	18.9	17.5	426.3	433
1992	11,302	4,566	20.1	18.3	514.0	549
1993	11,725	4,982	21.9	19.3	667.3	823

*Restated to reflect changes in accounting policies

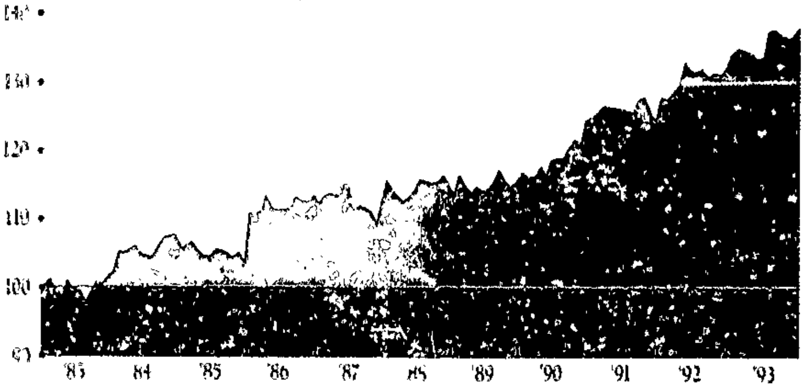
Performance graph

Growth in share price and net asset value
for the ten years to 31 December 1993, 1983 = 100



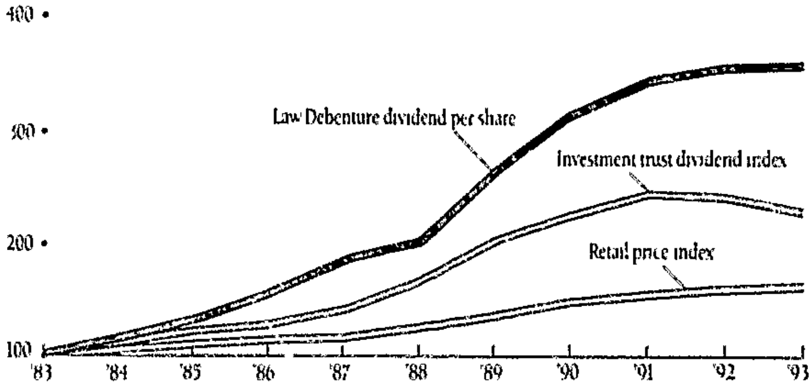
Performance graphs

Net asset value per share
relative to the average investment trust* 1 January 1983 = 100

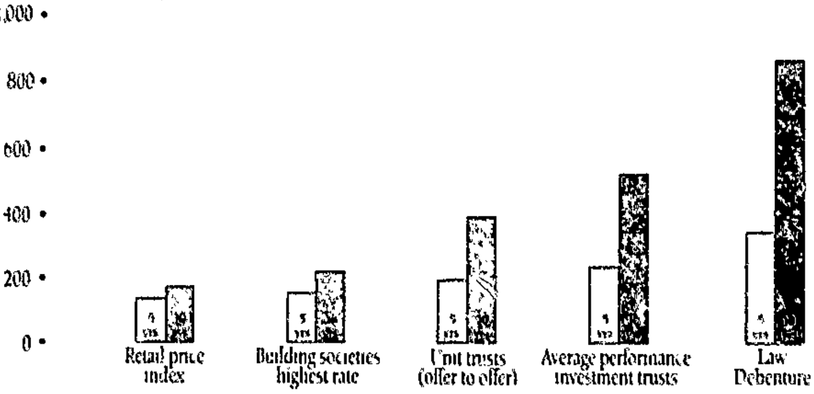


Source: Datastream
*Based on the average performance of non-specialist investment trusts as published in the daily list of the Consortium Investment Trust Service over the period from 1 January 1983 to 31 December 1993

Gross dividend performance
31 December 1983 = 100



Value of £100 with net income reinvested over 5 years and 10 years
to 31 December 1993, £s



Management review

For the first time the accounts include a statement of total recognised gains and losses (page 17) This shows that the value of the business increased £39.1 million in the year, an increase of 33.4%. £34.1 million of this increase was attributable to the appreciation in the value of the portfolio which, as the Corporation is an investment trust, is not distributable. The balance of £5 million represents dividend and interest income and the profits from our trustee activities

The relationship between gross and net dividend income has been distorted by a number of factors including the fall in the rate of ACT However we presently have adequate franked income to enable a full recovery of ACT on the proposed dividend.

During the year a number of companies offered the Corporation enhanced scrip dividends. In view of the benefit this type of dividend conferred, and the satisfactory balance between franked and unfranked income, we accepted a number of these dividends. An amount equivalent to the cash dividend has been taken to income whilst the enhanced element has been treated as an unrealised capital surplus. This is the treatment which we expect will be recommended by the AITC.

The fixed rate US dollar borrowings matured in November 1993 and the opportunity was taken to increase the level of borrowings to US$5 million and fix the interest rate for 5 years at an average of 5.85% p.a. The additional funds were invested in the United States. The possibility of further modest borrowings is under review, but is likely to be used to match the currency of the underlying investments.

The investment management fee payable increased 29.4%. This is partly the result of a stepped increase in the rate agreed three years ago, and partly the effect of the rise in the value of the portfolio. Unless there is a major setback to the market in 1994, the fee will increase further in the current year as a result of the rolling formula used. Other costs relating [illegible] ministration of the portfolio amounted to £341,000 to give a total for the year of £539,000 representing 9.9% of investment income and 0.36% of net assets. This compares favourably with other investment trusts of a similar type. It is the Corporation's practice that all investment management costs are taken to the revenue account in the year to which they relate. It is not the present intention to charge any of these costs to capital reserves.

1993 provided excellent capital growth with equity markets worldwide recording all time highs. Income performance was more pedestrian, but weakness in UK franked and interest income was to some degree compensated by higher returns on the overseas portfolio.

The UK market rose by 23.3%, with smaller companies performing significantly better than the blue chips. The portfolio contains a few small companies but maintains a balance of medium-sized companies. Initial overweighting in UK finance and property which out-performed the markets positioned us to be able to make major sectoral switches into pharmaceuticals, brewers, and food manufacturing and retailing which had been significantly re-rated downwards.

The trends in the United States have been similar but more modest than those in the UK and a similar strategy has been followed. Continental European stockmarkets have performed well in the face of poor economic prospects.

In the Far East following the significant increase in the Hong Kong market, we are reducing the overweight position in Hong Kong in favour of Australia.

The year end rally provided us with an opportunity to increase liquidity.

1994 will be a more challenging year for investors. Fear of a rise in United States interest rates and long term bond yields could adversely affect the liquidity flowing into global equities and could well provide some excellent buying opportunities.

Again, the policy of investing in people is showing its worth, giving us the resources to negotiate new debt trusteeships which are continuing to increase in their complexity as investment bankers in the international capital markets devise more ingenious and sophisticated financial structures. Securitisation and structured financing comprise an increasing part of our trustee activities. The markets for our services are now global and with subsidiaries in Hong Kong, Cayman and Jersey we are able to offer our trustee services on an international basis.

The role of the independent corporate trustee for pension funds is progressively gaining acceptance as the preferred method of pension fund governance, despite the Goode Report and its recommendation for detailed supervision by a government appointed regulator. During 1993 the number of on-going pension trusteeships increased by 30%. We are now trustee for pension fund assets totalling over £12 billion.

Directors and other information

J. M. Kennedy (Chairman) (59) Senior partner of Allen & Overy. A director of The Securities and Investment Board.
Chairman of the audit and remuneration committees.

***C. C. B. Duffett** (Managing) (50) Appointed managing director in April 1988.

R. L. Bristow (64) A former executive director of CS First Boston Limited.
Member of the audit and remuneration committees.

F. F. H. Charlton, C.B.E. (70) A former senior partner of Linklaters & Paines.
Member of the audit committee.

J. A. Morrell (66). Chairman of Govett Emerging Markets Investment Trust plc and a director of a number of other investment trusts.

H. D. Osborne, O.B.E. (66) A former managing director of Law Debenture.
Member of the remuneration committee.

***R. J. Williams** (45). A former partner of Linklaters & Paines and a director of another investment trust.

* Executive

Secretary
J. K. Howell

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Investment portfolio manager
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3 Finsbury Avenue
London EC2M 2PA

Stockbrokers
Cazenove & Co.
12 Tokenhouse Yard
London EC2R 7AN

Auditors
Price Waterhouse
Southwark Towers
32 London Bridge Street
London SE1 9SY

Bankers
National Westminster Bank PLC
Lloyds Bank Plc

Global custodians
The Royal Bank of Scotland plc

Registrar and transfer office
National Westminster Bank PLC
Registrar's Department
PO Box No. 82, Caxton House
Redcliffe Way, Bristol BS99 7NH
Telephone (0272) 306666

A member of the Association of Investment Trust Companies

IMRO
A member of the Investment Management Regulatory Organisation Limited

Report of the directors

The directors present to the shareholders their report and the accounts of the Corporation for the year ended 31 December 1993

Principal activities and business review

The Corporation is an approved investment trust company. The Corporation and certain of its subsidiaries are also trust corporations and act as trustees for issues of loan capital and other instruments by domestic and foreign issuers. Trusteeships of pension funds are also undertaken and other trustee services provided.

Business activities are reviewed in the chairman's statement and the management review.

Investments

The assets attributable to ordinary shareholders increased during the year by 29.8% from £116,577,000 to £151,347,000, as compared with an increase of 23.3% in the F.T.-Actuaries All Share Index.

A list of each investment with a market value in excess of £100,000 is shown on pages 32-33 and an analysis of the changes in the portfolio is shown on page 34. The classification of investments is shown on page 35.

Revenue and dividends

The profit after taxation for the year ended 31 December 1993 was £4,982,000 compared with £4,566,000 for the previous year. The directors recommend a final dividend of 12.75p per ordinary share which, together with the interim dividend of 6.50p paid in October 1993, will make 19.25p in total (1992: 18.25p). An amount of £603,000 (1992: £414,000) has been transferred to consolidated revenue reserves after deducting ordinary dividends of £4,366,000 and preference dividends of £13,000.

Directors

The names of the directors at the date of this report are shown on page 8. Mr R. P. St. G. Cazalet and Mr H. C. Rumbelow retired from the Board on 19 October 1993. Mr J. M. Kennedy was appointed to the board and succeeded Mr Cazalet as chairman on 1 January 1994. Mr R. J. Williams was appointed an executive director on 19 October 1993. All other directors held office throughout the year.

The appointments of Mrs D M. Anderson, Mr J R Jebb, Mr D F Norris, Mr G I Lane and Mr R I Thomas as alternate directors to Mr Rumbelow terminated on Mr Rumbelow's resignation and they ceased to be alternate directors for Mr Duffett on 14 December 1993

In accordance with the articles of association, Mr Kennedy and Mr Williams retire and, being eligible, offer themselves for re-election. In addition, Mr Bristow retires by rotation and, being eligible, offers himself for re-election

Beneficial interests in ordinary shares of 25p each as at:

Name of director	31 December 1993	1 January 1993
R. L. Bristow	1,000	1,000
F. F. H. Charlton	1,000	1,000
C. C. B Duffett	7,122*	5,892*
J A. Morrell	1,000	1,000
H. D Osborne	1,000	1,000
R. J Williams	NIL	NIL

*Allocated under the Law Debenture Profit Sharing Plan

Mr Williams did not have any interest in the ordinary share capital of the Corporation on the date of his appointment. Mr Duffett held 4,194 Save as You Earn (SAYE) options to subscribe for ordinary shares at a price of 447p at the beginning and end of the financial year, and during the course of the year, was granted 30,000 Executive Share Option Scheme (EXSOS) options to subscribe for ordinary shares which he retained at the year end. No other director of the Corporation in office at the date of this report held SAYE or EXSOS options at any time during the financial year.

As trustees of The Law Debenture Profit Sharing Plan, Mr Kennedy, Mr Morrell and Mr Williams have a non-beneficial interest in 46,233 ordinary shares of which 9,186 were acquired during the year. Mr Williams was appointed a trustee on 19 October 1993 on Mr Cazalet's resignation, and Mr Kennedy replaced Mr Rumbelow as a trustee on 19 January 1994.

During the year the Corporation maintained insurance for the benefit of directors and other officers.

No director was interested in the preference shares or debenture stock of the Corporation at any time during the year and there has been no change in the directors' interests since the end of the financial year.

Mr Kennedy is senior partner of Allen & Overy and during the financial year Mr Williams was a partner of Linklaters & Paines. Allen & Overy and Linklaters & Paines are amongst the firms of solicitors which receive fees for advising the Corporation and its subsidiaries (the Group), mainly in respect of their trustee business. No director has a service contract with any member of the Group in excess of one year or was materially interested in any other contract with any member of the Group.

Employee participation

Employees are informed of the performance of their departments through management meetings. Copies of the annual and interim reports are made available to all employees.

The Corporation operates a profit sharing plan which enables employees to participate in the growth of profits earned from its trustee activities. All full time members of staff are eligible to participate in the plan after a minimum service requirement. The plan, which is approved under the Income and Corporation Taxes Act 1988, provides for employees to use their profit share to acquire shares bought in the market by the plan trustees.

The Corporation also operates an SAYE scheme. Under the scheme employees enter into a contract by which they undertake to save with National Westminster Bank Plc over a period of five years; they are then entitled to the total amount saved, plus a tax-free bonus. Options to subscribe for shares of the Corporation are granted at the outset of the savings contract at a price fixed at that time. At the end of five years employees may use the proceeds of their savings contract to subscribe for shares over which options have been granted. The monies may, alternatively, be held on deposit or withdrawn. The number of options granted in May 1993 was 10,593 at an option price of 537p. All employees are eligible to participate in the scheme after completing a minimum service requirement. The scheme is approved under the Income and Corporation Taxes Act 1988.

Following its approval at the annual general meeting last year, an Executive Share Option Scheme was introduced. The scheme enables key executives who are responsible for the trustee business to be granted options to acquire ordinary shares in the Corporation. These incentives are designed to foster a community of interest within the Group and are linked to long term employment. The scheme is approved under the Income and Corporation Taxes Act 1988. 242,500 options were granted in August 1993 at an option price of 625p.

Staff

The directors wish to express their thanks on your behalf to the staff for their hard work and dedication which has again contributed to the continued prosperity and success of the Corporation

Corporate governance

The Corporation complies with all of the provisions of the Cadbury Committee's Code of Best Practice, save in respect of going concern and internal control where guidance on compliance is awaited. The Corporation's auditors, Price Waterhouse, have reviewed our compliance with the specific matters in the Code which the London Stock Exchange requires that the auditors should review. They have reported to the board that they are of the opinion that it is appropriate for the directors to make the statement that the Corporation complies with those aspects of the code.

Substantial holdings

The following shareholders have notified the Corporation of their interests comprising 3% or more of the Corporation's ordinary share capital as at 22 March 1994.

Funds managed or advised by:

MI Group	12.4%
The Merchant Navy Officers Pension Fund	7.6%
M & G Investment Management Limited	6.3%
Eagle Star Insurance Company plc	3.3%

Investment management

The investment portfolio is managed by Henderson Touche Remnant Limited, a subsidiary of Henderson Administration Group plc (Henderson), who were paid a fee of £198,000 (1992: £153,000) during the year under an agreement which is terminable by either party at 12 months' notice. The fee in 1993 was 0.2% (1992: 0.2%) of the average value of the investment portfolio over the three preceding year-ends.

Mr Morrell is a director of an investment trust which is managed by Henderson and which holds shares in Henderson. The Corporation holds no shares in Henderson, nor has it been notified that Henderson or funds managed by Henderson hold any shares in the Corporation.

Charitable donations

During the year the Corporation made charitable donations of £8,000 (1992: £8,000).

Auditors

The auditors, Price Waterhouse, have indicated their willingness to be re-appointed and, in accordance with Section 385 of the Companies Act 1985, a resolution will be proposed at the annual general meeting for their re-election and for their remuneration to be fixed by the directors.

By Order of the Board

J. K. Howell
Secretary
22 March 1994

Directors' statement of responsibilities in relation to the accounts

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Corporation and the Group as at the end of the financial year and of the profit or loss for the financial year

The directors consider that, in preparing the financial statements on pages 16 to 31, the Corporation has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the Corporation keeps accounting records which disclose with reasonable accuracy the financial position of the Corporation and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors 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.

Report of the auditors

to the members of The Law Debenture Corporation p.l.c.

Southwark Towers
32 London Bridge Street
London SE1 9SY

22 March 1994

We have audited the financial statements on pages 16 to 31 which have been prepared under the historical cost convention as modified by the revaluation of investments and the accounting policies set out on page 20.

Respective responsibilities of directors and auditors

As described on page 14, the Corporation'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 Corporation and of the Group at 31 December 1993 and of the profit, total recognised gains and losses and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse

Chartered Accountants and Registered Auditors

Group revenue account

For the year ended 31 December

	Notes	1993 £000
Group revenue		
Income from investments and deposits	2	
Franked		3,795
Unfranked		1,651
		5,446
Trustee and other fees	3	6,222
Underwriting commission and other income		57
Gross revenue		11,725
Expenses and interest		
Administration expenses	4&5	(4,823)
Debenture stock interest		(20)
Bank loan interest		(174)
Profit on ordinary activities before taxation	6	6,708
Taxation	7	(1,726)
Profit on ordinary activities after taxation	8	4,982
Dividends on preference shares		(13)
Profit attributable to ordinary shareholders		4,969
Dividends on ordinary shares	9	(4,366)
Retained profit for the year	19	603
Earnings per ordinary share	10	21.91p

There are no differences between the amounts reported in the Group revenue account and their unmodified historical cost equivalents.

The annexed notes form part of these accounts.

Statement of total recognised gains & losses

for the year ended 31 December

	1993 £'000	[illegible]
Capital profit on investments		
Realised gains and losses	11,948	
Unrealised gains and losses	22,215	
Capital surplus for year	34,163	[illegible]
Revenue profit available for distribution	4,982	[illegible]
Total recognised gains and losses for the year	39,145	[illegible]

Reconciliation of movement in shareholders' funds

for year ended 31 December

	1993 £'000	[illegible]
Distributable profits		
Revenue profit available for distribution	4,982	[illegible]
Dividends	(4,379)	[illegible]
Transfer to distributable reserves	603	[illegible]
Increase in non-distributable reserves	34,163	[illegible]
Share premium account	4	[illegible]
Net additions to shareholders' funds	34,770	[illegible]
Shareholders' funds at 1 January	116,927	[illegible]
Shareholders' funds at 31 December	151,697	[illegible]

The annexed notes form part of these accounts.

Balance sheets

[illegible]

	Notes	Group 1993 £000	Corporation 1993 £000
Fixed assets			
Tangible assets	*11*	448	–
Investments	*12*	154,154	152,010
		154,602	152,010
Current assets			
Debtors	*13*	5,916	3,177
Bank balances and short term deposits		5,805	3,791
		11,721	6,968
Creditors			
Amounts falling due within one year	*14*	(8,913)	(8,538)
Net current assets/(liabilities)		2,808	(1,570)
Total assets less current liabilities		157,410	150,440
Creditors			
Amounts falling due after more than one year	*15*	(5,217)	(3,838)
Provision for liabilities and charges	*16*	(496)	–
Net assets		151,697	146,602
Capital and reserves			
Share capital	*17*	6,020	6,020
Share premium	*17*	4	4
Capital reserves	*18*	140,160	138,622
Revenue reserves	*19*	5,513	1,956
Shareholders' funds		151,697	146,602

Approved by the board on 22 March 1994
and signed on its behalf by

J. M. Kennedy } Directors
C. C. B. Duffett

The annexed notes form part of these accounts

Group cash flow statement

for the year ended 31 December

	Notes	1993 £'000	1993 £'000
Net cash inflow from operating activities	20		6,755
Servicing of finance			
Debenture interest paid		(20)	
Bank interest paid		(174)	
Dividends paid:			
Preference shares		(13)	
Ordinary shares		(4,196)	
Net cash (outflow) from servicing of finance			(4,403)
Taxation			
UK corporation tax paid (including ACT)			(959)
Investing activities			
Purchase of tangible fixed assets		(138)	
Purchase of investments		(33,746)	
Sale of tangible fixed assets		6	
Sale of investments		33,809	
Net cash (outflow) from investing activities			(69)
Net cash inflow/(outflow) before financing			1,324
Financing			
Bank loan			(675)
Share premium account			(4)
Increase/(decrease) in cash	21		2,003
			1,324

The annexed notes form part of the accounts.

Notes to the accounts

1 Statement of accounting policies

(i) Convention: The accounts have been prepared in accordance with the historical cost convention modified to incorporate the revaluation of investments and in accordance with applicable Accounting Standards

(ii) Basis of consolidation: The Group accounts incorporate the accounts of The Law Debenture Corporation p l c and its subsidiaries made up to the end of the financial year

(iii) Recognition of income and expenses: Income from dividends and interest is included in gross revenue to the extent that it is receivable within the financial year Any related tax credit or withholding tax deducted at source has been added back. Recurring fees receivable, administration expenses and interest charges are accounted for on an accruals basis Non-recurring fees are recognised on a receipts basis. Where trustee expenses are recoverable from third parties, the recoveries and expenses are not included as income or expenses

(iv) Goodwill: Goodwill, representing the excess of cost over fair value of assets acquired, is written off in the year of acquisition

(v) Tangible fixed assets: Tangible fixed assets are recorded at historic purchase cost less accumulated depreciation Depreciation has been calculated to write off the cost of all tangible fixed assets over the estimated useful lives of the relevant assets as follows:

Leasehold improvements	over the lease period
Office furniture and equipment	3 – 5 years
Motor vehicles	4 years

(vi) Listed investments: The market valuation of listed investments is based on middle market prices for those listed in Great Britain and at closing bid prices for those listed overseas. No taxation or expenses which might result from a sale of the investments at the balance sheet date have been taken into account.

(vii) Unlisted investments: Unlisted investments are valued by the directors at cost or where appropriate at directors' valuation.

(viii) Deferred income: Trustee fees received in respect of periods subsequent to the balance sheet date are carried forward as deferred income.

(ix) Capital reserves: Realised and unrealised capital gains and losses, together with exchange differences arising on the translation of foreign currency assets and liabilities, are reflected through capital reserves. Exchange differences arising on the translation of net assets of overseas subsidiaries are also taken to capital reserves.

(x) Foreign currencies: Transactions recorded in foreign currencies during the year are translated into sterling at the appropriate daily exchange rate. Assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at the exchange rate ruling at that date

(xi) Pension plan: Contributions to the Corporation's pension plan are charged to the revenue account so as to spread the cost of pension benefits over employees' expected working lives with the Corporation.

(xii) Deferred taxation: This is calculated using the liability method in respect of timing differences arising between the accounting and tax treatments to the extent that it is probable that the asset will crystallise.

2 Income from investments and deposits

	1993	
	£000	£000
Income from investments and deposits arose from the following sources.		
(i) Franked income: listed		3,795
(ii) Unfranked income:		
(a) UK bank deposits	138	
Overseas bank deposits	51	189
(b) Listed convertibles		–
(c) Listed equities	1,400	
Unlisted equities	62	1,462
Total unfranked		1,651
(iii) Total franked and unfranked		5,446

Enhanced scrip dividends of £179,000 (1992: £NIL) have been included in unfranked income. An amount equivalent to the cash dividend has been taken to income, the enhanced element being credited to unrealised capital reserves

3 Trustee and other fee income

	1993
	£000
Geographical analysis	
United Kingdom	4,067
Europe and the rest of the world	2,155
	6,222

4 Administration expenses

	[illegible]
Administration expenses include	
Salaries and directors' fees	1,695
Social security costs	151
Other pension costs	439
Employee profit sharing plan	182
Investment management fee	198
Depreciation	216
Reverse premium	–
Provision for future rent	–
Office rent	384
Profit on sale of fixed assets	(1)
*Auditors' remuneration	41

*(including the Corporation £14,000 (1992: £13,000))

During the year, the Corporation employed an average of 57 staff (1992: 53)

Other fees paid to the auditors during the year amounted to £40,000 (1992: £46,000) in respect of taxation and other services. These figures do not include fees receivable by the auditors for work undertaken in connection with trusts where a member of the Group is a trustee.

Expenses are substantially incurred within the UK

5 Remuneration of directors

(i) Directors' emoluments, which are included in administration expenses, comprise the following:

	[illegible]
Directors' fees attributable to the Corporation	39
Management remuneration	192
Pension contributions	34
Pension contribution in respect of a former director	–
	265

(ii) The total emoluments of the chairman were £10,000 (1992: £10,000) and acting chairman £8,062. The emoluments of the highest paid director, which include an amount of £14,763 (1992: £7,109) accrued under the terms of the employee profit sharing plan, were as follows

	1993 £000
Including pension contributions	184,865
Excluding pension contributions	151,189

5 Remuneration of directors continued

The number of directors whose emoluments, excluding pension contributions, fell within the following bands were as follows

	Directors	
	1993	
Up to £5,000	–	
£5,001 to £10,000	5	
£10,001 to £15,000	1	
£25,001 to £30,000	1	
£30,001 to £35,000	–	
£75,001 to £80,000	–	
£120,001 to £125,000	–	
£150,001 to £155,000	1	
Totals	8	

6 Analysis of profit on ordinary activities before taxation

	1993 £000	
Investment trust activities	4,440	[illegible]
Trustee services	2,268	[illegible]
	6,708	[illegible]

The trustee services profit for 1992, was arrived at after deducting a provision for future rents of £573,000 less a reverse premium of £275,000.

7 Taxation

	1993 £000	
Taxation, based on revenue for the year comprises:		
UK Corporation Tax at 33% (1992: 33%)	897	[illegible]
Deferred taxation (note 16)	26	[illegible]
Less relief for overseas withholding tax	(151)	[illegible]
	772	[illegible]
Tax on franked investment income	803	[illegible]
Overseas tax	151	[illegible]
	1,726	[illegible]

8 Profit on ordinary activities after taxation

The profit on ordinary activities after taxation includes £4,469,000 (1992 £4,056,000) dealt with in the accounts of the Corporation

9 Dividends on ordinary shares

	1993 £000	
Dividends on ordinary shares comprise the following.		
Interim 6 50p (1992 6 25p)	1,474	[illegible]
Proposed final 12.75p (1992: 12 00p)	2,892	[illegible]
Total for the year	4,366	[illegible]

10 Earnings per ordinary share

Earnings per ordinary share are based on the profit attributable to ordinary shareholders of £4,969,000 (1992: £4,553,000) and on 22,681,057 (1992: 22,680,000) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

11 Tangible fixed assets

	Group			
	Leasehold improvements £000	Office furniture & equipment £000	Motor vehicles £000	Total £000
Cost				
Balance at 1 January 1993	369	479	286	1,134
Additions at cost	3	71	64	138
Disposals at cost	–	(111)	(27)	(138)
At 31 December 1993	372	439	323	1,134
Accumulated depreciation				
Balance at 1 January 1993	186	281	136	603
Provision for the year	41	99	76	216
Disposals	–	(110)	(23)	(133)
At 31 December 1993	227	270	189	686
Net book value at 31 December 1993	145	169	134	448
Net book value at 31 December 1992	[illegible]	[illegible]	[illegible]	

The Corporation holds no tangible fixed assets.

12 Investments

	Group 1993 £'000		Corporation 1993 £'000	
Summary				
Listed on recognised stock exchanges at market value				
In United Kingdom	97,343	[illegible]	97,344	
Overseas	55,875	[illegible]	53,695	[illegible]
Total listed	153,218	[illegible]	151,039	[illegible]
Unlisted at directors' valuation	936	[illegible]	881	[illegible]
	154,154	[illegible]	151,920	[illegible]
Shares in subsidiary undertakings at cost	–		90	[illegible]
Total investments	154,154	[illegible]	152,010	[illegible]

† Re-classified.

	Group £'000	Corporation £'000
Changes in investments		
Market value of investments at 1 January 1993	118,978	117,868
Unrealised net appreciation at 1 January 1993	(41,904)	(40,761)
Cost of investments at 1 January 1993	77,074	77,107
Currency translation differences	7	–
Additions at cost	34,399	34,356
Disposals at cost	(21,501)	(21,501)
Cost of investments at 31 December 1993	89,979	89,962
Unrealised net appreciation at 31 December 1993	64,175	61,958
Market value of investments at 31 December 1993	154,154	151,920

Included in investments in the Group balance sheet is a subsidiary undertaking, which is held in connection with the Corporation's trustee business and in which the Group holds a majority of the voting rights. This undertaking has not been included in the Group consolidation as the Corporation's ability to exercise its rights as a parent company over the assets and management of this undertaking is severely restricted by contractual agreements with other parties. The Corporation received only a fixed trustee fee of £8,500 (1992 £8,500) in respect of this undertaking

There were no amounts outstanding with this Company at the year end (1992: nil).

12 Investments continued

The Corporation or a subsidiary thereof, owns all the issued share capital of the following principal subsidiaries each of which is engaged in providing trustee services All subsidiaries are registered in England and Wales unless otherwise stated All of the subsidiaries listed below are included in the consolidated financial statements

L D C Trust Management Limited
Law Debenture Overseas Limited
The Law Debenture Corporation (H K) Limited (incorporated in Hong Kong)
†The Law Debenture Trust Corporation (Cayman) Limited (incorporated in the Cayman Islands)
†The Law Debenture Trust Corporation (Jersey) Limited (incorporated in Jersey)
†The Law Debenture Intermediary Corporation p.l c
†The Law Debenture Trust Corporation p l c
†L. D.C. Trustees Limited
†ICI Pensions Trustee Limited
†Zeneca Pensions Trustee Limited

†Shares held by a subsidiary.
All the above mentioned subsidiaries operate in the United Kingdom with the exception of those subsidiaries incorporated overseas which operate in their country of incorporation.
Details of all subsidiary undertakings will be provided in the Corporation's annual return

13 Debtors

	Group		Corporation	
	1993 £000	[illegible]	1993 £000	[illegible]
(a) Due within one year				
Investments sold for future settlement	1,134		1,134	
Corporation tax recoverable	567		567	
Dividends and amounts due from subsidiary undertakings	–		883	
Other debtors	124		123	
Trustee expenses recoverable	1,576		15	
Prepayments and accrued income	2,316		419	
Deferred taxation	20		–	
	5,737		3,141	
(b) Due after more than one year				
Prepayments	36		36	
Deferred taxation	143		–	
	5,916		3,177	

14 Creditors: amounts falling due within one year

	Group 1993 £000	Corporation 1993 £000
Bank overdraft	372	–
Investments bought for future settlement	1,163	1,163
Amounts owed to subsidiary undertakings	–	3,859
Corporation and other taxes	753	26
Other creditors	152	15
Trustee expenses payable	2,003	10
Accruals	672	561
Deferred income	899	5
Final dividend (preference shares)	7	7
Proposed final dividend (ordinary shares)	2,892	2,892
	8,913	8,538

The bank overdraft has been incurred in connection with the corporate trustee business

15 Creditors: amounts falling due after more than one year

	Group 1993 £000	Corporation 1993 £000
4½% debenture stock (undated)	450	450
Bank loans	3,380	3,380
Deferred income	1,387	8
	5,217	3,838

The 4½% debenture stock is redeemable at par on 6 months' notice at the discretion of the Corporation and is secured by a floating charge on the undertaking and assets of the Corporation.

The Corporation has unsecured bank loans of US$5 million (1992 US$4 million) repayable in 1998 or earlier, at fixed rates averaging 5.85%.

16 Provision for liabilities and charges

	1993 £'000
As at 1 January	573
Movement in the year	(77)
At 31 December	496

Full provision has been made for the estimated costs relating to the re-organisation of office accommodation which it is estimated will be paid over the next seven years

Deferred tax
A deferred tax asset was established last year to reflect the future tax benefit which will arise as the above payments are made

	1993 £'000
As at 1 January	(189)
Movement in the year	26
At 31 December	(163)

17 Share capital

	1993 £'000
Authorised share capital	
26,600,000 ordinary shares of 25p each	6,650
350,000 3.85% cumulative preference shares of £1 each	350
	7,000
Issued and fully paid share capital	
22,681,103 (1992: 22,680,000) ordinary shares of 25p each	5,670
350,000 3.85% cumulative preference shares of £1 each	350
	6,020

During the year to 31 December 1993, 1,103 ordinary 25p shares were issued at a premium of 422p per share for a total consideration of £4,930 pursuant to options exercised under the SAYE scheme. In addition, 253,093 options were granted during the year under the Corporation's executive and savings related share option schemes. At 31 December 1993, options under the schemes exercisable between 1996 and 2003 at prices ranging from 447p to 625p per share were outstanding in respect of 292,145 ordinary shares (1992. 39,997).

18 Capital reserves

	Group 1993 £000	Corporation 1993 £000
Unrealised appreciation		
Balance at 1 January	41,504	40,541
Currency translation differences	(56)	(63)
Increase in unrealised surplus on investments	22,271	21,197
Balance at 31 December	63,719	61,675
Realised capital reserves		
Balance at 1 January	64,493	64,999
Net surplus on realisation of investments	11,948	11,948
Balance at 31 December	76,441	76,947
Total	140,160	138,622

Cumulative goodwill of £325,000, relating to companies presently within the Group was written off directly to capital reserves in 1989

19 Revenue reserves

	Group £000	Corporation £000
Balance at 1 January 1993	4,910	1,865
Retained profits for the year	603	91
Retained profits at 31 December 1993	5,513	1,956

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

	1993 £000	
Net revenue before interest payable and taxation	6,902	[illegible]
Depreciation charge	216	
Profit on sale of tangible assets	(1)	
Increase in debtors	(364)	[illegible]
Increase in creditors	1,064	[illegible]
Tax on franked investment income	(803)	[illegible]
UK and overseas withholding tax deducted at source	(259)	[illegible]
Net cash inflow from operating activities	6,755	[illegible]

21 Analysis of changes in cash and cash equivalents

	1993 £000	
Cash balance at 1 January	3,430	[illegible]
Net cash inflow/(outflow)	2,003	[illegible]
Cash balance at 31 December	5,433	[illegible]

22 Analysis of balances of cash as shown in the balance sheet

	1993 £000		Change in the year £000
Cash at bank and short term deposits	5,805	[illegible]	2,056
Less bank overdraft	(372)	[illegible]	(53)
	5,433	[illegible]	2,003

23 Lease commitments

The Group has gross lease commitments of £565,000 for 1993 (1992 £565,000) in respect of property rental agreements expiring in more than five years.

24 Pension commitments

The Corporation operates a non-contributory pension plan providing benefits based on final salary. The assets of the plan are held separately from those of the Corporation and are invested in a managed fund operated by an insurance company.

The contributions of the Corporation to the plan are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 1 July 1991. The assumptions which had the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment return would be 8½% p.a., that salary increases would average 7½% p.a. and that present and future pensions would increase at the rate of 4½% p.a. The valuation showed that the market value of the plan's assets at 1 July 1991 was £2,475,000 and that the actuarial value of those assets represented 95% of the benefits that had accrued to members, after allowing for expected future increases in salaries. The plan was fully funded on a discontinuance basis. The annual contributions of the Corporation for retirement benefits are now 24.7% of salaries including an amount of 0.6% which the actuary has determined should be sufficient to bring the above level of funding to 100% over the remaining service lives of the current members. In addition the Corporation pays the cost of death-in-service benefits amounting to approximately 1¼% of salaries.

Contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' expected working lives with the Corporation. The pension charge for the period was £439,000 (1992: £509,000).

Valuation of investments

[illegible] at 31 December 1993)

The 126 investments shown below represent 99.8% of the value of the Group's investment portfolio at 31 December 1993. Investments were held in 136 different companies (1992: 114)

Mineral extraction	£'000	%
Extractive industries		
Rio Tinto Zinc Grp	1,461	0.95
Western Mining Corp (Aust)	1,290	0.84
English China Clays	1,153	0.75
Broken Hill (Aust)	1,129	0.73
Oil integrated		
Shell T & T	3,053	1.98
British Petroleum	1,922	1.25
Atlantic Richfield (USA)	1,281	0.83
Philips Petroleum (USA)	882	0.57
Oil Exploration & Production		
YPF (Arg)	1,757	1.14
Schlumberger (USA)	999	0.65
General manufacturers		
Building materials & merchants		
Redland	1,169	0.76
Pilkington Bros	1,025	0.67
Pioneer Int (Aust)	854	0.55
Chemicals		
Bayer A G (Ger)	1,416	0.92
Nalco Chemical (USA)	1,267	0.82
BOC Grp	1,010	0.65
Courtaulds	986	0.64
[illegible]	830	0.54
I C I	640	0.41
Diversified industrials		
Swire Pacific (HK)	2,078	1.35
Hutchison Whampoa (HK)	2,021	1.31
BTR	1,536	1.00
3M Co (USA)	1,470	0.95
Harsco (USA)	1,236	0.80
Hanson	1,224	0.79
Cookson Group	1,195	0.78
Powell Duffryn	1,157	0.75
Harrisons & Crosfield	1,021	0.66
TT Group	1,017	0.66
BTR Nylex (Aust)	439	0.28
Electronic & electrical equipment		
Siemens A G (Ger)	1,450	0.94

	£'000	%
General Electric Co (USA)	[illegible]	[illegible]
BICC	1,350	0.88
General Electric	1,294	0.84
Grainger Inc (W W) (USA)	1,244	0.81
[illegible] (USA)	1,133	0.73
GoldPeak Ind (HK)	1,025	0.66
Philips Elec (Neth)	557	0.36
Engineering, general		
Illinois Toolworks (USA)	1,265	0.82
Morgan Crucible	1,117	0.72
Vickers	1,109	0.72
British Aerospace	990	0.64
APV	729	0.47
Engineering, vehicles		
Pep Boys (USA)	1,419	0.92
Lucas Inds	768	0.50
Printing paper & packaging		
Paco Phamaceuticals (U.S.A.)	1,278	0.83
David S. Smith	1,193	0.77
Portals Holdings	1,139	0.74
Textiles & apparel		
Readicut	1,304	0.85
Consumer group		
Brewers		
Bass	1,662	1.08
Whitbread & Co	997	0.65
Scottish & Newcastle	868	0.56
Anheuser Busch (USA)	664	0.43
Spirits, wine & ciders		
Allied-Lyons	1,654	1.07
Grand Met	1,639	1.06
Food manufacturers		
Nestlé (Swiss)	2,247	1.46
Coca Cola Amatil (Aust)	1,649	1.07
Unigate	1,158	0.75
Burns Philip (Aust)	1,096	0.71
Booker	1,063	0.69
Albert Fisher	1,041	0.68

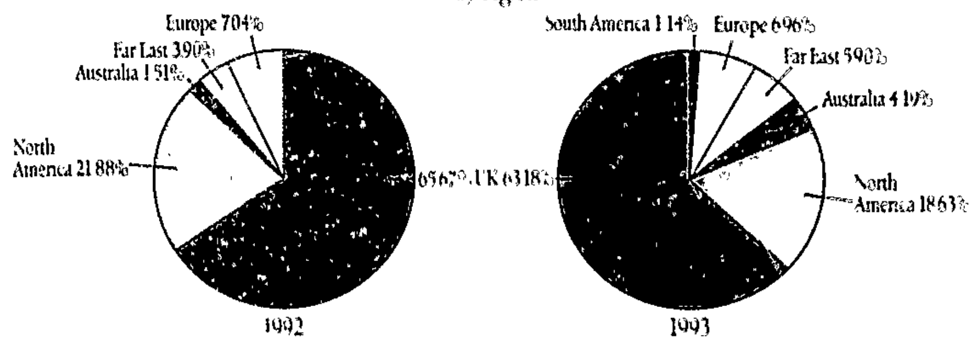
	£000	%
United Biscuits	956	0.62
Northern Foods	954	0.62
Household goods		
American Home Products (USA)	1,225	0.79
Reckitt & Colman	876	0.57
Health care		
Smith & Nephew	1,184	0.77
Baxter International (USA)	906	0.59
London International	621	0.40
Pharmaceuticals		
Glaxo	1,450	0.94
Zeneca	1,429	0.93
Wellcome	1,145	0.74
Smithkline Beecham	955	0.62
Tobacco		
B.A.T Industries	1,425	0.92
Philip Morris (USA)	1,241	0.80
Services		
Leisure & hotels		
Thorn EMI	1,202	0.78
Forte	1,175	0.76
Ladbroke Group	925	0.60
Media		
Elsevier (Neth)	1,522	0.99
United Newspapers	1,297	0.84
Dun & Bradstreet (USA)	1,250	0.81
Retailers, food		
Asda Group	999	0.65
Kwik Save	666	0.43
Sainsbury (J)	358	0.23
Retailers, general		
G.U.S.	1,946	1.26
Boots	1,510	0.98
W.H. Smith Group	1,479	0.96
Sears Holdings	1,403	0.91
Cash America (USA)	1,267	0.82
Support services		
Rollins Inc (USA)	438	0.28
Transport		
P & O	1,292	0.84
Ocean Group	1,195	0.78
Transport Dev Grp	846	0.55

Other services & business	£000	%
Service Corp Int (USA)	1,426	0.93
PHH Group (USA)	1,122	0.73
BET	[illegible]	0.71
Leach Int (USA)	133	[illegible]
Utilities		
Electricity		
Northern Electric	1,804	1.17
Gas distribution		
British Gas	1,912	1.24
Telecommunications		
British Telecom	3,477	2.26
Cable & Wireless	1,574	1.02
U.S. West (USA)	1,240	0.80
B.C.E. (Can)	1,015	0.66
Water		
Severn Trent	1,365	0.89
Financial group		
Banks		
HSBC (HK)	1,632	1.06
Barclays	1,590	1.03
U.B.S. (Swiss)	1,525	0.99
Standard Chartered	1,490	0.97
Nat West Bank	1,488	0.97
Lloyds	1,456	0.94
ABN Amro Bank (Neth)	1,145	0.74
First Union (USA)	976	0.63
Deutsche Bank (Ger)	827	0.54
Insurance		
General Accident	1,164	0.76
Sun Alliance	1,045	0.68
GRE	961	0.62
Willis Corroon	727	0.47
Life assurance		
London & Manchester	1,481	0.96
Prudential Corp	1,444	0.94
Other financial		
M & G Group	1,785	1.16
Gerrard & National	1,193	0.77
Property		
New World Dev (HK)	1,771	1.15
Slough Estates	1,098	0.71
Hammerson	450	0.29
Hong Kong Land (HK)	231	0.15
Investment Trusts		
Berkeley Atlantic (USA)	715	0.46
Tokyo Pacific (HK)	124	0.08

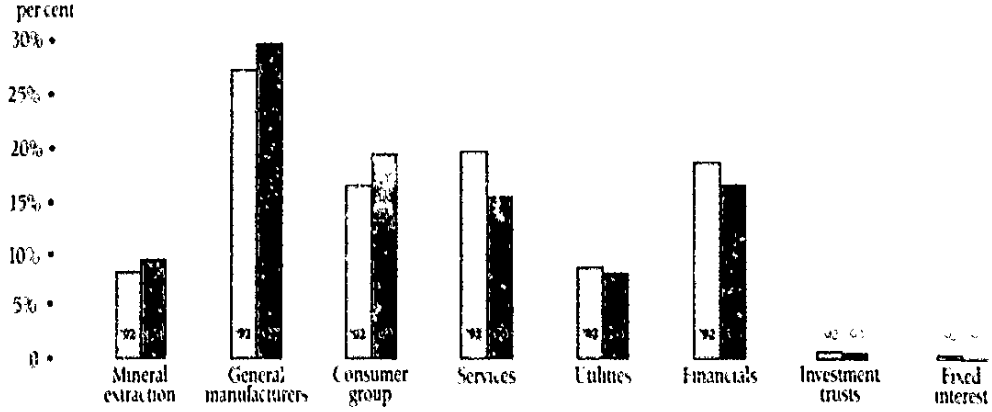
Changes in investments

	Valuation 1992 £'000	Purchases £'000	Sales Proceeds £'000	Appreciation £'000	Valuation 1993 £'000
United Kingdom	78,134	19,531	(22,043)	21,766	97,388
North America	26,040	8,129	(8,103)	2,660	28,726
Europe	8,361	128	(103)	2,344	10,730
Japan & Far East	4,648	787	(1,510)	5,169	9,094
Australia	1,795	4,465	(1,690)	1,889	6,459
South America	–	1,359	–	398	1,757
	118,978	34,399	(33,449)	34,226	154,154

Changes in investments – by region



Changes in investments – by sector



Classification of investments

[illegible] 31 December 1993

	United Kingdom %	North America %	Europe %	Pacific Basin %	Australia %	South America %	Total 1993 £'000	1993 %
Mineral extraction								
Extractive industries	1.70				1.56		5,032	3.26
Oil integrated	3.23	1.40					7,139	4.63
Oil exploration & production		0.65				1.14	2,756	1.79
	4.93	2.05	0.00	0.00	1.56	1.14	14,927	9.68
General manufacturers								
Building materials & merchants	1.42				0.56		3,048	1.98
Chemicals	2.25	0.85	0.89				6,148	3.99
Diversified industrials	4.64	1.76		2.64	0.29		14,387	9.33
Electronic & elect equip	1.72	2.57	1.30	0.66			9,639	6.25
Engineering – general	2.56	0.82					5,212	3.38
Engineering – vehicles	0.50	0.92					2,187	1.42
Printing paper & packaging	1.51	0.83					3,609	2.34
Textiles & apparel	0.85						1,304	0.85
	15.45	7.75	2.19	3.30	0.85	0.00	45,534	29.54
Consumer group								
Breweries	2.29	0.43					4,190	2.72
Spirits, wines & ciders	2.14						3,293	2.14
Food manufacturers	3.36		1.47		1.77		10,164	6.60
Household goods	0.57	0.79					2,101	1.36
Health care	1.17	0.59					2,712	1.76
Pharmaceuticals	3.23						4,979	3.23
Tobacco	0.92	0.80					2,666	1.72
	13.68	2.61	1.47	0.00	1.77	0.00	30,105	19.53
Services								
Leisure & hotels	2.15						3,301	2.15
Media	0.84	0.81	0.99				4,068	2.64
Retailers food	1.31						2,023	1.31
Retailers general	4.11	0.82					7,605	4.93
Support services		0.28					438	0.28
Transport	2.16						3,335	2.16
Other services & business	0.70	1.74		0.01			3,772	2.45
	11.27	3.65	0.99	0.01	0.00	0.00	24,542	15.92
Utilities								
Electricity	1.17						1,804	1.17
Gas	1.24						1,912	1.24
Telecommunications	3.27	1.47					7,307	4.74
Water	0.89						1,365	0.89
	6.57	1.47	0.00	0.00	0.00	0.00	12,388	8.04
Financials								
Banks	3.91	0.64	2.27	1.05			12,128	7.87
Insurance	2.53						3,896	2.53
Life assurance	1.90						2,925	1.90
Other financial	1.94		0.02	0.13			3,226	2.09
Property	1.00			1.30			3,551	2.30
	11.28	0.64	2.29	2.48	0.00	0.00	25,726	16.69
Investment trusts	0.00	0.46	0.02	0.11	0.00	0.00	912	0.59
Fixed interest								
Convertible into equity					0.01		20	0.01
	0.00	0.00	0.00	0.00	0.01	0.00	20	0.01
Total 1993	63.18	18.63	6.96	5.90	4.19	1.14	154,154	100.00
Total 1992	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	–	–

(The above table excludes bank balances and short term deposits.)
† Re-classified

Shareholder information

History and principal activities

The Law Debenture Corporation p.l.c. (the Corporation) was incorporated in London as a financial trust on 12 December 1889. Its share and loan capital is widely held and has always been listed on the London Stock Exchange.

In 1975 the Corporation became an authorised investment trust, and the Corporation's investments are managed by independent fund managers, presently Henderson Touche Remnant Limited.

For over 100 years the Corporation and its subsidiaries (the Group) have acted as corporate trustee for issues of loan capital by corporate, institutional and sovereign borrowers both in the United Kingdom and overseas. Today the Group is the leading independent corporate trustee in the City of London, and acts as trustee of debenture stocks, unsecured loan stocks, eurobonds, unauthorised unit trusts, project financing, repackaging and a wide variety of other types of security. The Group also acts as independent pension fund trustee.

Investment trust status

The Corporation is an investment trust company as defined in section 842(1) of the Income and Corporation Taxes Act 1988. Inland Revenue approval of the Corporation's status has been obtained for the year to 31 December 1992 and the Corporation has subsequently directed its affairs so as to enable it to continue to obtain such approval. So far as the directors are aware, the close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Corporation.

Capital gains tax

To help holders of shares and stocks in the Corporation to calculate their capital gains tax position, the prices of the Corporation's shares and stocks on 31 March 1982, the start of indexation allowance for inflation, were as follows:

	*Ordinary shares	3.85% cumulative preference shares	4½% debenture stock
31 March 1982	77.3p	34.5p	29¼%
31 December 1992	549.0p	53.0p	43.0%
31 December 1993	823.0p	58.0p	50.0%

*Adjusted to reflect a 1 for 1 capitalisation issue in 1982

For those shareholders who have purchased shares through the Law Debenture Share Savings Scheme on a monthly basis, the Inland Revenue has rules for calculating the capital gains tax liability (if any) on the sale of such shares. In addition to the normal statutory basis for calculating the capital gains tax liability, an optional basis has been introduced. The optional basis allows taxpayers to aggregate the cost of the shares purchased monthly through the savings scheme during the Corporation's accounting year and treat them as if they were a single investment made in the seventh month of that year, which in the Corporation's case would be July. In this respect you are advised to keep a separate note of purchases made through the savings scheme since other purchases will not be eligible for the optional basis. Guidance notes prepared by the Association of Investment Trust Companies, which include a question and answer brief, should be read before you make a decision as to whether to opt for the optional basis and these are available free of charge from the company secretary at the registered office.

Share price information

The market price of the ordinary shares is quoted daily in the Financial Times, The Times, The Daily Telegraph, The Guardian, The Independent and the Daily Mail. The Financial Times also provides a daily estimate of net asset value and the discount/premium.

Analysis of ordinary shareholdings

(a) By size of holding

Number of accounts	Per cent of total number of accounts	Size of holding shares	Number of shares	Per cent of ordinary capital
1,168	21.3	1-500	340,863	1.5
1,552	28.3	501-1,000	1,217,659	5.4
2,386	43.6	1,001-5,000	5,135,539	22.6
328	6.0	5,001-50,000	3,584,699	15.8
16	0.3	50,001-100,000	1,209,654	5.3
21	0.4	100,001-500,000	5,473,609	24.1
2	0.0	500,001-1,000,000	1,327,080	5.9
3	0.1	over 1,000,000	4,392,000	19.4
5,476	100.0		22,681,103	100.0

The above table is derived from the registrar's records at 31 December 1993.

(b) By category of shareholder

	Number of shares	Per cent of ordinary capital
Individuals	12,009,178	52.9
Insurance companies	4,518,815	19.9
Investment companies	2,193,904	9.7
Pension funds	2,156,743	9.5
Trust companies	1,020,016	4.5
Public bodies	496,378	2.2
Bank nominees and other	286,069	1.3
	22,681,103	100.0

Financial calendar

Dividend and interest payments

Ordinary shares

Interim announced August	paid October
Final announced March	paid May
Preference shares	paid 1 February and 1 August
4½% debenture stock	paid 1 June and 1 December

Group results

Half year results	Announced in August
Full year results	Announced in March
Report and accounts	Published in March
Annual general meeting	Held in April

Investment services to shareholders

In August 1991 the Corporation in conjunction with the National Westminster Bank Group, launched a package of services to enable investors to build ordinary shareholdings conveniently and economically Three separate methods were made available

- **A personal equity plan**

  For investors seeking a tax efficient method of investing in the shares of the Corporation The Plan Manager is National Westminster Bank Plc

- **A monthly share savings plan**

  Monthly savings from as little as £50 a month with a dividend reinvestment facility, through National Westminster Bank Plc.

- **A postal share dealing service**

  Regular dealings for lump sum investments or sales on preferential commission terms, through NatWest Stockbrokers Limited

Details of the services are available from:

NatWest Stockbrokers Limited
Law Debenture Information
FREEPOST
London E18 BR
(No stamp is required)
Tel. 071 895 5454

National Westminster Bank Plc is a member of IMRO
NatWest Stockbrokers Limited is a member of the London Stock Exchange and of the Securities and Futures Authority.

Please remember that the price of shares and the income from them can fall as well as rise and that you may not recover the amount originally invested This is not a recommendation to buy, hold or sell shares in The Law Debenture Corporation p l.c If you require any advice, you should consult a professional adviser

Statements about taxation are based on current legislation and Inland Revenue practice, which may change The availability and value of any tax reliefs depend on your personal circumstances