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CALEDONIA INVESTMENTS

ANNUAL REPORT
31 MARCH 1994



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GROUP RESULTS IN BRIEF

Cayzer House

	1994	1993
	£m	£m
Operating profit	42.4	36.7
Profit before taxation	45.2	36.0
Shareholders' funds	565.3	464.2
Earnings per share	39.3p	26.1p
Adjusted earnings per share	33.3p	26.9p
Dividends per share	16.2p	15.0p
Net asset value per share	681p	559p

FINANCIAL CALENDAR

Interim report	November
Interim dividend payment	January
Preliminary announcement	June
Annual report	June
Annual general meeting	July
Final dividend payment	August



CALEDONIA INVESTMENTS

COMPANY INFORMATION

Directors

Lord Cayzer (President)^{§†}
Peter N Buckley CA (Chairman and Chief Executive)
Michael G Wyatt MBE (Deputy Chairman)
Sir David Kinloch Bt CA (Deputy Chief Executive)
Jonathan H Cartwright FCA (Finance Director)
Hon Charles W Cayzer
Geoffrey A Adkin FCA^{§†‡}
Joseph Burnett-Stuart^{§†}
Nigel K Cayzer[§]

§ Non-executive

† Member of the Audit Committee

‡ Member of the Remuneration Committee

Secretary and registered office

Graeme P Denison MA ACIS
Cayzer House, 1 Thomas More Street
London E1 9AR

Registrars and transfer office

Barclays Registrars
Bourne House, 34 Beckenham Road
Beckenham, Kent BR3 4TU

Bankers

The Royal Bank of Scotland plc

Solicitors

Freshfields

Auditors

KPMG Peat Marwick

Brokers

Cazenove & Co



CALEDONIA INVESTMENTS

MESSAGE FROM THE PRESIDENT

Lord Rotherwick and I have decided that the time has come to take a step back from the company which we joined as directors in 1951 and 1949 respectively. Sadly Lord Rotherwick's health has dictated his departure from the board but, having retired as Chairman, I shall remain a director and am pleased to have been asked to become President.

In 1949 Caledonia Investments was a small investment company trading under the name of The Foreign Railways Investment Trust. In 1951, under the chairmanship of Lord Rotherwick's father and the skilful financial structuring of Mr J A Thomson, the FRIT scheme was unveiled whereby shares in The Clan Line Steamers were introduced by members of my family in exchange for ordinary shares. At that time the company was in arrears with its preference dividends and as a result the ordinary shares were of little value. After many years of careful nursing these substantial arrears of dividends were extinguished and in the summer of 1960 a full listing was obtained for the ordinary shares by means of a placing in the form of ordinary stock units of 5/- each at 25/- per unit.

Thus 1960 saw the beginning of your company as we know it today. Much happened during that time but essentially the principal investment of the company

remained its near 50% shareholding in The British & Commonwealth Shipping Company through which most of the value was developed. In 1987 the rather sad but important decision was taken to realise the B&C investment, the origin of which arose from those shares in The Clan Line Steamers acquired so many years ago.

Although I would be the last to claim the credit for all that has been achieved since assuming the chairmanship in 1958, it is pleasing to note that, in comparable terms, an ordinary stock unit of 25p with a value of £1.25 in 1960, is now represented by 12.1 ordinary shares of 5p each which valued at, say £7 per share, produces a total of nearly £85. Or put another way, the purchasing power of £1,000 in 1960 requires today to be worth £11,550 to have maintained its value, whereas the same £1,000 invested in Caledonia shares would now have grown to some £68,000, excluding the stream of dividend payments which has risen steadily for 32 of the past 33 years.

Since 1987 much of the activity within the new Caledonia has been led by your new Chairman, Peter Buckley, together with his colleagues. I am confident that they will do everything within their power to continue what is good about your company and strive to see it succeed still further.

Cayzer



CALEDONIA INVESTMENTS

CHAIRMAN'S STATEMENT

Results

Operating profit for the year to 31 March 1994 amounted to £42.4m compared to £35.7m for the previous year. This profit is the highest yet recorded for the group and results in adjusted earnings per share of 33.3p which shows an increase over the previous year of 24%. The board has recommended an increased final dividend of 10.8p making a total for the year of 16.2p which represents an increase of 8% on the previous year. The net asset value per share has risen by 22% over the year from 559p to 681p.

The principal feature of the operating profit is the significant increase in income from interests in associated trading companies which has risen from £12.2m to £23.7m and where Bristow Helicopters and Exco have both made substantially enhanced contributions. The dip in profits from our trading subsidiaries from £3.5m to £1.9m masks useful underlying progress on the trading front and reflects our decision to make valuation and refurbishment provisions involving a charge of £3.7m in the property and services sector.

Profits on the sale of investments and operations less provisions amount to a further £2.8m and relate principally to the surplus on two property transactions and the disposal of the business of Causeway Steel Products. In addition, movements in the valuation of our investments are reflected in the statement of recognised gains and losses and amount to £59.4m. This statement also reflects an increase of £25.8m in our share of the reserve movements of associated companies. These totals have had a significant impact on the value of net assets per share. However there is still an understatement of value in this figure if one takes into account the somewhat

peculiar treatment of goodwill which the accounting bodies oblige us to adopt in respect of acquisitions. For, as has been mentioned previously, we have written off purchased goodwill amounting to over 40p per share in respect of such acquisitions of which only a small proportion could sensibly be justified.

Trading activities

Profit on trading activities which comprises both the results of our subsidiaries and associate company stakes has risen significantly from £15.7m to £25.6m excluding the profit on sale of the Causeway business. A commentary on the main components is made below.

Industrial subsidiaries

Amber Industrial Holdings, the specialty chemicals group in which we have a 75% shareholding, remains the principal contributor under this heading. Following the disposal of the business of its subsidiary Causeway Steel Products in August last year, this group now comprises a number of companies focused on the manufacture and distribution of specialty chemicals with considerable emphasis on silicone products. Its operations are based in the UK and Germany with an associate interest in the USA. Progress during the year under review stems both from management initiatives and economic recovery and is centred on the plant at Bridgwater. The business in Germany has done well to maintain profitability in difficult economic circumstances and further development in Germany and recent expansion into Austria have yet to make a contribution. The existing group is well placed to make further progress and has made two small acquisitions since the year end with others under consideration.



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CHAIRMAN'S STATEMENT

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Edinburgh Crystal which is the leading manufacturer of fine crystal in the United Kingdom has started to benefit from the economic recovery. It is pleasing to be able to report more positive results from this business which also reflect improved production efficiencies

Property and services subsidiaries *Abacus*, the specialised self-storage business, has continued to improve its trade in a slow market. Charge out rates are still well short of the original pre-recession projections and we have taken the decision to revalue the properties necessitating a provision of £3.0m. We have strengthened the management of this business and intend to increase the number of warehouse facilities, which will require further investment but we remain confident of the longer term prospects.

The Sloane Club enjoyed a slightly better year's trading prior to making provision for some of the renovation work which will be carried out at the time of the planned building of the 35 additional bedrooms. The hold-up in starting this project, which will complement the existing 116 rooms and extend the reception rooms, has been frustrating and has delayed an acceptable return from this investment but, following upgrading and refurbishment, the Club will be well placed to take advantage of its niche in the market.

Clan Asset Management has continued to make further progress and *British Empire Securities and General Trust*, the principal investment trust which is managed by Clan, has had an excellent year with performance towards the top of the upper quartile of its peer group. Clan has succeeded in winning further funds to manage during the course of the year and its other managed investment trust, *French Property Trust*, has also

performed well. Steps have also been taken to strengthen management resources and this process will continue in line with building the business.

Associated companies

Bristow Helicopters has seen a healthy improvement in profits for 1993, and an effective 44% share is included for a full twelve months to 31 December 1993 compared to only nine months in the previous year. The contribution included under this heading comprises both our equity profit share less a provision for annual amortisation of goodwill together with the interest which accrues on our holding of loan stock. During the year Bristow took advantage of its especially strong cash flow to advance the repayment of debt, which involved prepayments of £36.5m in addition to scheduled repayments of £9m thereby reducing the net outstanding debt at Bristow's year end to some £79m.

Changing rules within the EU now permit Bristow to operate in Europe and the opportunity has been taken to open an operation in Norway with local partners. However this market liberalisation together with a weaker oil price has brought about much tougher market conditions and we cannot expect to match the 1993 profitability in the current year. Bristow nonetheless is a leader in its field and should continue to give a good account of itself.

Exco has enjoyed a highly successful year with profits rising by 52%. Our 27.4% share is included for a full twelve months to 31 December 1993 compared to seven months in the previous year. Most of the markets in which Exco operates witnessed active trading conditions and this was particularly so in the government securities markets in the UK,



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CHAIRMAN'S STATEMENT

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USA and Canada. The continuing emphasis placed on quality of staff and focusing product areas throughout the group has also contributed to the improved results. Recently the company has announced its intention to seek a listing on the London Stock Exchange, scheduled for July. The current year's trading has got off to a good start and our confidence in Exco's future is underlined by the decision to take the relevant proportion of our entitlement to a pre-flotation dividend, contingent on listing, in the form of additional fully paid shares.

Overall, the profits of *Sterling Industries* have made good progress during the year and particularly so in the Thermal Process division where a strong performance from Australia and the Pacific Rim has more than offset a disappointing result in the UK and an unsurprising down-turn in Germany. Causeway Steel Products which joined this division during the year following its purchase from Amber Industrial Holdings also made a useful contribution. The Hydraulics division made good but more modest progress and a first time profit from the Chicago based subsidiary was especially encouraging. Continuing investment in training and production techniques together with stronger order books form the basis of a promising outlook.

Investments

Income from investments has increased by £2.3m to £15.2m reflecting dividend improvements from a number of our holdings together with the interest receipts from our overseas currency deposits and rental income for six months from the St Botolph's property investment. Net interest receipts have fallen from £11.0m to £5.0m mainly as a consequence of lower interest rates but also

because of the continuing reduction in our sterling deposits as investment opportunities have been taken up. Nonetheless at 31 March 1994 we still held net cash and currency deposits of some £60m after allowing for post year end investment, aside from portfolio investments of about £55m which we consider to be of a non-strategic nature. We are therefore still extremely well placed to contemplate further strategic investments.

Our two major investment trust stakes are accounted for as associate companies which means that any discount applying to the value of the underlying investments through the share price of the investment trusts is eliminated on consolidation into our figures. A commentary on each trust is set out below. I also comment on our larger special investments which are differentiated by our links with management and a closer understanding of the business. The latter are listed in order of size as at the year end.

Associated companies

Our 30% stake in *English & Scottish Investors*, a listed investment trust, remains our largest single holding with a carrying value of some £69m based on its year end at 31 January. The performance of this trust remains at the upper end of its peer group and net asset value rose by 30% during its financial year. In August last year advantage was taken of the lower long term interest rates to restore the level of gearing which had been established at the time of an earlier debenture issue in 1989. Accordingly £25m was raised by means of a 30 year debenture with an 8.25% interest coupon.

British Empire Securities and General Trust, where we have increased our shareholding to 20% during the year and which is managed by



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CHAIRMAN'S STATEMENT

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our subsidiary Clan Asset Management, has enjoyed an extremely successful year with an improvement in shareholder funds of 53% bringing the carrying value of our holding to £24.9m based on its year end of 30 September. In October last year British Empire also took advantage of the lower long term interest rates and raised a £15m 30 year debenture with an 8.125% interest coupon.

Special Investments

Close Brothers Group, the independent merchant banking group in which we continue to hold a near 23% shareholding worth some £51m, has continued to produce excellent results. The advance in profits before taxation of 35% for its year to 31 July 1993 has been eclipsed by the increase in its figures for the half year to 31 January 1994 of 147%. A conspicuous feature has been the contribution from *Winterlood Securities*, the smaller companies market making operation, acquired in April 1993 at a time when this sector was out of fashion. However it is also encouraging to note from the interim statement that the directors consider prospects to be bright and that the traditional businesses in the group contributed a profits increase of 45%. Whilst the *Winterlood* figures will inevitably be affected by the level of dealing volumes in smaller company shares, the profits of the traditional businesses are not boosted by dealing profits so often found in the other merchant bank figures. The management are to be congratulated on such a fine performance.

Société Générale de Surveillance Holding SA, the worldwide Geneva based inspection and loss adjusting group, has had another satisfactory year despite the absence of currency gains. Some cost has attached to restructuring the poorly performing parts of

the group and management has been re-focused at the centre. In due course this should lead to improved performance given the group's comprehensive global coverage and strong market position.

The Vaux Group has found conditions difficult in its traditional brewing and inns business, mainly as a result of industry overcapacity and the effects of the sluggish UK economy. However, *Swallow Hotels* recorded improved results and *St Andrews Homes care homes* division continued its successful expansion.

Wallem, the Hong Kong based shipping services business recorded a good result although the extreme inflationary pressures in Hong Kong are adversely affecting its trading performance. During 1993 *Wallem*, in joint venture with others, purchased two handy-size bulkcarriers and a further build-up of its shipowning activities is planned.

The Telegraph has continued to make good progress and has started to benefit from the upturn in the economy. This improved performance may be tempered by the cost of facing the competition but the stronger franchise of *The Telegraph* should help to maintain its lead. Stakes are also held in leading overseas newspaper groups. *Fairfax* in Australia has shown a significantly increased contribution since *The Telegraph* became involved and in due course good progress is expected from *Southam* in Canada.

London Forfulting reported increased profits for the year to 31 December but has since signalled some setback from its Eurobond portfolio when US interest rates turned up in the early part of this year. In the medium term



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CHAIRMAN'S STATEMENT

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however this group should benefit from its increasing worldwide coverage.

Radio Investments, where we increased our shareholding to over 41% during the year, had a successful year with its asset value increasing by 93%. Apart from its 9% shareholding in Capital Radio, it has a broadly based portfolio of quoted and unquoted stakes in the UK radio sector.

A small investment in *Bloomsbury Publishing* made as a founder shareholder back in 1986 has recently shown its worth following the recent decision to obtain a stock market listing. We look forward to its continued progress in a competitive sector.

Investment properties

St Lawrence Properties, a small property owning and management subsidiary has been responsible for a large proportion of the profit of £2.6m on sale of investments. This related to a realisation of a small retail portfolio and to Caledonia's Exeter office development referred to last year. Reference was also made to St Botolph's House in the City which was acquired in September. The property is fully let, predominantly to British Telecom, on a long lease yielding in excess of 10%.

Recent acquisitions

Sun International Investments Ltd ("SIL"). In October of last year we announced the conditional acquisition of a 33.3% interest in SIL for US\$44m. The investment comprised the acquisition of resort and leisure interests in Mauritius and France together with related management contracts. The condition on acquisition related to the completion of the purchase by SIL of a 60% interest in the Resorts International business on Paradise Island in the Bahamas. This comprises three

resort hotels with over 1300 rooms and a golf course with related leisure and resort facilities together with 180 acres of undeveloped, mostly beach-front, land. I am pleased to report that US Court approval for the acquisition was granted on 3 May and completion of this investment has now taken place.

Work has already commenced on the planned \$100m investment to improve substantially the amenities on Paradise Island and it has now been decided to increase the expenditure to \$125m to incorporate additional features. This is only a first phase, due for completion in December, in the longer term development of Paradise Island which promises to be most exciting. Trading in recent months has been in line with or ahead of expectations but given the upheaval of the development the results in the forthcoming year will not fully reflect the future potential.

We are delighted to renew our association with the two other equal partners in this venture—Safmarine and Rennie Holdings Limited ("Safren") and World Leisure Group Limited which represents the interests of Mr Sol Kerzner. Safren is the largest shipping and leisure group in southern Africa and, together with World Leisure Group, has built and operates numerous highly successful resort activities including Sun City and, more recently, The Lost City near Johannesburg.

Board of directors

Earlier this year Lord Cayzer announced his intention to retire as Chairman at the end of the financial year after 36 years at the helm. Lord Rotherwick also decided to retire as a director at the same time. This marks the passing of a near 45 year span during most of which the four Cayzer cousins—Lord Cayzer



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CHAIRMAN'S STATEMENT

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and his late brother Bernard, together with Lord Rotherwick and his late brother Anthony—have presided over the affairs of Caledonia. Lord Cayzer, who has agreed to become the President and will remain a director, has written a short account of the Caledonia story. I think this says everything about the successful and prudent stewardship which he and Lord Rotherwick have brought to the business and on behalf of the shareholders I would like to thank them very sincerely for their remarkable contribution to the outstanding success of Caledonia over all these years.

It now falls to the next and fourth generation to join in taking the business forward. In addition to myself, the family is still represented by Charles Cayzer and Michael Wyatt, who has been appointed Deputy Chairman. Seven years ago Caledonia had no direct employees and much has been done since then to assemble a management team to handle and progress the Group's affairs. Foremost among them is David Kinloch who has been appointed Deputy Chief Executive. On your behalf I should like to thank them, together with all those in the Group, for the valued part which they have played in another successful year.

Outlook

It is pleasing to witness a gradual improvement in the economy of this country and it is perhaps for the best that conditions are not improving too rapidly. It is sad however that the Government has suffered in recent times from a number of questionable decisions which renders them prey to the mockery of the media and, in all too many cases, their own supporters. A steadier performance is essential if the present Government is to remain in power which is desirable if we are to maintain an adequate brake on the centralising tendencies of the European Union. The effects of centralist thinking and over-regulation are already a danger in Britain without the burden of overlay from Brussels and we shall do well to remember this if we are to remain competitive in the world.

Our group of trading subsidiaries, associates and investment stakes leave us, on the whole, well placed to continue to benefit from continuing economic improvement. With our substantial liquid resources we remain in a strong position to take advantage of sensible opportunities where we still attach considerable importance to the longer term and the relationship with sound management. We shall continue to do our utmost to enhance the value of our business.

Peter Buckley



CALEDONIA INVESTMENTS

DIRECTORS' REPORT

The directors present their report and the group financial statements for the year ended 31 March 1994.

Principal activities and results

Caledonia Investments is a diversified trading and investment company. A review of the activities of the company and its operating subsidiaries, together with the results for the year, are given in the Chairman's statement, which should be regarded as part of this report.

Annual general meeting

Notice of the 1994 annual general meeting on pages 40 and 41 contains three items of special business.

Under resolution 5, shareholders' approval will be sought to renew the company's power to purchase its own ordinary shares given to it at the annual general meeting held on 28 July 1993. If this resolution is passed, it will empower the company to purchase up to 12,000,000 ordinary shares (being 14.45% of the company's issued share capital as at 23 June 1994) at a price not more than 5% greater than the average of the middle market quotations for such ordinary shares during the ten business days preceding any such purchase. The authority will expire on 1 January 1996 or, if earlier, at the conclusion of the next annual general meeting of the company.

Resolution 6 will be proposed to renew the authority granted in July 1993 to allot unissued shares of the company, up to a nominal amount of £1,300,000. The authority, if granted, will last until the next annual general meeting.

In addition, resolution 7 seeks to renew, for the same period, the directors' flexibility to

issue shares for cash other than strictly pro rata to existing shareholders. This authority will be limited to a nominal amount of £207,650 which represents 5% of the issued share capital as at 23 June 1994.

The directors will comply with the guidelines of the Investment Protection Committees that no more than 7.5% of the issued share capital should be allotted for cash on a non-pre-emptive basis in any three year period.

Directors and their interests

The directors of the company are shown on page 2. All of the directors served throughout the year. Lord Rotherwick resigned as a director on 31 March 1994.

Mr P N Buckley, Hon C W Cayzer and Mr G A Adkin retire by rotation and, being eligible, offer themselves for re-election. None of the directors proposed for re-election has a contract of service which cannot be determined within one year.

The interests of the directors and their families in the share capital of the group are shown in note 29 to the financial statements.

No director had any material interest during the year in any contract of significance with the company or its subsidiaries.

Independent non-executive directors

Lord Cayzer has been a director of the company since 1949 and was Chairman from 1958 until March 1994. He is also a director of The Cayzer Trust Company Ltd.

Mr G A Adkin, a chartered accountant, has been a director of the company since 1970. He is non-executive chairman of J N Nichols (Vimto) PLC, and a director of several other companies.



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DIRECTORS' REPORT

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Mr N K Cayzer was appointed a director of the company in 1988. He is also chairman of Oriel Group plc, and a director of several other companies.

Mr J Burnett-Stuart was appointed a director of the company in 1990. He is a non-executive director of Macdonald Martin Distillers plc, The Fleming Japanese Investment Trust PLC, Aberdeen Trust PLC and was formerly chairman of Robert Fleming Holdings Ltd.

Substantial Interests

The company has been notified of the following interests amounting to 3% or more of the issued ordinary share capital as at 23 June 1994:

The Cayzer Trust Company Ltd	36.8%*
Sterling Industries PLC	9.7%*
The Equitable Life Assurance Society	7.5%
British Rail Pension Trustees Co Ltd	6.1%
Prudential Corporation	
group of companies	3.3%

* The interest of Sterling Industries PLC is also included in that of The Cayzer Trust Company Ltd.

The company has also been advised of an interest of 11.0% held by S G Warburg Group plc, which includes an interest of 10.9% held by its subsidiary, Mercury Asset Management plc, arising through discretionary fund management arrangements.

Corporate Governance

The company has complied with all applicable provisions of the Cadbury Code of Best Practice throughout the year other than as referred to below.

On 23 June 1993 the Board established an Audit Committee which consists of only two non-executive directors. The board considers that this is sufficient to ensure the integrity of the company's financial reporting and controls. The membership of the Committee, together with that of the Remuneration Committee, is shown on page 2.

The Board has always reserved to itself decisions on material transactions, and a formal schedule of such matters was adopted on 16 March 1994. On the same date, the Board resolved that the re-appointment of non-executive directors would be for a specified term and that a Nomination Committee would be established when necessary to consider these appointments.

The auditors, KPMG Peat Marwick, have confirmed to the directors that this statement appropriately reflects the company's compliance with the Code of Best Practice in so far as it relates to the paragraphs of the Code which the London Stock Exchange have specified for their review.

Charitable and political contributions

During the year, charitable and political contributions amounted to £67,000 and £56,000 respectively. The political contribution was made to the Conservative Party.

Employees

Group companies are encouraged to develop their own consultative policies. These include regular meetings held between local management and employees to allow a free flow of information and ideas.

The group gives full and fair consideration to applications for employment from disabled persons, having regard to their aptitudes and



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DIRECTORS' REPORT

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abilities. Group companies make every effort to treat disabled persons equally with others.

Tax status

So far as the directors are aware, the close company provisions of the Income and

Corporation Taxes Act 1988 do not apply to the company.

Auditors

A resolution to re-appoint KPMG Peat Marwick as auditors of the company will be proposed at the annual general meeting.

By order of the board

G P Denison

Secretary

23 June 1994

DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS

The directors are required by law to prepare financial statements which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss for the year then ended. The financial statements are required to be prepared on a going concern basis unless this is inappropriate. The directors are also responsible for ensuring that proper and adequate accounting records have been maintained, and that reasonable procedures have been followed for safeguarding the assets of the group and for preventing and detecting fraud and other irregularities. Appropriate accounting policies, which comply with accounting standards and generally accepted accounting practice and are explained in the notes to the financial statements, have been applied consistently. In addition, reasonable and prudent judgements and estimates have been used in the preparation of the financial statements.



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AUDITORS' REPORT

To the members of Caledonia Investments plc

We have audited the financial statements on pages 14 to 38.

Respective responsibilities of directors and auditors

As described on page 12, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 March 1994 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick

KPMG Peat Marwick

Chartered Accountants

Registered Auditors

London

23 June 1994



CALEDONIA INVESTMENTS

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 1994

	Note	1994 £m	1993 £m
Turnover	2	<u>51.0</u>	<u>47.5</u>
Group trading profit		1.9	3.5
Income from interests in associated trading companies		<u>23.7</u>	<u>12.2</u>
Profit on trading activities		25.6	15.7
Income from investments	3	15.2	12.9
Net interest receivable	4	5.0	11.0
Group overheads		<u>(3.4)</u>	<u>(2.9)</u>
Operating profit	5	42.4	36.7
Profit on disposal of operations		0.7	—
Profit on sale of investments		2.6	(0.7)
Provision against investments		<u>(0.5)</u>	<u>—</u>
Profit on ordinary activities before taxation	6	45.2	36.0
Tax on profit on ordinary activities	8	<u>(11.4)</u>	<u>(12.9)</u>
Profit on ordinary activities after taxation		33.8	23.1
Minority interests		<u>(1.1)</u>	<u>(0.6)</u>
Profit for the financial year	9	32.7	22.5
Dividends	10	<u>(13.5)</u>	<u>(12.5)</u>
Profit retained for the financial year		<u>19.2</u>	<u>10.0</u>
Earnings per share	11	39.3p	26.1p
Adjusted earnings per share	11	33.3p	26.9p
Dividends per share	10	16.2p	15.0p

The notes on pages 19 to 38 form part of these financial statements.



CALEDONIA INVESTMENTS

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 MARCH 1994

	1994 £m	1993 £m
Profit for the financial year	<u>32.7</u>	<u>22.5</u>
Unrealised gains and losses on investments	59.4	37.6
Taxation on investment sales	(5.0)	—
Minority interests	—	(0.4)
Exchange difference on foreign currency net investments	(0.5)	4.2
Share of reserve movements of associated companies	<u>25.8</u>	<u>11.0</u>
Other recognised gains and losses	<u>79.7</u>	<u>52.4</u>
Total recognised gains and losses	<u>112.4</u>	<u>74.9</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

FOR THE YEAR ENDED 31 MARCH 1994

Reported profit on ordinary activities before taxation	45.2	36.0
Realisation of investment revaluation gains	<u>9.2</u>	<u>72.1</u>
Historical cost profit on ordinary activities before taxation	<u>54.4</u>	<u>108.1</u>
Historical cost profit retained for the financial year	<u>23.4</u>	<u>82.1</u>

GROUP RECONCILIATION OF SHAREHOLDERS' FUNDS

AT 31 MARCH 1994

Profit for the financial year	32.7	22.5
Dividends	<u>(13.5)</u>	<u>(12.5)</u>
	19.2	10.0
Other recognised gains and losses	79.7	52.4
Goodwill net on acquisitions	3.8	(2.3)
Goodwill written back on disposal	—	1.3
Purchase of own shares	—	(33.0)
Shares issued	0.1	—
Share of goodwill movements of associated companies	<u>(1.7)</u>	<u>—</u>
Net movement in shareholders' funds	101.1	28.4
Opening balance of shareholders' funds	<u>464.2</u>	<u>435.8</u>
Closing balance of shareholders' funds	<u>565.3</u>	<u>464.2</u>

The notes on pages 19 to 38 form part of these financial statements.



CALEDONIA INVESTMENTS

GROUP BALANCE SHEET

AT 31 MARCH 1994

	Note	1994 £m	1993 £m
Fixed assets			
Tangible assets	12	35.5	38.5
Investments	13	518.2	374.1
		<u>553.7</u>	<u>412.6</u>
Current assets			
Stocks	14	13.3	13.3
Debtors	15	17.8	16.0
Short term deposits		45.2	88.1
Cash at bank and in hand		14.0	10.9
		<u>90.3</u>	<u>128.3</u>
Creditors			
Amounts falling due within one year	16	(32.3)	(34.1)
Net current assets		<u>58.0</u>	<u>94.2</u>
Total assets less current liabilities		611.7	506.8
Creditors			
Amounts falling due after more than one year	17	(21.5)	(20.9)
Provision for liabilities and charges			
Deferred taxation	19	(21.7)	(18.8)
		<u>568.5</u>	<u>467.1</u>
Minority interests		(3.2)	(2.9)
		<u>565.3</u>	<u>464.2</u>
Capital and reserves			
Called up share capital	20	4.1	4.1
Share premium account	21	0.1	—
Capital redemption reserve	21	0.7	0.7
Revaluation reserve	21	126.3	59.3
Profit and loss account	21	434.1	400.1
Shareholders' funds		<u>565.3</u>	<u>464.2</u>
Net asset value per share		681p	559p

Approved by the board
P N Buckley
J H Cartwright
Directors
23 June 1994

P. N. Buckley
J. H. Cartwright

The notes on pages 19 to 38 form part of these financial statements.



CALEDONIA INVESTMENTS

GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 1994

	Note	1994 £m	1993 £m
Net cash flow from operating activities	22	<u>27.9</u>	<u>41.3</u>
<i>Returns on investments and servicing of finance</i>			
Dividends paid		(12.8)	(13.0)
Dividends paid to minority shareholders		<u>(0.2)</u>	<u>(0.2)</u>
Net cash flow from returns on investments and servicing of finance		<u>(13.0)</u>	<u>(13.2)</u>
<i>Taxation</i>			
Corporation tax paid		(7.1)	(8.8)
Overseas tax paid		<u>(0.7)</u>	<u>(0.7)</u>
Tax paid		<u>(7.8)</u>	<u>(9.5)</u>
<i>Investing activities</i>			
Purchase of investments		(119.6)	(90.6)
Sale of investments		68.4	149.4
Investment in associated company		(0.3)	(20.6)
Loan to associated company repaid		5.0	0.1
Purchase of subsidiary company		(0.5)	(1.7)
Sale of business		1.2	—
Liquidation of a subsidiary company		—	(3.3)
Purchase of tangible fixed assets		(2.4)	(3.3)
Sale of tangible fixed assets		0.2	0.1
Placing of term deposits		—	(15.1)
Return of term deposits		<u>5.1</u>	<u>32.2</u>
Net cash flow from investing activities		<u>(42.9)</u>	<u>47.2</u>
Net cash flow before financing		<u>(35.8)</u>	<u>65.8</u>
<i>Financing</i>			
Issue of shares		(0.1)	—
Purchase of own shares		—	33.0
New long term loans		(0.3)	—
Repayment of long term loans		<u>1.3</u>	<u>—</u>
Net cash flow from financing	23	<u>0.9</u>	<u>33.0</u>
Movement in cash and cash equivalents	24	<u>(36.7)</u>	<u>32.8</u>
		<u>(35.8)</u>	<u>65.8</u>

The notes on pages 19 to 38 form part of these financial statements.



CALEDONIA INVESTMENTS

COMPANY BALANCE SHEET

AT 31 MARCH 1994

	Note	1994 £m	1993 £m
Fixed assets			
Tangible assets	12	3.4	3.5
Investments	13	520.2	411.8
		<u>523.6</u>	<u>415.3</u>
Current assets			
Debtors	15	50.9	30.8
Short term deposits		44.0	81.9
Cash at bank and in hand		—	1.8
		<u>94.9</u>	<u>114.5</u>
Creditors			
Amounts falling due within one year	16	(29.4)	(27.0)
Net current assets		<u>65.5</u>	<u>87.5</u>
Total assets less current liabilities		589.1	502.8
Creditors			
Amounts falling due after more than one year	17	(21.1)	(20.1)
Provision for liabilities and charges			
Deferred taxation	19	(21.4)	(18.6)
		<u>546.6</u>	<u>464.1</u>
Capital and reserves			
Called up share capital	20	4.1	4.1
Share premium account	21	0.1	—
Capital redemption reserve	21	0.7	0.7
Revaluation reserve	21	132.4	59.8
Profit and loss account	21	409.3	399.5
Shareholders' funds		<u>546.6</u>	<u>464.1</u>

Approved by the board
P N Buckley
J H Cartwright
Directors
23 June 1994

P. N. Buckley
J. H. Cartwright

The notes on pages 19 to 38 form part of these financial statements.



CALEDONIA INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost basis of accounting modified to include certain fixed asset investments at valuation, and in accordance with applicable accounting standards.

All incorporated subsidiary and associated undertakings are referred to as companies throughout these financial statements.

Basis of consolidation

The group financial statements are a consolidation of the financial statements of the company and all its subsidiary companies, drawn up to 31 March, except Edinburgh Crystal Glass Co Ltd which prepared its accounts for the 53 weeks to 2 April 1994. In the view of the directors, to require Edinburgh Crystal Glass Co Ltd to prepare its accounts to 31 March would incur considerable expense and delay.

No profit and loss account is presented for the company as permitted by section 230 of the Companies Act 1985.

The results of subsidiary companies acquired or sold during the year are included in the financial statements from the date of acquisition or to the date of sale. On acquisition, the purchase consideration is allocated over assessed fair values of net assets and goodwill. On sale, goodwill purchased at the time of acquisition and set off directly against reserves is written back to calculate the profit or loss on sale.

Companies, other than subsidiary companies, in which the group has a substantial long term interest and over which it exercises significant influence, are treated as associated companies. The group financial statements include the appropriate share of the results and reserves of associated companies, based on their financial statements for the accounting periods ended not more than six months before the balance sheet date.

Goodwill

Depending on the circumstances of each acquisition, purchased goodwill is either set off directly against reserves or amortised through the profit and loss account over the directors' estimate of its useful life.

Fixed asset investments

Fixed asset investments, other than associated companies, are stated at valuation. Listed investments are valued at market prices at the balance sheet date. Other investments are valued at market prices at the balance sheet date where an organised market exists, or by the directors based on dealing prices, stockbrokers' valuations, net asset values or other information as appropriate.

Associated companies are stated in the balance sheet of the group at the group's share of net assets, adjusted where appropriate.

Subsidiary and unquoted associated companies are stated in the balance sheet of the company at cost, less adjustments for permanent diminution in value.

Profits and losses on the sale of fixed asset investments, being sale proceeds less carrying value, together with provisions for permanent diminution in the value of investments, are taken to the profit and loss account.

Income from fixed asset investments

Dividends and other income from investments are recognised in the profit and loss account when they become receivable. Interest and fixed rate dividends are recognised on an accruals basis and dividends on equity securities are recognised when they are declared or, in the case of quoted securities, on the ex-dividend date. Dividends from United Kingdom resident companies include related tax credits.



CALEDONIA INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

1. Accounting policies (continued)

Depreciation

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

Freehold and leasehold properties	50 years or the period of lease if shorter
Plant and machinery	5 to 20 years
Fixtures, fittings and equipment	4 to 10 years

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis and includes production overheads as appropriate. Net realisable value is the estimated price at which stocks can be sold in the normal course of business, after allowing for all further costs of completion and sale.

Taxation

The group does not take benefit of deductions subject to uncertainty or reflect contingent assets until, in each case, agreement has been reached with the relevant tax authorities.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the foreseeable future, calculated at the rate at which it is estimated tax will be payable.

Foreign currencies

Assets, liabilities and results of overseas subsidiary and associated companies are translated to sterling at the rates of exchange ruling at the balance sheet date. Exchange differences arising on retranslating opening net assets are taken directly to reserves. All other translation differences are taken to the profit and loss account, with the exception of differences on the revaluation of fixed asset investments denominated in foreign currencies, which are taken directly to reserves.

Leasing commitments

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

Pensions

The group principally operates defined benefits pension schemes in the United Kingdom and Germany. Contributions to the funds are charged to the profit and loss account so as to spread the cost of pensions over the working lives of the employees within the schemes.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

2. Turnover and segmental analysis

Turnover represents the amounts derived from the provision of goods and services which fall within the group's ordinary activities, stated net of value added tax.

Turnover by geographical market was as follows:

	1994 £m	1993 £m
United Kingdom	40.0	36.5
Germany	8.2	7.9
Rest of Europe	1.1	1.3
North America	0.5	0.7
Other countries	1.2	1.1
	<u>51.0</u>	<u>47.5</u>

Turnover, group profit on ordinary activities before tax and net assets are analysed as follows:

By class of business

	Turnover		Profit before tax		Net assets	
	1994 £m	1993 £m	1994 £m	1993 £m	1994 £m	1993 £m
<i>Industrial</i>						
Continuing operations	43.4	41.6	3.7	2.7	17.8	18.1
Share of trading associates	—	—	1.4	1.1	18.8	14.2
Sale of operations	—	—	0.7	—	—	—
	<u>43.4</u>	<u>41.6</u>	<u>5.8</u>	<u>3.8</u>	<u>36.6</u>	<u>32.3</u>
<i>Property and services</i>						
Before exceptional items	7.6	5.9	1.9	0.8	27.7	31.1
Exceptional items (note 6)	—	—	(3.7)	—	—	—
Continuing operations	7.6	5.9	(1.8)	0.8	27.7	31.1
Share of trading associates	—	—	22.3	11.1	39.1	34.7
	<u>7.6</u>	<u>5.9</u>	<u>20.5</u>	<u>11.9</u>	<u>66.8</u>	<u>65.8</u>
<i>Investment</i>						
Continuing operations	—	—	16.8	21.0	507.1	409.0
Sales and provisions	—	—	2.1	(0.7)	—	—
	<u>—</u>	<u>—</u>	<u>18.9</u>	<u>20.3</u>	<u>507.1</u>	<u>409.0</u>
Segment total	<u>51.0</u>	<u>47.5</u>	<u>45.2</u>	<u>36.0</u>	<u>610.5</u>	<u>507.1</u>
Unallocated net assets					(42.0)	(40.0)
					<u>568.5</u>	<u>467.1</u>

Unallocated net assets comprise non-operating assets less non-operating liabilities.

By geographical area

Substantially all of the group's turnover, profit before taxation and operating net assets are derived from businesses located in Europe.

In the opinion of the directors, to analyse the share of the profit before tax of the trading associates between geographical areas would be prejudicial to the business of the associates.



CALEDONIA INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

3. Income from investments

	1994 £m	1993 £m
<i>Income from other fixed asset investments</i>		
Listed on the London Stock Exchange	5.2	5.6
Rental income from property investments	2.3	1.0
Other investments	6.8	5.0
	<u>14.3</u>	<u>11.6</u>
Income from interests in associated investment companies	0.9	1.3
	<u>15.2</u>	<u>12.9</u>

4. Net interest receivable

	1994 £m	1993 £m
Interest receivable	5.2	11.3
<i>Interest payable</i>		
Loans and bank overdrafts wholly repayable within five years	(0.2)	(0.2)
Other loans	—	(0.1)
	<u>5.0</u>	<u>11.0</u>

5. Operating profit

The aggregate results of the continuing operations are as follows:

	1994 £m	1993 £m
Turnover	51.0	47.5
Change in stocks	0.1	(0.8)
Other operating income	0.4	0.4
Raw materials	(15.7)	(13.9)
Staff costs	(14.4)	(14.3)
Depreciation	(1.7)	(2.1)
Property provision (note 6)	(3.0)	—
Other operating charges	(14.8)	(13.3)
Group trading profit	1.9	3.5
Share of trading associates	23.7	12.2
Income from investments	15.2	12.9
Net interest receivable	5.0	11.0
Group overheads	(3.4)	(2.9)
Operating profit	<u>42.4</u>	<u>36.7</u>

There were no material acquisitions or discontinued operations during the year, nor in the previous year.

Group overheads represent the expenses incurred in managing the group's investments, and include staff costs of £2.0m (1993 - £1.6m) and depreciation of £0.2m (1993 - £0.4m).



CALEDONIA INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

6. Profit on ordinary activities before taxation

Profit is stated after the following:

	1994 £m	1993 £m
<i>Charges</i>		
Auditors' remuneration – Audit services	0.1	0.1
– Non-audit services	0.1	0.1
Depreciation of owned fixed assets	1.9	2.5
Operating lease rentals – Plant and machinery	0.2	0.1
– Other (mainly properties)	0.9	0.9
Exceptional items – Provision for permanent diminution in the value of properties	3.0	—
– Provision for property dilapidations	0.7	—
<i>Credits</i>		
Net rental income from land	2.5	1.5
Exchange difference	—	0.2
	<u> </u>	<u> </u>

7. Staff costs

	1994 £m	1993 £m
Wages and salaries	14.3	14.0
Social security costs	1.4	1.4
Other pension costs	0.7	0.5
	<u>16.4</u>	<u>15.9</u>

The average number of employees during the year (including executive directors) was as follows:

	No	No
Trading activities	996	1,058
Holding company	32	30
	<u>1,028</u>	<u>1,088</u>

8. Tax on profit on ordinary activities

	1994 £m	1993 £m
<i>Based on the profit for the year</i>		
Corporation tax at 33%	5.2	5.3
Tax credits on franked investment income	1.1	1.5
Deferred taxation	0.7	(0.2)
Double taxation relief	(0.6)	(0.5)
Overseas taxation	1.1	1.1
	<u>7.5</u>	<u>7.7</u>
<i>Adjustments relating to previous years</i>		
Corporation tax	(1.4)	—
Deferred taxation	(2.2)	—
	<u>3.9</u>	<u>7.7</u>
Associated companies	7.5	5.2
	<u>11.4</u>	<u>12.9</u>



CALEDONIA INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

9. Profit for the financial year

The profit dealt with in the accounts of Caledonia Investments plc was £20.3m (1993 – £10.7m).

10. Dividends

	1994 £m	1993 £m
<i>Ordinary</i>		
Interim of 5.4p paid (1993 – 5.0p)	4.5	4.2
Final of 10.8p proposed (1993 – 10.0p)	<u>9.0</u>	<u>8.3</u>
	<u>13.5</u>	<u>12.5</u>

The proposed final dividend will be payable on 10 August 1994 to shareholders on the register at the close of business on 14 July 1994.

11. Earnings per share

The calculation of earnings per ordinary share of 5p is based on the profit for the financial year after deduction of minority interests, amounting to £32.7m (1993 – £22.5m), and on the 83,050,045 weighted average number of shares in issue during the year (1993 – 86,229,612). It is considered that the exercise of the share options referred to in note 20 will not result in any material dilution of earnings per share.

The adjusted earnings per share is calculated as a measure of the group's earnings excluding sale of operations and investment sales and provisions, net of any tax adjustments. This is considered to provide a more consistent indication of underlying operating performance.

The adjusted earnings per share are reconciled as follows:

	1994 pence	1993 pence
Earnings per share	39.3	26.1
<i>Adjustments</i>		
Profit on sale of operations	(0.8)	—
Profit on sale of investments	(5.6)	0.8
Provision against investments	<u>0.4</u>	<u>—</u>
Adjusted earnings per share	<u>33.3</u>	<u>26.9</u>



CALEDONIA INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

12. Tangible fixed assets

The group

	Land and buildings £m	Plant and machinery £m	Fixtures fittings and equipment £m	Assets in course of con:struction £m	Total £m
<i>Cost</i>					
Opening balance	35.4	5.4	4.1	0.5	45.4
Exchange difference	(0.1)	—	—	—	(0.1)
Additions	0.1	0.6	0.8	0.9	2.4
Reclassifications	(0.1)	0.7	—	(0.6)	—
Disposals	(0.1)	(0.2)	(0.3)	—	(0.6)
Operations sold	(0.1)	(0.3)	(0.2)	—	(0.6)
Closing balance	<u>35.1</u>	<u>6.2</u>	<u>4.4</u>	<u>0.8</u>	<u>46.5</u>
<i>Depreciation</i>					
Opening balance	2.0	2.6	2.3	—	6.9
Charge for the year	0.6	0.6	0.7	—	1.9
Provision	3.0	—	—	—	3.0
Reclassifications	(0.1)	0.1	—	—	—
Disposals	(0.1)	(0.1)	(0.2)	—	(0.4)
Operations sold	—	(0.2)	(0.2)	—	(0.4)
Closing balance	<u>5.4</u>	<u>3.0</u>	<u>2.6</u>	<u>—</u>	<u>11.0</u>
Opening net book value	<u>33.4</u>	<u>2.8</u>	<u>1.8</u>	<u>0.5</u>	<u>38.5</u>
Closing net book value	<u>29.7</u>	<u>3.2</u>	<u>1.8</u>	<u>0.8</u>	<u>35.5</u>

The company

	Land and buildings £m	Fixtures fittings and equipment £m	Total £m
<i>Cost</i>			
Opening balance	3.6	1.1	4.7
Additions	—	0.1	0.1
Disposals	(0.1)	(0.1)	(0.2)
Closing balance	<u>3.5</u>	<u>1.1</u>	<u>4.6</u>
<i>Depreciation</i>			
Opening balance	0.4	0.8	1.2
Charge for the year	—	0.1	0.1
Disposals	—	(0.1)	(0.1)
Closing balance	<u>0.4</u>	<u>0.8</u>	<u>1.2</u>
Opening net book value	<u>3.2</u>	<u>0.3</u>	<u>3.5</u>
Closing net book value	<u>3.1</u>	<u>0.3</u>	<u>3.4</u>



CALEDONIA INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

12. Tangible fixed assets (continued)

Land and buildings

The net book value of land and buildings is as follows:

	Group		Company	
	1994 £m	1993 £m	1994 £m	1993 £m
Freehold	12.0	13.9	—	—
Long leasehold	17.3	18.8	3.1	3.2
Short leasehold	0.4	0.7	—	—
	<u>29.7</u>	<u>33.4</u>	<u>3.1</u>	<u>3.2</u>

Included in freehold land and buildings is land with a cost of £4.0m (1993 – £4.0m) which is not depreciated.

13. Investments

The group

	1994 £m	1993 £m
Associated companies	159.5	106.4
Other fixed asset investments	<u>358.7</u>	<u>267.7</u>
	<u>518.2</u>	<u>374.1</u>

Associated companies

	Share of net assets £m	Goodwill £m	Loans £m	Total £m
Opening balance	14.4	33.7	28.3	106.4
Additions	0.7	(0.4)	—	0.3
Transfer from investments	21.9	(3.7)	—	18.2
Share of profits	15.9	—	—	15.9
Dividends receivable	(3.2)	—	—	(3.2)
Reserve movements	24.1	—	—	24.1
Loan repaid	—	—	(5.0)	(5.0)
Other movements	0.4	(0.2)	—	0.2
Goodwill net on acquisitions	—	4.3	—	4.3
Goodwill amortised	—	(1.7)	—	(1.7)
Closing balance	<u>104.2</u>	<u>32.0</u>	<u>23.3</u>	<u>159.5</u>

The group's share of post-acquisition retained profits and reserves is £54.9m (1993 – £18.6m).

Goodwill on an acquisition made in a previous year is being amortised over the directors' estimate of its useful economic life of 20 years.



CALEDONIA INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

13. Investments (continued)

Other fixed asset investments

	Listed on the London Stock Exchange £m	Listed on other stock exchanges £m	Investment properties £m	Other investments £m	Total £m
<i>Valuation</i>					
Opening balance	122.2	19.8	17.2	108.5	267.7
Exchange difference	—	—	—	(0.5)	(0.5)
Subsidiary acquired	—	—	0.3	—	0.3
Additions	43.2	3.7	25.7	44.8	117.4
Disposals	(23.9)	(0.3)	(14.1)	(28.6)	(66.9)
Reclassifications	0.8	—	—	(0.8)	—
Transfer to associates	(18.2)	—	—	—	(18.2)
Revaluation	40.0	10.0	1.2	8.2	59.4
Provision	—	—	—	(0.5)	(0.5)
Closing balance	<u>164.1</u>	<u>33.2</u>	<u>30.3</u>	<u>131.1</u>	<u>358.7</u>

The historical cost of investments is as follows:

Opening balance	86.2	17.2	17.3	131.4	252.1
Closing balance	<u>100.4</u>	<u>20.7</u>	<u>30.4</u>	<u>141.6</u>	<u>293.1</u>

Investments, at valuation and cost, listed on the London Stock Exchange and other investments include provisions for diminution in value of £0.8m and £19.4m respectively (1993 - £0.8m and £24.4m).

Investment properties are valued by the directors.

The company

	Listed on the London Stock Exchange £m	Listed on other stock exchanges £m	Investment properties £m	Other investments £m	Associated/ subsidiary companies £m	Total £m
<i>Valuation</i>						
Opening balance	111.8	19.6	10.9	91.3	178.2	411.8
Additions	42.7	3.8	0.4	44.8	0.9	92.6
Disposals	(23.5)	(0.4)	(6.3)	(28.5)	(5.0)	(63.7)
Reclassifications	(17.4)	—	—	(0.8)	18.2	—
Revaluation	37.8	9.8	—	7.5	25.1	80.2
Provision	—	—	—	(0.5)	(0.2)	(0.7)
Closing balance	<u>151.4</u>	<u>32.8</u>	<u>5.0</u>	<u>113.8</u>	<u>217.2</u>	<u>520.2</u>

The historical cost of investments is as follows:

Opening balance	78.4	16.6	10.9	113.6	163.4	382.9
Closing balance	<u>90.5</u>	<u>20.1</u>	<u>5.1</u>	<u>125.0</u>	<u>172.7</u>	<u>413.4</u>

Investments, at valuation and cost, listed on the London Stock Exchange and other investments include provisions for diminution in value of £0.8m and £19.4m respectively (1993 - £0.8m and £24.4m).



CALEDONIA INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

13. Investments (continued)

The book value of associated and subsidiary companies is as follows:

	1994 £m	1993 £m
<i>Associated companies</i>		
Listed on the London Stock Exchange	97.5	35.9
Other investments	34.4	32.4
Loans	23.3	28.3
	<u>155.2</u>	<u>116.6</u>
<i>Subsidiary companies</i>		
Listed on the London Stock Exchange	3.6	3.6
Other investments	50.1	49.7
Loans	8.3	8.3
	<u>62.0</u>	<u>61.6</u>
	<u>217.2</u>	<u>178.2</u>

Investment properties

The net book value of investment properties is as follows:

	Group		Company	
	1994 £m	1993 £m	1994 £m	1993 £m
Freehold	2.8	13.9	1.7	7.6
Long leasehold	27.5	3.3	3.3	3.3
	<u>30.3</u>	<u>17.2</u>	<u>5.0</u>	<u>10.9</u>

Details of investments

The directors consider that to give full particulars of all subsidiary companies and other investments in which the group held more than 10% would lead to a statement of excessive length. The details given relate only to those investments which, in the opinion of the directors, significantly affected the profits or assets shown in these financial statements. Companies are listed under the country of registration (or incorporation) which is also the country of operation, except for Wallem Group Ltd, whose operations are based in Hong Kong.

Name	Country	Type of holding	Group share	Activity
<i>Subsidiary companies</i>				
Abacus Self Storage Ltd	England	Ordinary	92.1%	Secure storage
Amber Industrial Holdings PLC	England	Ordinary Preference	75% 100%	Specialty chemicals
Clan Asset Management Ltd	England	Ordinary	75%	Investment management
Edinburgh Crystal Glass Co Ltd	England	Ordinary Preference	90% 100%	Crystal glass manufacture
Hurstsquare Ltd	England	Ordinary	100%	Property trading
Language for Industry Ltd	England	Ordinary	93.9%	Communication services
St Lawrence Properties Ltd	England	Ordinary	75%	Property investment and trading
Scottan Investments Ltd	Scotland	Ordinary	100%*	Investment
Sloane Club Group Ltd	England	Ordinary	99.9%	Residential club



CALEDONIA INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

13. Investments (continued)

Name	Country	Type of holding	Group share	Activity
<i>Associated companies</i>				
Bristow Helicopter Group Ltd	England	Ordinary	45%	Helicopter fleet operator
		Loan	79.5%	
British Empire Securities and General Trust plc	England	Ordinary	20%	Investment trust
English & Scottish Investors plc	England	Ordinary	29.7%	Investment trust
Exco plc	England	Ordinary	27.4%	Money broking services
Radio Investments Ltd	England	Ordinary	41.4%	Investment
Sterling Industries PLC	England	Ordinary	21%	Engineering
		Culs	100%	
<i>Other investments</i>				
British Air Transport (Holdings) Ltd	England	Ordinary	45%	Airline operator
		Loan notes	75%	
		Loan stock	100%	
Close Brothers Group plc	England	Ordinary	22.6%	Merchant banking
Bloomsbury Publishing Ltd	England	Ordinary	16.5%	Publisher
		Preference	32.8%	
		Culs	32.8%	
		Loan	42.7%	
Crown Packaging Group Ltd	England	Preference	13.1%	Paper and packaging
		Culs	48.8%	
EFM Japan Investment Trust plc	England	Ordinary	26.8%	Investment trust
Harry Ramsden's plc	England	Ordinary	18.6%	Restaurateur
Wallem Group Ltd	Cayman	Voting ord	26%*	Shipping services
		Non-vote ord	91.2%*	

* Investments not held directly by the company.

English & Scottish Investors plc made up its financial statements to 31 January 1994, showing a profit for the year of £3.2m and capital and reserves at the end of the year of £234.5m.

Acquisition of subsidiary and associated companies

Subsidiary companies

On 24 June 1993, the company acquired the entire issued share capital of Foxland Limited for a cash consideration of £0.1m.

On 13 August 1993, the group acquired the entire issued share capital of Trafalgar Cleaning Chemicals Limited for an estimated total consideration, including deferred consideration, of £0.4m, comprised of cash and loan notes.

Associated companies

On 15 June 1993, the company acquired additional shares in British Empire Securities and General Trust plc, taking the company's total holding to 20.0%.

On 23 July 1993, the company acquired a further 3.7% of Radio Investments Limited for a cash consideration of £0.3m.



CALEDONIA INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

13. Investments (continued)

Goodwill on acquisitions

The fair values attributable to the net tangible assets acquired on acquisition, which were not materially different from the book values, were as follows:

	£m
<i>Group companies</i>	
Investments	0.3
Stocks	0.1
Debtors	0.2
Bank overdraft	(0.1)
Creditors	(0.5)
	<u>—</u>
<i>Associated companies</i>	
British Empire Securities and General Trust plc	21.9
Radio Investments Ltd	0.6
	<u>22.5</u>
Net assets acquired	22.5
Goodwill net on acquisitions	(3.8)
Consideration	<u>18.7</u>
<i>Discharged by</i>	
Cash	0.7
Deferred consideration	0.1
Transfer from investments	18.2
Dividend from pre-acquisition reserves capitalised	(0.3)
	<u>18.7</u>
Net cash outflows were as follows:	
Cash consideration	0.7
Bank overdraft of subsidiary acquired	0.1
	<u>0.8</u>

Disposal of operations

On 31 August 1993, the group completed the sale of its refractory fittings business comprising the stock, fixed assets and goodwill of Causeway Steel Products Ltd, the entire investment in Causeway Steel Products Inc and property held by another group company.

The net assets disposed of were as follows:

	£m
Tangible fixed assets	0.2
Stocks	0.3
Debtors	0.1
Creditors	(0.1)
	<u>0.5</u>
Profit on disposal	0.7
Consideration	<u>1.2</u>
<i>Discharged by</i>	
Cash	<u>1.2</u>



CALEDONIA INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

14. Stocks

	Group		Company	
	1994 £m	1993 £m	1994 £m	1993 £m
Raw materials and consumables	1.0	1.4	—	—
Work in progress	1.2	0.9	—	—
Finished goods and goods for resale	5.2	4.5	—	—
Property held for resale	5.9	6.5	—	—
	<u>13.3</u>	<u>13.3</u>	<u>—</u>	<u>—</u>

It is estimated that the replacement cost of stocks and work in progress is not materially different from the values reflected above.

15. Debtors

	Group		Company	
	1994 £m	1993 £m	1994 £m	1993 £m
<i>Amounts due within one year</i>				
Trade debtors	6.4	7.1	—	0.1
Amounts owed by subsidiary companies	—	—	4.6	9.1
Investments sold	2.5	1.4	1.0	1.4
Tax recoverable	0.1	—	0.8	0.9
Other taxes and social security costs	—	0.3	—	0.3
Other debtors	0.7	0.3	0.3	0.2
Pension prepayments	0.3	0.3	0.3	0.3
Other prepayments and accrued income	4.7	4.8	3.6	3.6
<i>Amounts due after more than one year</i>				
Amounts owed by subsidiary companies	—	—	37.2	13.1
Other prepayments and accrued income	3.1	1.8	3.1	1.8
	<u>17.8</u>	<u>16.0</u>	<u>50.9</u>	<u>30.8</u>

16. Creditors falling due within one year

	Group		Company	
	1994 £m	1993 £m	1994 £m	1993 £m
Loans (note 18)	—	0.1	—	—
Bank overdraft	9.3	7.2	8.4	5.6
Trade creditors	2.4	2.5	—	0.2
Amounts owed to subsidiary companies	—	—	6.9	2.5
Investments purchased	0.2	2.4	0.2	2.4
Corporation tax	2.2	4.9	2.4	5.5
Overseas tax	1.4	1.3	—	—
Other taxes and social security costs	1.1	1.2	0.1	0.1
Dividends owed to minorities	0.2	0.2	—	—
Other creditors	0.5	0.6	—	—
Pension accruals	0.3	—	—	—
Other accruals and deferred income	5.7	5.4	2.4	2.4
Proposed dividend	9.0	8.3	9.0	8.3
	<u>32.3</u>	<u>34.1</u>	<u>29.4</u>	<u>27.0</u>



CALEDONIA INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

17. Creditors falling due after more than one year

	Group		Company	
	1994 £m	1993 £m	1994 £m	1993 £m
Loans (note 18)	13.9	14.4	13.6	13.6
Other creditors	7.6	6.5	7.5	6.5
	<u>21.5</u>	<u>20.9</u>	<u>21.1</u>	<u>20.1</u>

18. Loans

	Group		Company	
	1994 £m	1993 £m	1994 £m	1993 £m
Not wholly repayable within five years	—	0.3	—	—
Wholly repayable within five years	13.9	14.2	13.6	13.6
	<u>13.9</u>	<u>14.5</u>	<u>13.6</u>	<u>13.6</u>

Amounts due are repayable as follows:

<i>Bank loans</i>				
After five years	—	0.2	—	—
Between two and five years	—	0.4	—	—
Between one and two years	0.3	0.2	—	—
Within one year	—	0.1	—	—
<i>Other loans</i>				
Between two and five years	13.6	13.6	13.6	13.6
	<u>13.9</u>	<u>14.5</u>	<u>13.6</u>	<u>13.6</u>

The bank loan is secured by a fixed charge over a group property.

19. Deferred taxation

	Group		Company	
	1994 £m	1993 £m	1994 £m	1993 £m
Opening balance	18.8	25.5	18.6	24.7
Profit and loss account	(1.5)	(0.2)	(1.6)	0.4
Transfer from reserves	4.4	—	4.4	—
Transfer to creditors	—	(6.5)	—	(6.5)
Closing balance	<u>21.7</u>	<u>18.8</u>	<u>21.4</u>	<u>18.6</u>

Deferred taxation provided in the accounts and the amounts not provided are as follows:

The group

	Provided		Not provided	
	1994 £m	1993 £m	1994 £m	1993 £m
Capital allowances	0.3	0.5	0.4	—
Other timing differences	21.4	18.3	32.0	—
	<u>21.7</u>	<u>18.8</u>	<u>32.4</u>	<u>—</u>



CALEDONIA INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

19. Deferred taxation (continued)

The company

	Provided		Not provided	
	1994	1993	1994	1993
	£m	£m	£m	£m
Capital allowances	(0.1)	—	—	—
Other timing differences	21.5	18.6	32.0	—
	<u>21.4</u>	<u>18.6</u>	<u>32.0</u>	<u>—</u>

20. Share capital

	Number		Nominal value	
	1994	1993	1994	1993
	000's	000's	£m	£m
<i>Ordinary shares of 5p each</i>				
Authorised	129,000	129,000	6.5	6.5
Allotted, issued and fully paid	<u>83,060</u>	<u>83,044</u>	<u>4.1</u>	<u>4.1</u>

Issue of shares

During the year options over 15,833 ordinary shares were exercised under the company's share option scheme. The aggregate nominal value of the shares issued amounted to £792, and the total consideration received was £60,774.

Authority to purchase shares

At 31 March 1994 the company had shareholders' authority to purchase up to 12,000,000 ordinary shares, being 14.45% of the ordinary capital in issue, at a price not more than 5% greater than the average of the middle market quotations for such ordinary shares during the ten business days preceding any such purchase. The authority expires on 1 January 1995 or, if earlier, at the conclusion of the next annual general meeting.

Options

The company has a share option scheme under which options have been granted to certain senior executives, exercisable between three and ten years from the date of grant. Options outstanding at 31 March 1994 are as follows:

Date of grant	Number of options	Exercise price
17 August 1988	407,657	390p
18 July 1989	49,500	377p
25 July 1990	138,000	364p
10 July 1991	96,900	337p
6 August 1992	85,500	354p
29 July 1993	73,100	495p



CALEDONIA INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

21. Reserves

The group

	Share premium account £m	Capital redemption reserve £m	Revaluation reserve £m	Profit and loss account £m
Opening balance	—	0.7	59.3	400.1
Exchange difference	—	—	—	(0.5)
Issue of shares	0.1	—	—	—
Revaluation, provision and sale of investments	—	—	50.2	9.2
Tax on investments sold	—	—	—	(5.0)
Share of goodwill movements of associates	—	—	—	(1.7)
Share of other reserve movements of associates	—	—	16.8	9.0
Goodwill net on acquisitions	—	—	—	3.8
Profit retained	—	—	—	19.2
Closing balance	<u>0.1</u>	<u>0.7</u>	<u>126.3</u>	<u>434.1</u>

The cumulative amount of positive goodwill written off at 31 March 1994 was £39.9m (1993 – £36.1m).

The company

	Share premium account £m	Capital redemption reserve £m	Revaluation reserve £m	Profit and loss account £m
Opening balance	—	0.7	59.8	399.5
Issue of shares	0.1	—	—	—
Revaluation, provision and sale of investments	—	—	72.6	7.6
Tax on investments sold	—	—	—	(4.6)
Profit retained	—	—	—	6.8
Closing balance	<u>0.1</u>	<u>0.7</u>	<u>132.4</u>	<u>409.3</u>

22. Net cash flow from operating activities

	1994 £m	1993 £m
Operating profit	42.4	36.7
Depreciation and provision against properties	4.9	2.5
Share of associated trading and investment companies	(24.6)	(13.5)
Income received from associated companies	7.3	4.8
Tax credits on franked investment income	(1.1)	(1.5)
(Increase)/decrease in investment income and interest accruals	(1.6)	12.0
(Increase)/decrease in stocks	(0.3)	0.8
Decrease/(increase) in debtors	0.7	(1.5)
Increase in creditors	<u>0.2</u>	<u>1.0</u>
Net cash flow from operating activities	<u>27.9</u>	<u>41.3</u>



CALEDONIA INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

23. Net cash flow from financing

	Share capital and premium		Loans		Total	
	1994 £m	1993 £m	1994 £m	1993 £m	1994 £m	1993 £m
Opening balance	4.1	4.6	14.5	14.5	18.6	19.1
Cash flow from financing	0.1	(33.0)	(1.0)	—	(0.9)	(33.0)
Subsidiary acquired	—	—	0.4	—	0.4	—
Shares repurchased	—	32.5	—	—	—	32.5
Closing balance	<u>4.2</u>	<u>4.1</u>	<u>13.9</u>	<u>14.5</u>	<u>18.1</u>	<u>18.6</u>

24. Cash and cash equivalents

Analysis of the balances of cash and cash equivalents as shown in the group balance sheet:

	1994 £m	1993 £m
Short term deposits (cash equivalents)	35.2	73.0
Cash at bank and in hand	14.0	10.9
Bank overdraft	(9.3)	(7.2)
	<u>39.9</u>	<u>76.7</u>

Analysis of changes in cash and cash equivalents during the year:

	1994 £m	1993 £m
Opening balance	76.7	43.9
Subsidiary acquired	(0.1)	—
Movement in cash and cash equivalents	(36.7)	32.8
Closing balance	<u>39.9</u>	<u>76.7</u>

25. Capital commitments

	Group		Company	
	1994 £m	1993 £m	1994 £m	1993 £m
<i>Tangible assets</i>				
Contracted but not delivered	0.5	0.5	—	—
Authorised by the directors but not contracted	8.8	—	1.2	—
<i>Investments</i>				
Contracted but not called	2.1	3.4	11.9	7.6
Conditionally contracted	31.8	0.6	31.7	0.6
Authorised by the directors but not contracted	<u>18.0</u>	<u>25.0</u>	<u>20.0</u>	<u>27.0</u>
	<u>61.2</u>	<u>29.5</u>	<u>64.8</u>	<u>35.2</u>



CALEDONIA INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

26. Operating lease commitments

Commitments in the next year under non-cancellable operating leases are as follows:

The group

	Land and buildings		Other	
	1994 £m	1993 £m	1994 £m	1993 £m
<i>Operating leases which expire</i>				
Within one year	—	—	0.1	—
Within two and five years	—	—	0.2	0.2
In over five years	0.3	0.5	—	—
	<u>0.3</u>	<u>0.5</u>	<u>0.3</u>	<u>0.2</u>

The company

The company has commitments in the next year under non-cancellable operating leases expiring in over five years on land and buildings of £0.2m (1993 – £0.2m).

27. Contingent liabilities

The group has given guarantees totalling £23.1m and the company £21.0m (1993 – £37.8m for the group and £36.9m for the company) in respect of a loan note issued by an associated company, an indemnity to the purchaser of former group operations, bank guarantees, certain property transactions and a VAT indemnity provided by a subsidiary.

The company and certain subsidiary companies have entered into cross guarantees in respect of group banking arrangements and VAT grouping.

28. Pensions

The group operates a number of pension schemes in the United Kingdom and Germany. The principal schemes, based in the UK, are the Caledonia, Amber and Edinburgh Crystal group pension funds. These schemes are of the defined benefits type, with assets held in separate trustee administered funds.

For the year ended 31 March 1994, the total pension cost for the group was £0.7m (1993 – £0.5m).

Pension cost relating to the principal schemes is assessed in accordance with the advice of qualified actuaries, using the projected unit cost or attained age method. The latest actuarial valuations of the Caledonia, Amber and Edinburgh Crystal group pension funds were at 31 March 1994, 6 April 1991 and 1 April 1993 respectively. The main actuarial assumptions made in the valuations were that the long term investment returns would be 2% per annum higher than the annual increase in pensionable salaries and the pensions would increase at the lesser of 5% per annum or the increase in the retail price index.

The market value of the assets on the dates of the most recent actuarial valuations totalled £5.8m for the Caledonia scheme, £0.7m for the Amber scheme and £1.1m for the Edinburgh Crystal scheme. In respect of the Amber scheme the level of funding shown in the valuation, being the actuarial value of assets expressed as a percentage of accrued benefits at the valuation date, was 85%. The actuarial value of the assets of the Caledonia and Edinburgh Crystal schemes represented 106% and 90% respectively of the value of accrued benefits allowing for expected future increases in salaries. Where necessary, the relevant companies have taken action to strengthen the position and eliminate any deficiencies.



CALEDONIA INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

29. Directors' remuneration and interests

Directors' remuneration

Emoluments of directors, including pension contributions, are as follows:

	1994 £'000	1993 £'000
Fees	79	86
<i>Other emoluments</i>		
Salary	640	604
Benefits	71	62
Performance related bonuses	157	93
Pension contributions	180	170
	<u>1,127</u>	<u>1,015</u>

No value is included in directors' emoluments in respect of share options granted during the year because, in the absence of a readily available market value for options to subscribe for the company's shares, the directors are unable to arrive at an accurate assessment of the value of the options granted.

Discretionary bonuses for directors are based on a combination of individual and corporate performance and are determined by the Remuneration Committee.

The emoluments of the chairman and highest-paid director are as follows:

	Chairman		Highest-paid director	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Fees	24	23	—	—
Salary	—	—	198	190
Benefits	3	3	13	12
Performance related bonuses	—	—	50	45
	<u>27</u>	<u>26</u>	<u>261</u>	<u>247</u>
Pension contributions	—	—	61	59
	<u>27</u>	<u>26</u>	<u>322</u>	<u>306</u>

Directors' emoluments, excluding pension contributions, fell within the following ranges:

	1994 No	1993 No
£ 5,001 – £ 10,000	—	1
£ 10,001 – £ 15,000	2	2
£ 15,001 – £ 20,000	1	1
£ 25,001 – £ 30,000	1	1
£ 35,001 – £ 40,000	1	1
£ 45,001 – £ 50,000	—	1
£ 55,001 – £ 60,000	1	—
£100,001 – £105,000	—	1
£115,001 – £120,000	1	1
£140,001 – £145,000	1	—
£220,001 – £225,000	—	1
£245,001 – £250,000	—	1
£260,001 – £265,000	2	—



CALEDONIA INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

29. Directors' remuneration and interests (continued)

Directors' interests

The interests of the directors and their families in the ordinary share capital of the company are shown below.

	Beneficial and family interests		As trustee	
	1994	1993	1994	1993
	No	No	No	No
Lord Cayzer	466,000	466,000	—	—
P N Buckley	380,000	380,000	204,620*	204,620*
M G Wyatt	282,500	295,000	18,500*	18,500*
Hon C W Cayzer	63,000	63,000	—	—
G A Adkin	—	—	727,878	727,878
N K Cayzer	198,900	198,900	—	—
J Burnett-Stuart	10,000	5,000	—	—

* Includes interests held by other directors arising through co-trusteeships.

The directors have options to subscribe for ordinary shares in the company as shown below.

	1993	Granted	Exercised	1993
	No	No	No	No
P N Buckley	190,000	12,000	—	202,000
M G Wyatt	42,000	4,000	—	46,000
Hon C W Cayzer	83,900	8,100	—	92,000
Sir David Kinloch Bt	190,000	12,000	—	202,000
J H Cartwright	105,000	12,000	(7,500)	109,500

On 7 April 1994, Hon C W Cayzer beneficially acquired a further 2,700 shares. There have been no other changes in directors' interests notified up to the date of approval of these financial statements.

30. Post balance sheet event

On 3 May 1994 the company acquired a 33.3% shareholding in Sun International Investments Limited for a cash consideration of £29m (US\$44m)

Sun International Investments has interests in resort and leisure facilities in Mauritius and France and recently acquired 60% of the business and assets of Resorts International on Paradise Island in the Bahamas.



CALEDONIA INVESTMENTS

FINANCIAL RECORD

	Years ended 31 March				
	1990	1991	1992	1993	1994
	£m	£m	£m	£m	£m
Profit on trading activities	2.1	1.0	6.9	15.7	25.6
Income from investments	28.4	23.2	18.6	12.9	15.2
Net interest receivable	7.8	13.9	12.2	11.0	5.0
Group overheads	(3.0)	(2.8)	(3.0)	(2.9)	(3.4)
Operating profit	35.3	35.3	34.7	36.7	42.4
Investment sales and provisions	—	—	(8.6)	(0.7)	2.8
Profit before taxation	35.3	35.3	26.1	36.0	45.2
Taxation	(10.4)	(11.8)	(9.1)	(12.9)	(11.4)
Minority interests	(0.4)	(0.2)	(0.4)	(0.6)	(1.1)
Ordinary dividends	(11.3)	(12.5)	(13.3)	(12.5)	(13.5)
Profit retained	13.2	10.8	3.3	10.0	19.2
Fixed asset investments	332.0	401.2	357.8	374.1	518.2
Tangible fixed assets	10.2	25.2	40.7	38.5	35.5
Net current assets less liabilities	21.7	4.1	7.7	2.5	8.1
Deferred taxation	(0.9)	(21.5)	(25.5)	(18.8)	(21.7)
Employment of capital	363.0	409.0	380.7	396.3	540.1
Ordinary capital and reserves	457.9	454.4	435.8	464.2	565.3
Minority interests	6.5	6.3	6.5	2.9	3.2
Creditors due after one year	0.1	—	—	6.5	7.6
	<u>464.5</u>	<u>460.7</u>	<u>442.3</u>	<u>473.6</u>	<u>576.1</u>
<i>Net borrowings</i>					
Short term deposits	(101.5)	(65.1)	(74.4)	(88.1)	(45.2)
Cash at bank and in hand	(0.3)	(2.8)	(6.5)	(10.9)	(14.0)
Bank overdraft	—	—	4.8	7.2	9.3
Loans	0.3	16.2	14.5	14.5	13.9
	<u>(101.5)</u>	<u>(51.7)</u>	<u>(61.6)</u>	<u>(77.3)</u>	<u>(36.0)</u>
Capital employed	363.0	409.0	380.7	396.3	540.1
<i>Per ordinary share of 5p</i>					
Earnings	25.9p	25.0p	18.0p	26.1p	39.3p
Adjusted earnings	25.9p	25.0p	24.1p	26.9p	33.3p
Dividends	12.0p	13.5p	14.4p	15.0p	16.2p
Net asset value	487p	492p	472p	559p	681p

Investment sales and provisions for 1994 include £0.7m relating to profit on sale of operations.

Adjusted earnings exclude investment sales and provisions, net of any tax adjustments.



CALEDONIA INVESTMENTS

NOTICE OF MEETING

Notice is hereby given that the sixty-fifth annual general meeting of Caledonia Investments plc will be held at Cayzer House, 1 Thomas More Street, London E1 9AR on Tuesday, 26 July 1994 at 12:15pm for the following purposes:

As ordinary business

1. To receive the directors' report and the financial statements for the year ended 31 March 1994, together with the auditors' report to the members.
2. To declare a final dividend.
3. To re-elect directors.
4. To re-appoint KPMG Peat Marwick as auditors and authorise the directors to fix their remuneration.

As special business

To consider and, if thought fit, pass the following resolutions, of which resolutions 5 and 6 will be proposed as ordinary resolutions and resolution 7 will be proposed as a special resolution:

5. That the company be and is hereby unconditionally authorised at any time or times to make a market purchase or market purchases (within the meaning of section 163 of the Companies Act 1985) of any of its own ordinary shares of 5p provided that:
 - a. the maximum number of ordinary shares hereby authorised to be so acquired is 12,000,000;
 - b. the minimum price which may be paid for such shares is 5p per share;
 - c. the maximum price which may be paid for a share contracted to be purchased on any day is an amount equal to 5% above the average of the middle market quotations for the ordinary shares of the company as taken from The Stock Exchange Daily Official List for the ten business days immediately preceding the day on which such share is contracted to be purchased;
 - d. the authority hereby conferred shall expire on 1 January 1996 or, if earlier, at the conclusion of the next annual general meeting of the company; and
 - e. the company may make a contract to purchase its own shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of its own shares in pursuance of any such contract.
6. That the directors be and they are hereby authorised pursuant to and in accordance with section 80 of the Companies Act 1985 for a period expiring at the conclusion of the next annual general meeting of the company to allot relevant securities up to an annual aggregate nominal amount of £1,300,000, provided that the company may before such expiry make an offer or enter into an agreement which would or might require relevant securities to be allotted after such expiry.



CALEDONIA INVESTMENTS

NOTICE OF MEETING

CONTINUED

7. That subject to the passing of resolution 6 the directors be and they are hereby empowered pursuant to section 95 of the Companies Act 1985 and pursuant to the authority conferred by the said resolution 6 to allot equity securities (within the meaning of section 94(2) of the Companies Act 1985) as if section 89(1) of the Companies Act 1985 did not apply to any such allotment provided that this power shall be limited:
- to the allotment of the equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of ordinary shareholders are proportionate to the respective amount of ordinary shares held by them (but subject to such exclusion or other arrangement as the directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange); and
 - to the allotment (otherwise than pursuant to sub-paragraph a. above) of equity securities up to an aggregate nominal value of £207,650

and shall expire on the date of the next annual general meeting save that the company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

By order of the board
G P Denison
Secretary
23 June 1994

Notes

- A member entitled to attend and vote at this meeting may appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the company.
- To be effective, forms of proxy must be lodged with the company not less than 48 hours before the meeting. A form of proxy is enclosed. Completion of a proxy form does not preclude a member from attending and voting at the meeting.
- There will be available for inspection at the registered office during the company's usual business hours (Saturdays excepted) from the date of this notice until the date of the annual general meeting and, at the place of the annual general meeting for at least 15 minutes prior to and during the meeting, a statement for the period of 12 months ended 23 June 1994 of all transactions of directors and, so far as they can reasonably ascertain, of their family interests, in the share capital of the company and its subsidiaries.
- There are no service contracts between the directors and the company or any of its subsidiaries which cannot be determined within one year.



CALEDONIA INVESTMENTS



CALEDONIA INVESTMENTS

FORM OF PROXY

For use at the annual general meeting to be held on 26 July 1994

I/We.....

(Block letters)

of.....

being (a) member(s) of the above named company hereby appoint the Chairman of the meeting

or*.....

as my/our proxy to attend and, on a poll, to vote for me/us and on my/our behalf at the annual general meeting of the company to be held on 26 July 1994 and at any adjournment thereof.

Resolutions

For Against

- 1. To receive the directors' report and the financial statements for the year ended 31 March 1994.
2. To declare a final dividend.
3. a. To re-elect Mr P N Buckley as a director.
b. To re-elect Hon C W Cayzer as a director.
c. To re-elect Mr G A Adkin as a director.
4. To re-appoint the auditors and to fix their remuneration.
5. To authorise the company to make market purchases pursuant to section 163 of the Companies Act 1985.
6. To authorise the directors to allot relevant securities pursuant to section 80 of the Companies Act 1985.
7. To empower the directors to allot equity securities pursuant to section 95 of the Companies Act 1985.

Table with 2 columns: For, Against. 7 rows corresponding to resolutions.

Please indicate how you wish your proxy to vote by inserting an 'x' in the appropriate space above. In the absence of any specific directions the proxy will abstain or vote at his discretion.

Signed this..... day of..... 1994

Signature(s).....

Notes

- 1. In order to be effective, this form of proxy, duly completed and signed, together with any power of attorney or other authority under which it is signed or a notationally certified copy thereof, must be deposited at the address shown overleaf not later than 48 hours before the meeting.
2. Corporations must execute this form as a deed or under the hand of a duly authorised officer.
3. 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 in respect of the joint holding.
4. A proxy need not be a member of the company, but must attend the meeting in person to represent the member.
5. A member may appoint a proxy of his own choice in which case he should delete the reference to the Chairman of the meeting and insert the name of the proxy in the space provided.
6. The return of a completed form of proxy will not preclude any member from attending in person and voting at the meeting.