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CONTENTS

DIRECTORS

Non Executive

H L C Greig, CVO, CBE, Chairman

Carron Greig (65) joined H. Clarkson & Co. Ltd. in 1948 becoming a director in 1954 and chairman in 1972. He has been a director of the Company since 1975 and chairman since 1976. He retired from his executive appointments in H. Clarkson & Co. Ltd. in 1985. He was chairman of the Baltic Exchange from 1983 to 1985 and is currently a director of The Royal Bank of Scotland Group Plc.

Sir Peter Parker, LVO, Deputy Chairman

Sir Peter Parker (65) was appointed a director and the first chairman of the company in 1975. He is also chairman of Rockware Group Plc, Mitsubishi Electric UK Ltd., Whitehead Mann Group Plc, Oakland Development Capital Fund Ltd. and Evered Plc.

M E Beckett

Michael Beckett (53) was appointed a director of the Company in July 1988. He is a director of Ultramar Plc, British Borneo Petroleum Syndicate Plc and Renison Goldfields Consolidated Ltd. and was a managing director of Consolidated Gold Fields Plc. Michael Beckett is chairman of the trustees of the Company pension scheme.

S L James

Stephen James (59) has been a director of the Company since 1975. He is senior partner of Simmons & Simmons, solicitors to the Group.

Executive

B H Barr, Chairman, Hamilton Barr Group Ltd.

J A Cox, FICS, a Managing Director, H. Clarkson & Co. Ltd.

A G Dickinson, FCA, Group Finance Director, Horace Clarkson PLC and a Managing Director, H. Clarkson & Co. Ltd

A F Klima, Chairman, H. Clarkson & Co. Ltd.

H O McCoy, FICS, Deputy Chairman, H. Clarkson & Co. Ltd.

M J Wade, Chairman, Holman Wade Insurance Brokers Ltd.

GROUP ADVISERS

Principal Bankers

Bank of Scotland
Lloyds Bank Plc

Auditors

Ernst & Young
Chartered Accountants

Solicitors

Simmons & Simmons

Financial Advisers

The British Linen Bank Ltd.

Stockbrokers

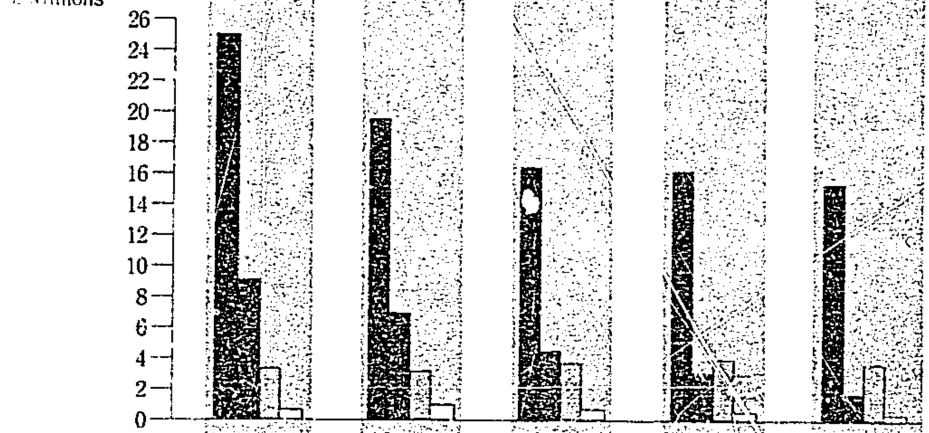
Cazenove & Co.

Secretary & Registered Office

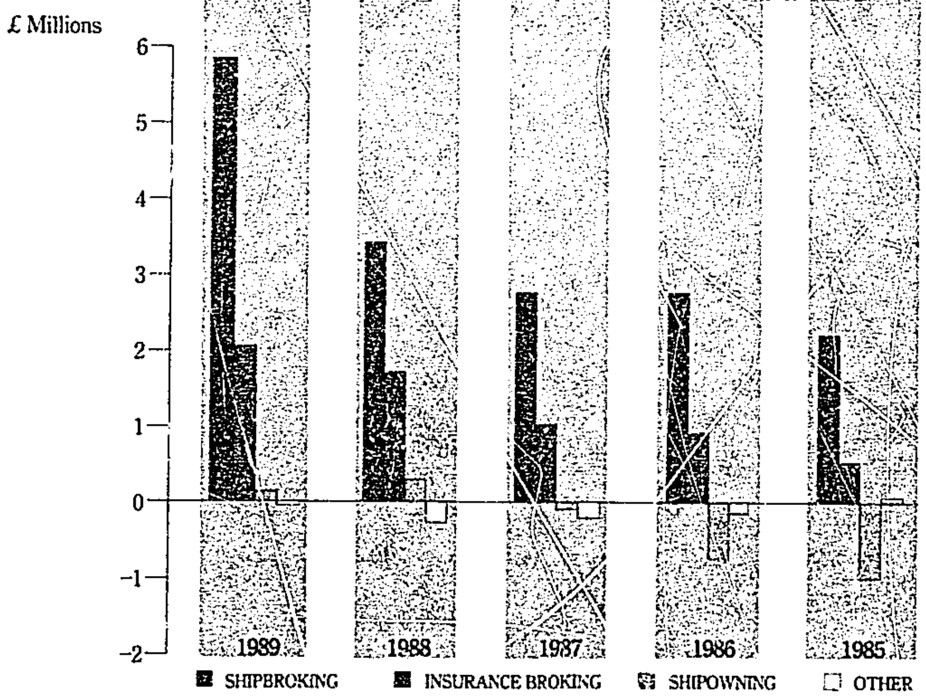
M C Fairley, ACIS
12 Camomile Street
London EC3A 7BP

	1989 £'000	1988 £'000	1987 £'000	1986 £'000	1985 £'000
Turnover					
Shipbroking	25,443	19,824	16,761	16,467	15,514
Insurance broking	8,669	7,133	4,624	3,202	1,962
Shipowning	3,375	3,398	3,960	4,021	3,857
Other	593	820	760	483	406
	38,080	31,175	26,105	24,173	21,739
Profit before taxation	8,037	5,096	3,464	2,707	2,068
Taxation	3,150	1,814	1,449	1,054	883
Dividend	1,534	1,268	1,065	959	767
Retained profit for the year	3,733	1,983	973	741	407
Earnings per share (1986: Year end)	24.0p	16.0p	10.1p	8.4p	7.3p

TURNOVER ANALYSIS



CONTRIBUTION TO PROFIT BEFORE PROFIT SHARING



INTRODUCTION

I am very pleased to report another year of substantial progress for your Company. The promise shown in the first half of the year has continued well and profits for the full year of 1989 increased by 58% to £8.037 million (1988–£5.096m). Earnings per share went up by 50% to 24p (1988–16p).

Your directors are again recommending an increased dividend and propose a final dividend of 5p per share (1988–4p) making a total for the year of 7.5p, 20% over the 6.25p paid in 1988.

The substantial improvement in shipping markets has again been most satisfactorily reflected in our increased shipbroking profits. Our insurance brokers too have once more produced a significant increase in their results–a most creditable achievement in a very competitive market.

SHIPBROKING

Shipping markets were very active in 1989 and Clarkson's shipbroking profits at £5.837 million (1988–£3.465 million) were up by 68% with very positive contributions being made by our companies in London and abroad from the significant share of international business in which they participate.

Both the tanker and dry bulk fleets increased in size during the year as newbuilding deliveries exceeded removals and it is significant that in considering average earnings, this extra tonnage was absorbed without depressing rates. In fact, demand in the tanker market at the year end saw the under-utilised capacity fall to less than ten percent, the lowest since 1974, and owners again enjoyed better freight levels.

Secondhand values of vessels reflected the anticipated better employment prospects in both the tanker and dry cargo markets. Newbuilding orders, despite dramatically rising newbuilding costs, were the highest recorded since 1980. The ordering of tankers has increased whilst the rate of bulk carrier ordering has begun to fall.

All three of our main divisions in London did well and valuable contributions were made by our specialised sections and our companies overseas. During the year we were pleased to be able to increase our shareholding from 25% to 87.5% in Seadragon Maritime Inc. (Pte) Ltd., a shipbroking company in Singapore specialising in tanker chartering.

SHIPOWNING

Shipowning profits at £266,000 (1988 £309,000) showed a small reduction caused mainly by exchange rate differences, with our three wholly owned ships, Sea Guardian, Cartagena and Santa Marta continuing on their bareboat charters. Mariana also performed well on its contract of affreightment in its specialised French LPG market, with good additional fixtures on the spot market in the limited extra time available.

The primary charter period on the Sea Guardian expired in March, 1990 and she has gone on to the 10 year secondary period provided for in the charter. Negotiations have since been completed for the sale of this vessel on terms that were incorporated in the original bareboat charter and which will result in a small but satisfactory profit to the company.

The Earl Granville, where we were disponent owners, was sold on 30 March 1990. This transaction also results in a small final profit to the company.

The contract of affreightment on the Mariana has been extended until end 1991.

INSURANCE BROKING

Insurance broking profits have again shown a most satisfactory increase despite some difficult trading conditions. At £2.093 million they are 17% higher than the £1.788 million achieved for 1988.

Our specialist Lloyd's Names insurance broking business trading under the name of Holman Wade Ltd. had another good year. The travel business as a whole did not have an easy time in 1989, but I am glad to say that our travel insurance brokers did succeed in increasing their profits during the year, though perhaps not to the extent to which they had originally hoped.

The insurance group has been restructured during 1989 as a part of the continuing management rationalisation. The insurance holding company under the Chairmanship of Sir Peter Parker, has changed its name to Holman Wade Group Ltd., which in turn owns the Lloyd's broker, now renamed Holman Wade Insurance Brokers Ltd., chaired by Michael Wade. The business has been divided into four trading units:
Holman Wade Ltd. which specialises in insurances for Lloyd's names and allied services.
Holman Wade Shearman Ltd. which specialises in Lloyd's syndicate reinsurances.
Horace Holman (Marine & Overseas) Ltd. which operates a general marine and overseas non-marine account.
Hamilton Barr Group Ltd., together with its new Irish acquisition, Accident & General–which continues its travel insurance brokers business under the Chairmanship of Pat Barr.

The re-registration process of the Lloyd's Broker–Holman Wade Insurance Brokers Ltd.–has now been completed as planned and a development strategy is being progressed in order to expand the company's business base.

Prospects

The progress shown in recent years in both shipping and insurance broking is most encouraging. Shipping markets are very important for our results, and prospects here are good. Forecasts of worldwide oil consumption rises plus the potential for increased energy requirements flowing from the developments in Eastern Europe make the prospects for the tanker market look particularly encouraging. Firmer tanker rates should draw combined tonnage away from the dry bulk trades which would contribute to improved conditions for the bulk carrier fleet.

The sale and purchase and newbuilding markets will benefit from this activity but concern has to be expressed at the rapid rise in the number of new tankers being ordered. As mentioned, orders placed during 1989 were the highest on record since 1980. Tanker and combined carrier newbuildings have now reached 41.5 million tons deadweight or 14.8% of the existing world fleet, but the deteriorating age profile of the tanker fleet and anticipated increase in demand means that these new ships should be able to be accommodated. However, a further significant expansion of newbuilding ordering could adversely impact on rates in the shorter term.

Our insurance broking business has begun with a good start for 1990. Members of Lloyd's continue to subscribe strongly to the Estate Protection Plan and there remains a good demand for Personal Stop Loss insurance. Despite a shortage of reinsurance capacity we continue to place an encouraging amount of Lloyd's Syndicate programmes.

We are continuing to develop our general insurance broking business and look forward to the first full year's operation of our new Irish travel insurance broking house which works in well with our existing travel insurance business, Hamilton Barr.

Elsewhere in insurance broking we are looking at various areas of specialised business which would fit with our insurance broking management skills.

The Group is well placed to respond to the needs of the future and we look forward with confidence to our ability to retain and develop our position in the market-place. The costs of doing business, however, are rising, especially in the City of London, and the volatility of the US$/£ exchange rate, will also have a bearing on future prospects. Both these issues are being constantly addressed.

Directors

In December 1989 3i Plc who had been 26% shareholders in the Company since the original share placing in 1981 disposed of their shares. Nigel Olsen who had joined our Board when a director of 3i's, felt that this would be a suitable time for him to retire from direct participation in our activities. We are extremely grateful for the wise counsel and advice that we always received from him during the 5 years of his membership of our Board and wish him very well in his continuing business career elsewhere.

This gives me, also, perhaps a suitable opportunity publicly to thank 3i's for their help and support during their 8 years as major shareholders in the Company. It gave us a most satisfactory feeling of stability when the Company returned to public ownership in 1981, particularly in the earlier years when shipping markets were at their leanest. We like to think that it was venture capital being used in the right way at the right time, and we much appreciated it.

John Denham has also decided to retire after 36 years with the Company. John was a pillar of our shipbroking sale and purchase division for all those years and has been very active in recent years as a non-executive director of our insurance broking business. We shall miss him greatly and wish him all happiness in his retirement.

Staff

It is again my pleasure and privilege to thank our staff for another year of hard work, professional expertise and success. Very many thanks indeed.

Carron Greig

26 April 1990

NOTICE OF MEETING

Notice is hereby given that the fifteenth annual general meeting of the members of Horace Clarkson Plc will be held at 12 Camomile Street, London, EC3A 7BP, on Thursday 31 May 1990 at 12 noon for the following purposes:

1. To adopt the directors' report and audited statement of accounts for the year ended 31 December 1989.

2. To declare a final dividend of 5p per ordinary share of 25p each in respect of the year ended 31 December 1989, making, with the interim dividend of 2.5p per share already paid, a total dividend for the year of 7.5p per share.

3. To re-elect directors.

4. To reappoint the auditors in accordance with the provisions of Section 384 of the Companies Act 1985, and authorise the directors to fix their remuneration.

As special business

5. To consider the following resolution which will be proposed as a special resolution

(a) that the directors be and are hereby empowered pursuant to Section 95 of the Companies Act 1985 ("The Act"), to allot equity securities (as defined in Section 94 (2) of the Act) pursuant to the authority conferred by the ordinary resolution numbered 1, passed on the 16 June 1986 as if section 89 (1) of the Act did not apply to any such allotment provided that this power shall be limited:

(i) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders and holders of any other shares or securities of the Company that by their terms are entitled to participate in such rights issue where the equity securities respectively attributable to the interest of all ordinary shareholders and such holders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them or into which their shares or securities are to be deemed converted in calculating the extent of their participation but subject to such exclusions as the directors may deem fit to deal with fractional entitlements or problems arising in any overseas territory; and

(ii) to the allotment (otherwise than pursuant to sub-paragraph (i) of this resolution) of equity securities up to an aggregate nominal value of £255,806.

(b) the power hereby conferred shall expire on the conclusion of the next annual general meeting following the date of the passing of this resolution or such later date as the company may by special resolution from time to time prescribe but may be previously revoked or varied by special resolution and

(c) the power hereby conferred shall enable the Company to make any offer or agreement that would or might require equity securities to be allotted after such power expires and the directors may allot equity securities in pursuance of any such offer or agreement up to the maximum amount prescribed by paragraph (a) of this resolution as if the power hereby conferred had not expired.

6. To transact any other business which may be properly transacted at an annual general meeting.

By order of the Board

M C Fairley
Secretary
London

26 April 1990

Notes

1. A member entitled to attend and vote is entitled to appoint one or more proxies to attend and on a poll to vote instead of him. A proxy need not be a member. On a poll every member is entitled to one vote for each ordinary share of which he is the holder.

2. The register of directors' shareholdings and copies of all directors' service contracts of more than one year's duration will be made available for inspection at the registered office during usual business hours on any weekday from the date of this notice until the date of the annual general meeting and for at least fifteen minutes prior to the meeting and at the meeting.

REPORT OF THE AUDITORS

To the Members

We have audited the accounts on pages 8 to 20 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group at 31 December 1989, and of the profit and source and application of funds of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young Ernst & Young
Chartered Accountants London 26 April 1990

REPORT OF THE DIRECTORS

The directors submit their report with the balance sheet of the Company at 31 December 1989, and the Group accounts for the year ended 31 December 1989, which were approved by them on 26 April 1990.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. During 1989 the principal activities of its subsidiaries were shipbroking, insurance broking and shipowning.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

As in previous years, the Chairman's statement has dealt with the review of the Group's trading activities during 1989.

FOREIGN CURRENCIES

Most of the Group's turnover is earned in foreign currencies. The accounting policy note covers the method of accounting for such currencies. Unrealised exchange differences of £1,360,000 have been credited directly to reserves (1988: £18,000). Realised exchange differences arise mainly from the repayment of foreign currency loans.

DIVIDENDS

An interim dividend of 2.5p per share was paid in November 1989 and a final dividend of 5p is proposed for payment on 9 July 1990.

POST BALANCE SHEET EVENTS

Negotiations have been completed for the sale of the Sea Guardian. Earl Granville, where we were disponent owners, was sold on 30 March 1990.

FIXED ASSETS

Shipowning–details of the Group's fleet interests are set out in notes 12, 14, and 22. These assets are shown in the accounts in accordance with the statement of accounting policies note 1(h) to the accounts.

SHARE CAPITAL

The Company's authorised share capital is £7,250,000; the issued share capital at 31 December 1989 was £5,115,625 and is currently £5,116,125.

Major shareholders in the Company are Nutraco Nominees Ltd (6.4%) and Lloyds Investment Managers Ltd (5.5%).

15.4% of the share capital of the Company is held directly by employees past and present and 5.5% by H. Clarkson (Trustees) Ltd. for use under the company's SAYE Share Option, Overseas Share Option and Profit Sharing Schemes.

The directors are not aware of any other interests amounting to 5% or more of the issued capital.

CHARITABLE AND POLITICAL CONTRIBUTIONS

Charitable donations by the group amounted to £16,696 (1988: £20,078). The Group made political contributions of £2,000 to the Conservative Party.

DIRECTORS

The directors of the Company on 26 April 1990 are shown on page 1. In accordance with the Articles of Association of the Company, Mr S L James, Mr A F Klima and Mr M J Wade, will retire by rotation at the annual general meeting and will offer themselves for re-election.

None of the directors proposed for re-election has a service contract with the Company or its subsidiaries.

Directors who served throughout the year and their beneficial shareholdings are as follows:

	Ordinary shares		*Options*		*Senior Executive Options*	
	1.1.89	31.12.89	1.1.89	31.12.89	1.1.89	31.12.89
B H Barr	93,188	93,832	3,791	3,791	46,500	96,500
M S Beckett	2,000	2,000	Nil	Nil	Nil	Nil
Sir Alan Campbell [Retired 29.6.89]	4,050	12,255	8,205	Nil	Nil	Nil
*J A Cox	45,993	54,842	8,205	Nil	46,500	46,500
*J L M Denham [Retired 31.12.89]	76,277	84,482	8,205	Nil	21,500	21,500
*A G Dickinson	76,825	85,674	8,205	Nil	46,500	96,500
*H L C Greig	70,936	79,141	8,205	Nil	Nil	Nil
S L James	Nil	Nil	8,205	Nil	Nil	Nil
*A F Klima	73,106	81,955	8,205	Nil	46,500	46,500
*H O McCoy	68,327	68,971	6,228	6,228	46,500	96,500
L N G Olsen [Retired 31.12.89]	8,000	8,000	Nil	Nil	Nil	Nil
Sir Peter Parker	11,301	19,506	8,205	Nil	Nil	Nil
*M J Wade	75,322	97,466	3,249	3,249	46,500	75,000

*Denotes a director and/or joint trustee of H. Clarkson (Trustees) Ltd. This company is trustee for the shares issued and subject to options under the SAYE Share Option Schemes and the Overseas Share Option Scheme.

Mr J L M Denham retired as a Director and joint trustee of H. Clarkson (Trustees) Ltd. on 31 December 1989.

Mr B H Barr has a non-beneficial interest in 15,000 shares through a trust holding jointly with two other trustees.

There have been no changes in shareholdings since the year end.

Mr S L James is senior partner of Simmons and Simmons and this firm receives fees for legal services as solicitors to the Group.

At 1 January 1989, 989,666 shares were held by H. Clarkson (Trustees) Ltd. for allocation to employees at a future date under Profit Sharing and Share Option Schemes. During the year, 52,786 shares were allocated for the benefit of employees under the terms of the Profit Sharing Scheme. On 30 June 1989, 454,891 shares were allocated to employees under the terms of the SAYE Share Option Scheme. On 18 December 1989 a further 500,000 shares were acquired arising from the sale of the shares previously held by Investors in Industry. On 31 December 1989 H. Clarkson (Trustees) Ltd. held beneficially 1,116,666 shares, (1,130,054 at 26 April 1990) of which 180,489 have been offered to employees under the SAYE and Overseas Share Option Schemes.

The Senior Executive Share Option Scheme was adopted on 30 June 1986 and approved by the Inland Revenue on 18 July 1986. The number of ordinary shares over which options may be granted on any date will be limited so that, when added to the number of any ordinary shares issued or issuable by the Company under options granted previously under the Scheme or any other share option scheme and shares issued by the Company under any profit sharing scheme operated by the Company, it will not exceed 10% of the number of ordinary shares then in issue or, if less, 4,050,000 ordinary shares (20% of the issued ordinary share capital at 30 June 1986). In August 1986, unconditional options were granted over 610,500 shares. In December 1989 options were granted on a further 398,000 shares. These options are exercisable after 3 years from the date of grant. During 1987 conditional options were granted over 365,000 shares and in December 1989 options on a further 597,000 shares were granted. These options are exercisable after 5 years provided that certain targets are achieved.

No director had during the year, or at the year end, any material interest in any contract of significance to the Group's business.

Authority to allot shares and pre-emption rights

At last year's annual general meeting, general authority was granted to the directors in accordance with section 95 of the Companies Act 1985 to allot shares in the event of a rights issue or up to a limit of 5% of the then issued share capital as if section 89 (1) of the Act did not apply. This authority expires at the conclusion of the 1990 annual general meeting; a resolution in similar terms will again be proposed, in line with the limit now recognised by the Investment Committees of the ABI and the NAPF.

EMPLOYMENT POLICIES

[a] Disabled persons

The policy of the Group is to give full and fair consideration to applications for employment made by disabled persons. Where an employee becomes disabled whilst in the employment of a group company, every effort is made to find continuing employment, either in the same or an alternative job. Disabled persons share equally in the opportunities available in the Group for training, career development and promotion.

[b] Communications and consultation with employees

The Group operates worldwide and its employment policies vary to meet local conditions and legal requirements. In the United Kingdom the Group is committed to a policy of the continuing development of effective means of communication, consultation and involvement. For example, communication is achieved through the availability to employees of the Annual Report and Accounts, Interim Statement and company newsletters. Where such policies do not exist in acquired companies steps are taken to introduce them. The Group encourages the involvement of employees in the financial performance of the Group through the share option and profit sharing schemes.

CLOSE COMPANY STATUS

The Company is not a close company within the provisions of the Income and Corporate Taxes Act 1988.

By order of the Board
M C Fairley
Secretary

26 April 1990

for the year ended 31 December 1989

	Notes	1989 £'000	1988 £'000
Turnover	2	38,080	31,175
Operating expenses	3	(31,888)	(26,918)
Operating profit	4	6,192	4,257
Share of associated companies' results	7	118	115
Interest receivable and similar income		2,738	1,381
Interest payable and similar charges	8	(842)	(519)
Realised exchange differences		(34)	(28)
Profit before profit sharing appropriation	2	8,172	5,206
Amount appropriated to profit sharing scheme		(135)	(110)
Profit on ordinary activities before taxation		8,037	5,096
Taxation on profit on ordinary activities	9	(3,150)	(1,814)
Profit on ordinary activities after taxation		4,887	3,282
Minority interests		(8)	(31)
Profit for the year attributable to members of the holding company before extraordinary item		4,879	3,251
Extraordinary item	10	388	-
		5,267	3,251
Dividends paid and proposed		(1,534)	(1,268)
Retained profit for the year	20	3,733	1,983
Earnings per share	11	24.0p	16.0p

Retained profit for the year		3,733	1,983
Profit and loss account at beginning of year		19,113	16,991
Transfers to profit and loss reserves	20	1,[illegible]20	139
Profit and loss account at end of year		24,266	19,113

The notes set out on pages 11 to 20 form part of these accounts.

at 31 December 1989

	Notes	Group 1989 £'000	Group 1988 £'000	Company 1989 £'000	Company 1988 £'000
Employment of capital					
Fixed assets					
Tangible assets	12	6,753	6,345	909	912
Investments	13	861	400	16,241	16,241
		7,614	6,745	17,150	17,153
Current assets					
Debtors	14	25,182	26,237	7,216	4,228
Cash at bank and in hand	1 (l)	18,899	19,061	1	81
		44,081	45,298	7,217	4,309
Creditors—amounts due within one year	15	(31,159)	(35,194)	(6,160)	(2,859)
Net current assets		12,922	10,104	1,057	1,450
Total assets less current liabilities		20,536	16,849	18,207	18,603
Less—non current liabilities					
Creditors—amounts falling due after more than one year	16	5,079	6,109	1,875	2,500
Provisions for liabilities and charges (deferred taxation)	17	1,878	2,243	(433)	(356)
		6,957	8,352	1,442	2,144
		13,579	8,497	16,765	16,459
Represented by					
Called up share capital	18	5,116	5,074	5,116	5,074
Share premium	19	1,562	1,383	1,562	1,383
Profit and loss account	20	24,266	19,113	10,087	10,002
		30,944	25,570	16,765	16,459
Goodwill	20	(17,547)	(17,216)	–	–
		13,397	8,354	16,765	16,459
Minority interests		182	143	–	–
		13,579	8,497	16,765	16,459

Directors
H L C Greig
A G Dickinson

26 April 1990

The notes set out on pages 11 to 20 form part of these accounts.

OF SOURCE AND APPLICATION OF FUNDS

for the year ended 31 December 1989

	1989 £'000	1988 £'000
Source of funds		
Profit before profit sharing appropriation	8,172	5,206
Amount appropriated to profit sharing scheme	(135)	(110)
Adjustments for items not involving the movement of funds		
Depreciation	1,781	1,220
Profit in associated companies	(118)	(115)
Loss on sale of fixed assets	109	–
Loss on sale of investments	–	58
	9,809	6,259
Funds from other sources		
Loans drawn down	–	3,706
Proceeds from sale of tangible fixed assets	270	200
Proceeds from sale of fixed asset investments	8	316
Dividends and other funds received from associated companies	–	72
Tax recovered	–	48
Share issues (net of expenses)	221	–
Extraordinary item	388	–
	10,696	10,601
Application of funds		
Dividends paid	(1,323)	(1,115)
Purchase of tangible fixed assets	(2,456)	(2,798)
Loan repayments	(572)	(467)
Tax paid (including A C T)	(3,624)	(167)
Purchase of fixed asset investments	(347)	(146)
*Decrease/(increase) in debtors	1,198	(8,868)
*(Decrease)/increase in creditors	(6,428)	14,233
Investment in subsidiaries	(271)	(1,708)
	(13,823)	(1,036)
	(3,127)	9,565
Unrealised exchange differences	1,265	43
Translation differences on loans	333	97
	1,598	140
	(1,529)	9,705
Movement in net liquid funds		
†Opening bank balances	19,041	9,336
†Closing bank balances	17,512	19,041
	(1,529)	9,705

**Working capital movements.*

†Includes £4,093,000 received December 1988, paid away January 1989 on behalf of an overseas client.

The notes set out on pages 11 to 20 form part of these accounts.

NOTE 1 Statement of accounting policies

Following are the significant accounting policies adopted by the Group.

(a) Basis of consolidation

The group accounts consolidate the accounts of Horace Clarkson Plc and all its subsidiaries made up to 31 December each year. No profit and loss account is presented for Horace Clarkson Plc as provided by S.228 (7) of the Companies Act 1985.

The group profit and loss account includes the results of companies acquired during the year for the periods from their date of acquisition. The purchase consideration has been allocated to each class of asset on the basis of fair value at the date of acquisition.

(b) Associated companies

Companies in which the Group has an investment comprising an interest of not less than 20% in the voting capital and over which it exerts significant influence are defined as associated companies. Such companies are also related companies as defined in the Companies Act 1985 and there are no other related companies. The group financial statements include the appropriate share of these companies' results and reserves based on audited financial statements to 31 December 1989.

(c) Turnover

Turnover represents brokerage earnings in shipbroking and insurance broking activities, commission earnings from financial services, freight and hires on shipowning activities and other income arising from shipping publications and leasing.

(d) Dividends receivable

Dividends from subsidiary companies are credited on the basis of amounts receivable. Other dividends are credited when received.

(e) Deferred taxation

Deferred taxation is provided on the liability method on all timing differences to the extent that they are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

(f) Foreign currencies

Current assets and liabilities and long term loans are included at rates of exchange prevailing at the end of the year and investments in companies and in ships not deemed to be on finance lease charters at rates ruling at the time of acquisition. The trading results of overseas subsidiaries are translated at average rates for the year.

Realised profits and losses arising on the sale of foreign currencies or the settlement of foreign currency liabilities are taken to profit and loss account. Unrealised profits or losses arising from the translation of foreign currency balances and investments, and the other assets and liabilities of the Group's foreign currency businesses, are taken to reserves in accordance with SSAP 20.

(g) Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets to their estimated residual values over their expected lives. Rates and bases (straight line or other) are those considered appropriate for each company in the Group and for the particular class of asset.

(h) Shipowning assets

The book values of vessels on long term charter are reviewed by reference to the present value of the future charter hire income stream and the terminal value arising from that charter. If such a charter is not deemed to be a finance lease, the book value is recorded in fixed tangible assets under note 12. If such a charter is deemed to be a finance lease in accordance with SSAP 21, the book value is recorded as a debtor under note 14.

(i) Leasing commitments

Assets obtained under finance leases are capitalised on the balance sheet and are depreciated over their useful lives.

The interest element of the lease obligations is charged to profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

(j) Investments

All the group's fixed investments are for the long term and are treated as fixed assets. Investments are included in these accounts at cost.

(k) Pensions

The company's policy on pensions is detailed in note 23.

(l) Cash at bank and in hand

The Group receives cash in the ordinary course of business for onward payment to its clients.

The liability to clients for such cash is included in creditors due within one year. Such cash is separately identified in the Group's books of account. In accordance with Lloyd's Broker By-Laws a floating charge has been executed over the Lloyd's brokers' insurance transaction assets in favour of Lloyd's as trustee to secure all monies due or to become due from Holman Wade Insurance Brokers Ltd. to Lloyd's.

(m) Goodwill

Purchased goodwill is either written off directly to a goodwill reserve or amortised through the profit and loss account over its estimated economic useful life depending upon the directors' assessment of the particular acquisition.

NOTE 2 Turnover

(a) Contributions of the activities of the Group to turnover and results before profit sharing appropriation are set out below:–

	1989		1988	
	Turnover £'000	Results £'000	Turnover £'000	Results £'000
Principal activities				
Shipbroking	25,443	5,837	19,824	3,465
Insurance broking	8,669	2,093	7,133	1,788
Shipowning	3,375	266	3,398	309
Horace Clarkson Plc and Other	593	(24)	820	(356)
	38,080	8,172	31,175	5,206

£1,154,000 of the shipowning bareboat charter hire received in 1989 (1988: £1,148,000) is deemed to be finance lease rental under SSAP 21.

(b) A geographical analysis is shown below

	1989		1988	
	£'000	£'000	£'000	£'000
UK	30,152	6,303	24,840	3,612
Europe	2,341	52	2,907	547
USA	2,878	971	1,783	643
Rest of world	2,709	846	1,645	404
	38,080	8,172	31,175	5,206

NOTE 3 Operating expenses

	1989 £'000	1988 £'000
Shipbroking	20,715	16,938
Insurance broking	7,454	5,970
Shipowning	2,827	2,790
Horace Clarkson Plc and Other	892	1,220
	31,888	26,918

NOTE 4 Operating profit is after charging

	1989 £'000	1988 £'000
Depreciation of tangible fixed assets	1,781	1,320
Auditors' remuneration	143	137
Directors' emoluments (see note 5)	1,485	868

NOTE 5 Directors' emoluments

	1989 £'000	1988 £'000
Paid by the Company		
As directors	92	73
Paid by subsidiaries		
As executives	1,282	712
As pension benefits	111	83
	1,485	868

The emoluments of the chairman were £15,000 (1988: £12,083). The emoluments of the highest paid director were £255,828 (1988: £143,843). The table which follows shows the number of directors of the Company whose emoluments during the year excluding pension benefits were within the bands stated.

£		£	1989	1988
0	—	5,000	1	1
5,001	—	10,000	3	3
10,001	—	15,000	1	2
15,001	—	20,000	–	1
20,001	—	25,000	2	-
70,001	—	75,000	–	1
105,001	—	110,000	1	–
110,001	—	115,000	–	1
120,001	—	125,000	–	3
140,001	—	145,000	–	1
180,001	—	185,000	2	–
195,001	—	200,000	1	–
225,001	—	230,000	1	–
255,001	—	260,000	1	–

NOTE 6 Employee information

(a) The average number of persons employed by the Group including executive directors during the year is analysed below:

	1989	1988
UK	382	379
Europe	21	23
USA	16	14
Rest of world	49	31
	468	447

(b) The aggregate gross remuneration of the above is made up as follows:

	1989 £'000	1988 £'000
Aggregate gross commission and salaries	14,093	11,716
Social security contributions	1,341	1,075
Employers' pension contributions	1,282	1,200
	16,716	13,991

(c) The Company has no direct employees earning more than £30,000 per annum.

NOTE 7 Share of associated companies' results

	1989 £'000	1988 £'000
Group's share in profits less losses before tax of associated companies	118	115

NOTE 8 Interest payable and similar charges

	1989 £'000	1988 £'000
Interest payable on loans		
Wholly repayable within five years	803	499
All other loans	39	20
	842	519

NOTE 9 Tax on profit on ordinary activities

The charge is made up as follows:	1989 £'000	1988 £'000
Overseas		
Corporation tax	**331**	274
Deferred taxation	**(42)**	(33)
	289	241
UK		
Corporation tax at 35% (1988: 35%)	**3,122**	1,753
Deferred taxation	**(271)**	(214)
	2,851	1,539
Group tax charge	**3,140**	1,780
Associated companies' share of tax charge	**10**	34
Tax on profit on ordinary activities	**3,150**	1,814

NOTE 10 Extraordinary item

This represents an amount of £598,000 less taxation of £210,000 arising from the liquidation of Spanocean, a previous charterer of two of the Group's ships, which went into liquidation in 1984. Any amounts due to the Group at that time were written off as extraordinary items.

NOTE 11 Earnings per share

Average earnings per ordinary share of 24.0p (1988: 16.0p) are based on the group profit after taxation and minority interest before extraordinary item of £4,879,000 (1988: £3,251,000) and on an average of 20,359,973 ordinary shares of 25p each in issue during the year ended 31 December 1989 (1988: 20,294,500).

NOTE 12 Tangible assets

	Group						
	Fleet interests	Freehold properties	Leasehold over 50 years	Leasehold under 50 years	Office furniture and equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Original cost							
At 1 January 1989	1,345	1,461	19	1,477	4,285	1,580	10,167
Additions during the year	–	65	–	65	1,324	1,002	2,456
Disposals during the year	–	(38)	–	–	(159)	(628)	(825)
Adjustments*	4	76	–	20	97	8	205
At 31 December 1989	**1,349**	**1,564**	**19**	**1,562**	**5,547**	**1,962**	**12,003**
Accumulated depreciation							
At 1 January 1989	545	279	3	472	1,955	568	3,822
Depreciation for the year	86	37	–	164	1,069	425	1,781
Depreciation on disposals	–	(38)	–	–	(114)	(294)	(446)
Adjustments*	–	44	–	3	44	2	93
At 31 December 1989	**631**	**322**	**3**	**639**	**2,954**	**701**	**5,250**
Net book amount at 31 December 1989	**718**	**1,242**	**16**	**923**	**2,593**	**1,261**	**6,753**
At 31 December 1988	800	1,182	16	1,005	2,330	1,012	6,345
Depreciation term (years)	10–20	60	–	Less than 50	5–15	6	

**Includes foreign currency translation differences.*

Tangible assets

	Company			
	Freehold properties	Office furniture and equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Original cost				
At 1 January 1989	896	29	20	945
Additions during the year	14	17	–	31
At 31 December 1989	**910**	**46**	**20**	**976**
Accumulated depreciation				
At 1 January 1989	9	16	8	33
Depreciation for the year	15	14	5	34
At 31 December 1989	**24**	**30**	**13**	**67**
Net book amount at 31 December 1989	**886**	**16**	**7**	**909**
At 31 December 1988	887	13	12	912
Depreciation term (years)	60	5–15	6	

NOTE 13 Investments

	Group			
	Associated companies	Listed	Unlisted	Total
	£'000	£'000	£'000	£'000
Cost at 1 January 1989	126	88	175	389
Additions	344	3	–	347
Disposals	–	(8)	–	(8)
Adjustments	(23)	7	2	(14)
	447	90	177	714
Group's share of post acquisition retained profit and reserves				
At 1 January 1989	11	–	–	11
Retained for the year	108	–	–	108
Adjustments	28	–	–	28
At 31 December 1989	**147**	–	–	**147**
Net book value at 31 December 1989	**594**	**90**	**177**	**861**
At 31 December 1988	137	88	175	400

Market value of listed investments £181,202 (1988: £212,184).
In no case did the Group's investment in shares classified as listed and unlisted exceed 10% of the share capital of the company concerned.

	Company	
	1989	1988
	£'000	£'000
Shares in group companies at cost	**16,125**	16,125
Unquoted investments	**116**	116
	16,241	16,241

NOTE 14 Debtors

	Group 1989 £'000	Group 1988 £'000	Company 1989 £'000	Company 1988 £'000
Amounts falling due within one year				
Trade debtors	16,234	17,572	–	–
Ships on long term bareboat charter	650	675	–	–
Amounts owed by associated companies	198	453	–	–
Other debtors	1,441	845	127	44
Prepayments and accrued income	1,107	933	–	15
Taxation	210	67	130	–
Owed by group companies	–	–	6,959	4,169
	19,840	20,545	7,216	4,228
Amounts falling due after more than one year				
Investments	–	10	–	–
Ships on long term bareboat charter	4,924	5,234	–	–
H. Clarkson (Trustees) Ltd.	26	23	–	–
Secured property loans				
Employees	313	338	–	–
Other debtors	79	87	–	–
	5,342	5,692	–	–
	25,182	26,237	7,216	4,228

Directors' loans

The subsidiary company Diaome Limited, a licensed money-lending company had an outstanding loan of £13,443 to an officer of the Company which is required to be disclosed pursuant to the Companies Act 1985. The loan was advanced under an approved employees' property loan scheme the terms of which provide for interest to be charged at 2.5% up to £5,000. Interest on loans in excess of this is generally charged from 7.5% to the maximum permitted by the license of 13% (or MLR plus 1%, whichever is the higher).

NOTE 15 Creditors

	Group 1989 £'000	Group 1988 £'000	Company 1989 £'000	Company 1988 £'000
Amounts falling due within one year				
Trade creditors	17,825	25,551	–	–
Other creditors	2,074	2,132	195	236
Accruals and deferred income	3,857	2,414	64	70
Bank overdrafts	1,387	20	429	–
Advance corporation tax on dividends	507	423	507	423
Taxation	3,114	3,174	–	–
Bank loans (see note 16)	1,351	560	625	–
Dividend	1,023	812	1,023	812
Owed to group companies	–	–	3,317	1,318
Lease commitments	21	108	–	–
	31,159	35,194	6,160	2,859

NOTE 16 Creditors

Amounts falling due after more than one year

(a) Group

	Currency	Interest Rate	Repayment	Group 1989 £'000	Group 1988 £'000
Secured loans—under 5 years	US Dollar	LIBOR + 0.75%	1990 – 1994	2,261	2,366
Other (see (b) below)	£ Sterling	Clearing Bank Base Rate + 1.25%	1990 – 1993	2,775	3,700
				5,036	6,066
Lease commitments—under 5 years				43	43
				5,079	6,109

Loan repayments in respect of the above loans repayable between one and two years are £1,327,000 (1988: £1,283,000), those repayable within one year, are shown in note 15.

Lease commitments repayable in respect of the above leases between one and two years are £43,000 (1988: £43,000), those repayable within one year are shown in note 15.

All secured loans shown above are secured on ships by mortgage (see note 12).

(b) Company

The Company has an outstanding unsecured bank loan of £2,500,000 (1988: £2,500,000) repayable 1990–1993 with interest accruing at Bank of Scotland base + 1.25% p.a. The amount of £625,000 repayable in 1990 is included in amounts falling due within one year (Note 15.)

The Company has also provided a guarantee of £1,200,000 as security for a bank loan to a subsidiary company. The underlying loan is repayable 1990–1993. The amount of £300,000 repayable in 1990 is included in amounts falling due within one year (Note 15).

NOTE 17 Provisions for liabilities and charges—Deferred taxation

	Group 1989 £'000	Group 1988 £'000	Company 1989 £'000	Company 1988 £'000
U K — Accelerated capital allowances	2,108	2,408	–	–
— Unrelieved losses	(85)	(85)	(85)	(85)
	2,023	2,323	(85)	(85)
Less Advance corporation tax recoverable	(345)	(271)	(348)	(271)
	1,678	2,052	(433)	(356)
Overseas — Accelerated capital allowances	238	240	–	–
— Other timing differences	(38)	(49)	–	–
	200	191	–	–
	1,878	2,243	(433)	(356)

Accelerated capital allowance provisions are for the full potential amount.

NOTE 18 Share Capital

	Authorised	Allotted issued and fully paid
	£'000	£'000
Ordinary shares of 25p each	7,250	5,116
Number of shares at 1 January 1989	29,000,000	20,294,500
Shares issued as purchase consideration on 16 May 1989	-	60,000
Shares issued in connection with the Senior Executive Share Option Scheme	-	108,000
Number of shares at 31 December 1989	29,000,000	20,462,500

NOTE 19 Share Premium

	1989	1988
	£'000	£'000
Share premium at 1 January 1989	1,383	1,383
Share premium arising on a further issue on 16 May 1989	96	-
Share premium arising on issues in connection with the Senior Executive Share Option Scheme	83	-
Share premium at 31 December 1989	1,562	1,383

NOTE 20 Profit and loss account

(a) Retained Profit

	1989	1988
	£'000	£'000
Consolidated retained profit is analysed below:		
Horace Clarkson Plc	85	57
Subsidiary companies	3,540	1,867
Associated companies	108	59
	3,733	1,983

(b) Transfers to profit and loss account

	1989	1988
	£'000	£'000
Unrealised exchange differences	1,360	18
Reserves released on sale of subsidiaries	60	121
	1,420	139

(c) Goodwill

	1989	1988
	£'000	£'000
Goodwill at 1 January 1989	17,216	15,495
Goodwill arising on acquisitions *	550	1,721
Goodwill realised on sale of subsidiaries and refunds on cost	(219)	-
Goodwill at 31 December 1989	17,547	17,216

* (1) 1989: Including £356,000 in connection with the Accident and General purchase agreement and £194,000 in connection with the Seadragon Maritime Inc. (Pte) Ltd. purchase agreement. The fair value of the assets acquired was £201,000 which equalled their net book value at acquisition date.
(2) 1988: Including £1,000,000 in connection with the Holman Wade Shearman Ltd. purchase agreement.

NOTE 21 Capital expenditure

	1989	1988
	£'000	£'000
Capital expenditure commitments contracted	425	114
Capital expenditure authorised but not committed	131	–

NOTE 22 Fleet interests

	Type	Year built	Group share	Current employment	Charter
Earl Granville	4,478 grt Passenger/Vehicle Ferry	1973	100% Disponent owners	Sold March 1990	
Cartagena (Ex Jade Bounty)	6,596 dwt. Refrigerated Container Ship	1977	100%	Bareboat charter to October 1994	I T S Ltd
Mariana	2,756 cubic metres Gas Carrier	1982	31.7%	Contract of Affreightment to December 1991	French Charter Consortium
Santa Marta (Ex Sapphire Bounty)	6,588 dwt. Refrigerated Container Ship	1978	100%	Bareboat charter To October 1994	I T S Ltd
Sea Guardian	1,599 grt. Offshore Service Vessel	1982	100%	Sold for delivery 1990	

In addition a 50% interest is held in five small fishing vessels which fish out of Grimsby. They are managed by Tom Sleight (FS) Ltd.

NOTE 23 Pension Fund

The Company complies with the provisions of Statement of Standard Accounting Practice No. 24 "Accounting for Pension Costs", in relation to its UK pension scheme. The charge to annual profits for pensions is calculated so as to recognise the cost on a rational and systematic basis over the period of the employees' service lives. Any adjustment arising from prior years is spread over the expected remaining service lives as a level percentage of salary roll.

In the UK, the Company operates the Horace Clarkson Plc pension scheme. This is a defined benefit scheme whose assets are held in a trust fund entirely independent of the assets of the Company. This scheme covers 82% of the employees of the Group. The total pension cost for the Group for 1989 was £1,282,000. The pension cost relating to the UK scheme was £1,020,000 and was assessed in accordance with the advice of a qualified actuary based on an actuarial valuation as at 5 April 1986. Pension costs in relation to overseas schemes have been determined in accordance with local practice and regulations.

A further actuarial valuation of the Horace Clarkson Plc pension scheme has been carried out as at 5 April 1989. At that date, the market value of the assets was £29.3 million and, after allowing for certain benefit improvements subsequently agreed between the Company and the trustees of the scheme, the actuarial value of the assets was sufficient to cover 96.5% of the value of the benefits that had accrued to members allowing for expected future increases in earnings. The valuation was carried out using the projected unit method, on the basis that any imbalance between assets and accrued liabilities would be funded over a period approximating to the average future service life of members of the scheme. Following the benefit improvements agreed the Company's contribution rate to the scheme will increase from 13.0% to 17.5% of pensionable salaries with effect from 1 January 1990. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investment and the rates of increases in salaries, pensions and dividends. It was assumed that investment returns would be 9% p.a.; that salary increases would average 7% p.a.; that present and future pensions would increase at the rate of 4% p.a.; and that equity dividends would increase at 4.5% p.a.

SUBSIDIARY AND ASSOCIATED COMPANIES

Subsidiary companies and countries of incorporation and operation	Percentage of equity shares	Activity
UK		
Accident & General Insurance Brokers (NI) Limited	100	4
Clarkson Oil Broking Limited	100	1
Clarkson Research Studies Limited	100	3
Diaome Limited	100	3
Hamilton Barr Group Limited	100	4
Hamilton Barr Insurance Brokers Limited	100	4
H. Clarkson and Company Limited	100	1/2
Holman Wade Group Limited	100	4
Holman Wade Insurance Brokers Limited	100	4
Horace, Holman Marine and Overseas Limited	100	4
Holman Wade Limited	100	4
Holman Wade Shearman Limited	100	4
J S Kennedy & Co. Limited (sold October 1989)	100	4
Needler Marine Limited	100	4
Needler Overseas Limited	100	4
Venture Securities Limited	100	3
Africa		
* Afromar (Pty) Limited (South Africa)	100	1
Transmaritime Agencies Limited (Liberia)	100	1/3
Zimbabwe Shipping & Chartering (Pte) Limited (Zimbabwe)	100	1
Australia		
* Austral Chartering (Pty) Limited	100	1
Bermuda		
* Clarkson Victoria Limited	100	1
Denmark		
H. Holman and Company A/S	70	4
France		
* Asmarine S A	95	1/2
* Asmarine Petroleum Services S A R L	57	1
* Horace Holman France SA	60	4
Hong Kong		
* Victoria (Hong Kong) Shipbrokers Limited	100	1
Ireland		
Accident & General Insurance Brokers Limited	100	4
Singapore		
* Seadragon Maritime Inc. (Pte) Limited	87.5	1
USA		
* C F Wiborg & Company	100	1
Seabrokers Inc.	100	1
* Tanker Brokers Inc	51	1
Associated Companies		
UK		
Clarkson Wolff Limited	50	3
* Toron Group Limited	25	3
Australia		
* Elder-Austral Chartering (Pty) Limited	50	1
USA		
* Distribution Consulting Services Inc	50	3
* Overseas-Wiborg Chartering Co. (Partnership)	50	1

The activities of the various companies shown in abbreviated form above are as follows:

1 – Shipbroking
2 – Shipowning
3 – Financial services and other
4 – Insurance broking

* Not audited by Ernst & Young

The group also holds investments in other subsidiaries which are either not trading or not significant.

In compliance with Section 231 of the Companies Act 1985, a complete list of subsidiaries will be annexed to the company's next annual return.

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Companies House

NOTICE OF ILLEGIBLE DOCUMENT

ON THE MICROFICHE RECORD

Companies House regrets that the microfiche record for this company contains some data which is illegible.

The poor quality has been noted but unfortunately the steps taken to improve the quality have been unsuccessful.

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