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HORACE CLARKSON

PLC

REPORT AND ACCOUNTS

1993

DIRECTORS AND ADVISERS

DIRECTORS

NON-EXECUTIVE

M E Beckett, Chairman*†

Michael Beckett (57) was appointed a director of the company in 1988. He is a non-executive director of Amstrad Plc, Ashanti Goldfields Company Limited, British Borneo Petroleum Syndicate Plc, BPB Industries Plc, Foreign & Colonial Income Growth Investment Trust Plc, Thos. Miller & Co., Queens Moat Houses Plc and Watts, Blake, Bearne Plc. He was a managing director of Consolidated Goldfields Plc.

A Brooks†

Alan Brooks (58) was appointed a director of the company in October 1993. He is a director of Anglo United Plc and was previously group managing director of BPB Industries Limited and chairman of British Gypsum Limited.

B F Burns, FCA*†

Brian Burns (51) was appointed a director of the company in October 1990. He [illegible] a partner of the accountancy firm Arthur Young for sixteen years and was group finance director of Horace Clarkson Plc from 1990 until September 1993.

S L James*†

Stephen James (63) has been a director of the company since 1975. He is a consultant to Simmons & Simmons, solicitors to the group.

* *Member of audit committee*
† *Member of remuneration committee*

EXECUTIVE

B H Barr
Chairman, Horace Holman & Company Limited

H O McCoy, FICS
Chairman, H Clarkson and Company Limited

R D Ward, FCA
Group finance director and finance director, H Clarkson and Company Limited

G D Weston, MCIT
Director, H Clarkson and Company Limited

ADVISERS

PRINCIPAL BANKERS
Bank of Scotland
Lloyds Bank Plc

AUDITORS
Ernst & Young
Chartered Accountants

SOLICITORS
Simmons & Simmons

FINANCIAL ADVISERS
The British Linen Bank Limited

STOCKBROKERS
Cazenove & Co

SECRETARY AND REGISTERED OFFICE
M C Fairley, ACIS
12 Camomile Street
London EC3A 7BP

CHAIRMAN'S STATEMENT

INTRODUCTION

THE PROFIT BEFORE TAX of your group for the year ended 31 December 1993 was £1.3 million (1992: £0.5 million).

The increase is largely due to the improved performance of the shipbroking division which was ahead of expectations and is after making a £1.1 million restructuring provision in respect of the insurance broking activity.

This result has been achieved in a year when the London based part of the group has suffered from disturbance and disruption to business caused by the second IRA bomb incident in April.

REVIEW OF OPERATIONS

SHIPBROKING

THE SHIPBROKING DIVISION produced a pre-tax profit of £4.5 million (1992: £3.3 million). This is a substantial improvement over the previous year's profit, which included a contribution of £1.4 million from the sale of a property in Paris. Turnover increased to £30.8 million (1992: £25.9 million) primarily as a result of improved charter rates and ship values.

1993 was in general a good year for bulk shipping. The dry cargo market performed strongly for the majority of the year. The Clarkson Panamax Index averaged 104 giving an average daily rate of US$9,045, compared to an index of 84 in 1992. 1993 saw strength in the emerging economies of South East Asia, giving rise to a boost in general cargo demand. The major economies of the United States, Western Europe and Japan, as expected, did not contribute greatly to the growth of world trade.

In the fourth quarter of the year dry cargo rates began to fall, mainly due to a slowdown in economic growth and a steady expansion of the fleet, which caused an imbalance in supply and demand, particularly for the larger vessels. Modern Capesize bulkcarrier rates which exceeded US$18,000 for 'short' time charters fell to US$14,000 for the same business. Older vessels fared much worse.

The tanker market performed well when compared to the previous year, but the slow growth in demand and the continued expansion of the fleet has contained rates. Our VLCC Index, which was 59 in 1992, averaged 72 for the year, which for modern tonnage gave average earnings of over US$19,000 per day.

Sale and purchase values were firm for most of the year, following the pattern of 1992 and we did significant business in this market. Our business was widely based on secondhand sales and the placing of newbuilding contracts. The market was particularly active with a high volume and the department reported a record year with strong support from our clients.

The optimism which existed in the dry cargo market, together with a fall in newbuilding prices, produced a significant number of newbuilding orders which will impact on the market in 1994 and 1995.

It was decided during the year to cease our activities in ships agency and this we did with great sadness as it had been a traditional part of the group's business on the River Thames for so many years, but highly competitive rates and a lack of growth in the business prompted us to take this decision.

Our research department continued to refine their range of publications and have increased sales, which are now approaching £1 million per annum.

Our overseas offices made a useful contribution to profits. In 1993 overseas offices contributed 15 per cent of total shipbroking profits, down on the previous year, the change mainly due to an increase in profits from the London activity.

The dynamic performance of the Chinese economy has encouraged us to establish a liaison office in Beijing, which will be under the control of our Hong Kong office.

I believe our shipbroking division remains a market leader in London and that its continued expansion overseas will help keep it at the forefront of its sector.

CHAIRMAN'S STATEMENT

SHIPOWNING

OUR TWO REFRIGERATED container vessels, 'Cartagena' and 'Santa Marta', continued to trade satisfactorily on their bareboat charters.

Results from the five fishing vessels in which we had a 50 per cent ownership continued to be disappointing and they were disposed of during the year at a small profit over their written down value.

INSURANCE BROKING

THE INSURANCE BROKING DIVISION made a pre-tax loss of £2.5 million (1992: Loss £2.1 million) after making a £1.1 million restructuring provision referred to below. This result was achieved on a slightly reduced turnover of £10.1 million (1992: £10.6 million).

As anticipated 1993 was a further difficult year, with another substantial reduction in income from our Lloyd's Names' business. There has, however, been encouraging growth in most of the other operating areas. The reorganisation of this business has been completed and its cost base has been reduced further, notwithstanding the high cost of servicing the run-off of the Lloyd's Names' business and increases in the cost of errors and omissions insurance.

The restructuring provision has been established to cover the cost of vacant premises and the reorganisation and replacement of systems arising from a review of our procedures for processing claims in our Lloyd's Names' business.

The reduction in income from the Lloyd's Names' business, already referred to, has occurred at a time when the volume of claims handled has increased sharply from 12,500 claims in 1992 to 16,600 in 1993 and is likely to remain at this higher level for the foreseeable future. Enormous strain has, therefore, been placed on our systems. Nevertheless, it is with some satisfaction that we can report that we have processed personal stop loss claims, during the year, on a timely basis.

The reinsurance department's policy of diversification away from its London market base continues to bear fruit and the department has achieved a 35 per cent increase in brokerage income during the year. Emphasis is now being placed on the development of European and South American business and also non-marine classes.

The international department, which is predominantly a direct marine business, also benefited from an increase in income and, at the same time, was able to achieve a reduction in operating costs. The business currently handled is primarily hull and cargo and it is intended, during 1994, to develop the marine liability section by a greater involvement in protection and indemnity business.

Hamilton Barr, the travel insurance broker, had another excellent year and saw its income and profitability increase by some 20 per cent. The travel insurance field remains very competitive but an upturn in the holiday market will bring substantial benefits. It is intended, during 1994, to extend the range of operations of Alpha Assistance, the in house emergency service, to provide emergency facilities to unconnected travel insurers and third parties.

Adam Brothers, the contingency insurance broker, produced a very disappointing result but a change in management and progress in implementing plans already established give us reasonable grounds for optimism for the future. As part of these plans, it is intended to change the company's marketing strategy by directing a more diverse range of products to a wider market.

FINANCIAL

THIS YEAR, in line with the recommendations of the Accounting Standards Board, we have adopted the new Financial Reporting Standard No 3: 'Reporting Financial Performance' from which the underlying performance of the group's operations can be seen more clearly.

CHAIRMAN'S STATEMENT

At any time the group holds substantial client funds which have been collected and are not yet due for payment and is entitled to earn interest on these funds as part of its remuneration. In addition, the group must maintain sufficient liquidity to finance the ongoing requirements of the business by way of working capital. However, the losses incurred by the insurance broking division in the last two years have depleted the level of working capital retained in the business and have resulted in £4.3 million of short-term group indebtedness in the form of bank overdraft and during the coming year the board will be examining alternative options to reduce the level of indebtedness.

The majority of group turnover is received in US dollars and consequently the group benefited from the fall in the value of sterling against the dollar which commenced in the autumn of 1992. The sale of dollar income during 1993 was achieved at an average exchange rate of 1.52 US dollars to the pound, against an average of 1.68 for the previous year.

However, the decline in short term sterling interest rates has continued, with a consequential adverse effect on the performance of our insurance broking business particularly. UK sterling bank base rates averaged 6.02 per cent for 1993 against an average for the previous year of 9.55 per cent, a reduction of over one third.

The group continues to suffer from a higher effective tax rate than the current rate of UK corporation tax, as a result of disallowable expenses and higher overseas tax provisions. The board continues to review ways of reducing the effective tax rate.

PROSPECTS

THE YEAR ENDED on a fairly dull note for the shipbroking division mainly due to a combination of lack of economic growth and continued expansion in the main bulk fleets. This expansion is continuing in 1994 and has consequently adversely affected rates in both the bulkcarrier and tanker markets. It has also affected the confidence of the market and sale and purchase values have fallen significantly. However, these conditions have begun to accelerate the removal of older vessels from the fleet and, whilst the immediate outlook for world shipping does not appear bright, we are confident that our shipbroking division is in good shape and well placed to benefit from an upturn in the major economies when and if that occurs.

It is the board's intention to consolidate the group's position as the world's leading shipbroker and balance the cyclicality of shipbroking profits with a profitable insurance broking business, based on a strong niche market presence.

Prospects for our insurance broking division are improving. Following management changes, action has been taken to reduce further the division's cost base. A number of business producers have been recruited in order to widen the range of products offered and this process will continue.

Despite the continuing decline in brokerage from its Lloyd's Names' products, the action taken to reduce its cost base and improve general efficiency will have a positive impact on the insurance broking division's performance during 1994.

DIRECTORS

ON CARRON GREIG'S retirement in May 1993, I was invited to assume the non-executive chairmanship of the group, having been a non-executive director since July 1988. I thank him very much for his help over these years and wish him a very long and happy retirement.

In October, 1993 we welcomed Alan Brooks and Robert Ward to the board. Alan Brooks will serve in a non-executive capacity and was previously a director of BPB Industries Limited. Robert Ward, who has been finance director of the shipbroking division since February 1991, assumed the group finance director's role from Brian Burns who continues as a non-executive director.

CHAIRMAN'S STATEMENT

DIVIDEND

THE BOARD will be recommending a final dividend of 1.00p per share (1992: 1.00p). This, together with the interim dividend paid in November 1993, amounts to 1.75p per share (1992: 1.50p per share). It is the intention of the board to achieve a further increase in dividend payments as soon as an improvement in earnings will allow.

STAFF

FOR THE MAJORITY of the past year, the shipbroking and insurance broking divisions have operated from temporary accommodation in Chiswell Street and Finsbury Circus respectively and we are very grateful for the great spirit and fortitude shown by all concerned, which helped us so much to recover from the second IRA bomb incident in April 1993. The move back to Camomile Street was completed in February of this year and I am pleased to record that both divisions are once again operating largely from one central location.

I am most grateful to all our staff both here and overseas who have coped well with the difficulties of 1993. I thank them for their enthusiasm and commitment, on which the success of our business depends.

Michael Beckett
Chairman

28 April 1994

REPORT OF THE DIRECTORS

The directors present their report and the group accounts for the year ended 31 December 1993, which were approved by them on 28 April 1994.

RESULTS AND DIVIDENDS

The results of the group giving details of the profit, dividends and retained earnings are shown on page 11. An interim ordinary dividend of 0.75p per share was paid in November 1993 and the directors recommend a final dividend of 1.00p per share payable on 6 July 1994 to shareholders on the register at 16 June 1994 making a total for the year of 1.75p per share (1992: 1.50p).

PRINCIPAL ACTIVITIES

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

REVIEW OF THE BUSINESS

The group's business and future developments are commented upon in the chairman's statement on pages 2 to 5.

MARKET VALUE OF LAND AND BUILDINGS

In the opinion of the directors, the market value of the group's properties is not materially different from their net book value.

FIXED ASSETS

The changes in fixed assets during the year are summarised in notes 11 and 12.

DIRECTORS

The directors at 31 December 1993 and their beneficial interests in the share capital of the company are as follows:

	Ordinary shares		*Share options*	
	31.12.93	*1.1.93 or date of appointment*	*31.12.93*	*1.1.93 or date of appointment*
B H Barr	**99,612**	95,821	**78,233**	82,024
M E Beckett	**2,000**	2,000	**Nil**	Nil
A Brooks (Appointed 1 October 1993)	**Nil**	Nil	**Nil**	Nil
B F Burns*	**444**	444	**Nil**	Nil
S L James	**Nil**	Nil	**Nil**	Nil
H O McCoy*	**77,392**	71,164	**98,925**	105,153
R D Ward* (Appointed 1 October 1993)	**25,737**	25,737	**20,000**	20,000
G D Weston	**19,249**	17,083	**64,772**	66,938

**Denotes a director and/or joint trustee of H Clarkson (Trustees) Limited. This company is trustee for the shares issued and subject to options under the SAYE Share Option Scheme and certain options under the Senior Executive Share Option Scheme. Details of these are shown in the paragraph concerning employee share trusts on page 7.*

No options were granted to any director during the year. Mr B H Barr, Mr H O McCoy and Mr G D Weston respectively exercised options over 3,791 shares, 6,228 shares and 2,166 shares during the year under the terms of the 1986 SAYE Share Option Scheme at a price of 65.0p per share. On 31 March 1994 Mr A Brooks purchased 2,000 ordinary shares and Mr G D Weston sold 10,000 ordinary shares. There have been no other changes in directors' interests between 31 December 1993 and the date of this report.

REPORT OF THE DIRECTORS

The directors of the company on 28 April 1994 are shown on page 1. Sir Peter Parker and Mr M J Wade resigned on 22 January 1993. Mr H L C Greig resigned on 27 May 1993. In accordance with the articles of association of the company, Mr B F Burns and Mr G D Weston will retire by rotation at the annual general meeting and will offer themselves for re-election. Mr A Brooks and Mr R D Ward were appointed on 1 October 1993 and in accordance with the articles of association will offer themselves for re-election at the annual general meeting. The service contracts of Mr B F Burns and Mr A Brooks expire on 1 October 1994 and 1 October 1996 respectively. Mr R D Ward and Mr G D Weston have service contracts with H Clarkson and Company Limited determinable at, respectively, three months' and six months' notice.

Mr B F Burns is a former partner of Arthur Young, the accounting firm, which became part of Ernst & Young, the company's auditors. Mr S L James is a consultant to Simmons & Simmons; this firm receives fees for legal services as solicitors to the group. No director had, during the year or at the year-end, any material interest in any contract of significance to the group's business.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

A directors' and officers' liability insurance policy was maintained during the year, as permitted by section 310(3) of the Companies Act 1985.

CHARITABLE AND POLITICAL DONATIONS

During the year, the group made various charitable donations amounting to £18,464. No political contributions were made.

SHARE CAPITAL

Details of the company's share capital are shown in note 18 to the accounts.

EMPLOYEE SHARE TRUSTS

At 31 December 1993 H Clarkson (Trustees) Limited held for allocation to employees at a future date under share incentive schemes 1,075,113 shares, of which 184,664 shares are held for employees under the Savings Related Share Option Scheme, 340,000 shares for the Senior Executive Share Option Scheme and 238,800 shares under the Profit Sharing Scheme.

The Horace Clarkson Employee Share Trust was established in January 1994 to hold shares under the terms of the Horace Clarkson Plc Restricted Share Plan. At the date of this report 935,000 shares were held by the Trust.

AUTHORITY TO ALLOT SHARES AND PRE-EMPTION RIGHTS

At the 1994 annual general meeting a special resolution is proposed renewing the general authority 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 per cent of the issued share capital as if section 89(1) of the Act did not apply. This is in line with the limit now recognised by the investment committees of the ABI and the NAPF.

ALTERATION OF ARTICLES OF ASSOCIATION

The notice convening the 1994 annual general meeting includes a special resolution to amend Article 86 which deals with the remuneration of non-executive directors. The existing article sets an upper limit on a non-executive director's remuneration of £10,000 per annum – this level was set in 1982 and it is proposed that this limit be increased to £25,000 per annum.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS

The company has been notified of the following substantial interests in its share capital:

Lloyds Bank Pension Trust Corporation Limited	5.84 per cent
Castalia Offshore Partners Limited	5.56 per cent
Legal & General Assurance Society Limited	5.10 per cent
M & G Smaller Companies Fund	4.99 per cent
Braemar Shipbrokers Directors Special Pension Scheme	3.49 per cent
Mercury Asset Management Limited	3.02 per cent

At the date of this report employees directly hold 4.54 per cent of the company's share capital and 8.99 per cent is held by employee share trusts for use under the company's various share incentive schemes. No other person has notified an interest of 3 per cent or more in the shares of the company required to be recorded in the register under section 211 of the Companies Act 1985.

CORPORATE GOVERNANCE

THE BOARD

The board currently comprises four non-executive directors and four executive directors, and is responsible to shareholders for the proper management of the group. It meets every two months, setting and monitoring group strategy, reviewing trading performance, ensuring adequate funding, examining acquisition possibilities, formulating policy on key issues and reporting to shareholders.

The board has appointed the following committees to deal with specific aspects of the group's affairs:

Audit committee

The audit committee, comprising Mr S L James (chairman of the committee), Mr M E Beckett and Mr B F Burns, meets not less than three times annually. Mr R D Ward in his capacity as finance director and Ernst & Young in their capacity as auditors also attend meetings of the committee.

The audit committee is responsible for reviewing a wide range of financial matters including the annual and half year results, statements and accompanying reports, before their submission to the board, and monitoring the controls which are in force to ensure the integrity of the financial information reported to the shareholders. The audit committee also advises the board on the appointment of external auditors, and on their remuneration both for audit and non-audit work.

Remuneration committee

The remuneration committee, comprising Mr B F Burns (chairman of the committee), Mr M E Beckett, Mr A Brooks and Mr S L James, meets at least annually and has the responsibility for determining the remuneration, contract terms and other benefits for executive directors, including performance-related bonus schemes and incentive related awards. The committee is also responsible for proposing to the board new appointments of directors of the company and re-appointment of non-executive directors together with their terms and conditions.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

In December 1992 the Committee on the Financial Aspects of Corporate Governance (the 'Cadbury Committee') published a 'code of best practice' regarding corporate governance. As part of The Listing Rules for companies listed on the London Stock Exchange directors are required to report whether they are complying with the code of best practice and, where they are not complying, to give details of and reasons for the non-compliance and to state for which part of the period the non-compliance occurred.

REPORT OF THE DIRECTORS

The Cadbury Committee recognised that two of the matters in the code of best practice could not be complied with until appropriate guidance had been developed. These two matters are that the directors should report on the effectiveness of the company's system of internal control and that the directors should report that the business is a going concern, with supporting assumptions or qualifications as necessary. Such guidance has not yet been finalised and, accordingly directors are unable at the present time to report in relation to internal controls and going concern.

With the exception of the following matter, the directors consider that they have fully complied throughout the year with the code of best practice. Paragraph 4.3 of the Code recommends that the board should establish an audit committee of at least three non-executive directors. Following the retirement of Mr H L C Greig on 27 May 1993, the company had only two non-executive directors and, although it had an audit committee comprising the two non-executive directors, it was not fully complying with paragraph 4.3 of the Code until 1 October 1993, the date of appointment of Mr B F Burns as a non-executive director serving on the audit committee. On the same date, Mr A Brooks was appointed as a fourth non-executive director, serving on the remuneration committee.

The company's auditors, Ernst & Young, have reviewed the above statement insofar as it relates to the paragraphs of the Code specified by the London Stock Exchange for their review. They have reported to us that, based on their review, they concur with the above statement.

DISABLED EMPLOYEES

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.

EMPLOYEE INVOLVEMENT

The group operates worldwide and its employment policies vary to meet local conditions and legal requirements. In the UK 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, profit sharing and restricted share plan schemes.

CLOSE COMPANY STATUS

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

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be proposed at the annual general meeting.

By order of the board

M C Fairley
Secretary

28 April 1994

DIRECTORS' STATEMENT OF RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those accounts, the directors are required to: select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS

TO THE MEMBERS OF HORACE CLARKSON PLC

We have audited the accounts on pages 11 to 25, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 14 and 15.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described above, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

OPINION

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 1993 and of the profit 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
Registered Auditor

London
28 April 1994

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1993

Notes		1993 £'000	1992 £'000
2	TURNOVER	**41,613**	37,063
	Operating expenses	**(42,841)**	(41,049)
3	OPERATING LOSS	**(1,228)**	(3,986)
4	Profit on sale of fixed assets arising from continuing operations	**–**	1,383
	Group's share in profits less losses before tax of associated undertakings	**9**	74
	Interest receivable and similar income	**2,991**	3,604
7	Interest payable and similar charges	**(505)**	(606)
2,4	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	**1,267**	469
8	Taxation on profit on ordinary activities	**(773)**	(752)
	PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	**494**	(283)
	Minority interests	**–**	(13)
	PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY	**494**	(296)
9	Dividends	**(391)**	(338)
20	RETAINED PROFIT/(LOSS) FOR THE YEAR	**103**	(634)
10	EARNINGS/(LOSS) PER SHARE	**2.2p**	(1.3)p

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 December 1993

	1993 £'000	1992 £'000
PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY	**494**	(296)
Exchange differences on retranslation of net assets	**7**	2,153
Total recognised gains and losses relating to the year	**501**	1,857

The notes set out on pages 14 to 25 form part of these accounts.

BALANCE SHEETS

as at 31 December 1993

Notes		Group 1993 £'000	Group 1992 £'000	Company 1993 £'000	Company 1992 £'000
	FIXED ASSETS				
11	Tangible assets	5,751	4,936	813	850
12	Investments	219	438	16,835	16,835
		5,970	5,374	17,648	17,685
	CURRENT ASSETS				
12	Investments	1,494	2,695	–	–
13	Debtors	79,468	69,655	4,567	3,397
14	Cash at bank and in hand	49,703	36,524	–	–
		130,665	108,874	4,567	3,397
15	CREDITORS				
	Amounts falling due within one year	(122,227)	(100,571)	(3,284)	(3,537)
	NET CURRENT ASSETS	8,438	8,303	1,283	(140)
	TOTAL ASSETS LESS CURRENT LIABILITIES	14,408	13,677	18,931	17,545
	CREDITORS				
16	Amounts falling due after more than one year	(233)	(121)	–	–
17	PROVISIONS FOR LIABILITIES AND CHARGES	(833)	(280)	(20)	93
	MINORITY INTERESTS	(41)	(84)	–	–
		(1,107)	(485)	(20)	93
		13,301	13,192	18,911	17,638
	CAPITAL AND RESERVES				
18	Called up share capital	5,590	5,590	5,590	5,590
19	Share premium account	1,753	1,753	1,753	1,753
20	Other reserves	5,958	5,849	11,568	10,295
		13,301	13,192	18,911	17,638

Approved on 28 April 1994

M E Beckett

R D Ward

Directors

R. D. Ward

The notes set out on pages 14 to 25 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 1993

Notes		1993 £'000	1992 £'000
3	NET CASH INFLOW FROM OPERATING ACTIVITIES	14,396	8,075
	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
	Interest received	3,007	3,604
	Interest paid	(549)	(606)
	Interest element of finance lease rental payments	75	104
	Dividends received from associates	201	68
	Dividends paid	(391)	(1,285)
	NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	2,343	1,885
	CORPORATION TAX PAID	(704)	(1,932)
	INVESTING ACTIVITIES		
	Purchase of tangible fixed assets	(3,299)	(2,228)
	Purchase of subsidiary undertakings (net of cash and cash equivalents acquired)	–	(54)
	Purchase of trade investment	(2)	(522)
	Sale of plant and machinery	520	2,126
	Sale of trade investment	1,316	157
	NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(1,465)	(521)
	NET CASH INFLOW BEFORE FINANCING	14,570	7,507
	FINANCING		
	Issue of ordinary share capital	–	(54)
	Capital element of finance lease rental received	(608)	(475)
	Repayment of loans	1,583	1,224
	NET CASH OUTFLOW FROM FINANCING	975	695
14	INCREASE IN CASH AND CASH EQUIVALENTS	13,595	6,812
		14,570	7,507

The notes set out on pages 14 to 25 form part of these accounts.

NOTES TO THE ACCOUNTS

1 STATEMENT OF ACCOUNTING POLICIES

(a) PREPARATION OF ACCOUNTS The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards. Financial Reporting Standard No. 3 (FRS 3) has been applied. FRS 3 prescribes a new format for the profit and loss account, virtually eliminates extraordinary items and changes the basis on which earnings per share is calculated. Prior year comparatives have been restated accordingly.

(b) BASIS OF CONSOLIDATION The group accounts consolidate the accounts of Horace Clarkson Plc and all its subsidiary undertakings made up to 31 December each year. No profit and loss account is presented for Horace Clarkson Plc as provided by Section 230 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.

(c) ASSOCIATED UNDERTAKINGS Undertakings, other than subsidiary undertakings, in which the group has a participating interest and over which it exerts significant influence are treated as associated undertakings. The group accounts include the appropriate share of these undertakings' results and reserves based on audited accounts to 31 December 1993.

(d) TURNOVER Turnover represents brokerage earnings in shipbroking and insurance broking activities, freight and hires on shipowning activities and other income arising from shipping publications and leasing.

(e) DIVIDENDS RECEIVABLE Dividends from subsidiary undertakings are credited on the basis of amounts receivable. Other dividends are credited when received.

(f) 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. Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

(g) FOREIGN CURRENCIES The net assets of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. Monetary assets and liabilities held in foreign currency ledgers are considered to be separate foreign currency branches and are therefore also translated at the closing rate. Investments in subsidiary undertakings and other fixed assets are recorded at the rate ruling at the time of acquisition.

Exchange differences on foreign currency borrowings, to the extent that they are used to finance or provide a hedge against investments in foreign currency branches, are taken directly to reserves to offset the exchange difference on the carrying amount of the related investments.

The trading results of overseas subsidiary undertakings are translated at average rates for the year. The trading results of foreign currency branches are also translated at average rates, or at contracted rates if the trading results are covered by forward exchange contracts. The exchange differences on the retranslation of opening net assets are taken directly to reserves.

Any other exchange differences are taken directly to the profit and loss account.

(h) 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.

(i) 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 deemed to be a finance lease in accordance with SSAP 21, the book value is recorded as a debtor.

(j) 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.

(k) 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, less any provision for permanent diminution in value.

(l) PENSIONS 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 percentage of salary roll.

(m) CASH AT BANK AND IN HAND The group receives cash in the ordinary course of business in both its shipbroking and insurance broking divisions 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 insurance broking division's books of account.

Included in cash at bank and trade debtors for the insurance broking subsidiary undertakings are the undernoted amounts required by the Corporation of Lloyd's and local statutory regulations to be designated Insurance Broking Accounts. Such funds are held for the benefit of the insurance creditors of the respective companies of the group.

	1993 £'000	1992 £'000
Bank balances	**29,642**	19,369
Insurance debtors	**72,690**	63,337
	102,332	82,706

(n) 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 on the directors' assessment of the particular acquisition.

2 TURNOVER AND SEGMENTAL ANALYSIS

All turnover and operating profit arise from continuing activities. Turnover, group profit on ordinary activities before tax, and net assets are analysed as follows:

	Turnover		*Profit*		*Net assets*	
	1993 £'000	*1992 £'000*	*1993 £'000*	*1992 £'000*	*1993 £'000*	*1992 £'000*
Shipbroking	**30,801**	25,868	**4,487**	3,345	**16,190**	15,109
Insurance broking	**10,094**	10,569	**(2,540)**	(2,121)	**(3,709)**	(2,218)
Shipowning	**709**	617	**15**	(111)	**429**	436
Head office	**9**	9	**(695)**	(644)	**391**	(135)
Total	**41,613**	37,063	**1,267**	469	**13,301**	13,192

	Turnover by destination		*Turnover by origin*		*Profit*		*Net assets*	
	1993 £'000	*1992 £'000*	*1993 £'000*	*1992 £'000*	*1993 £'000*	*1992 £'000*	*1993 £'000*	*1992 £'000*
UK	**15,551**	15,918	**33,238**	28,387	**835**	(1,910)	**6,484**	5,887
Europe	**13,036**	11,159	**565**	2,098	**140**	1,639	**1,604**	1,610
USA	**4,253**	3,570	**2,057**	1,939	**(445)**	307	**1,549**	2,503
Rest of World	**8,773**	6,416	**5,753**	4,639	**737**	433	**3,664**	3,192
Total	**41,613**	37,063	**41,613**	37,063	**1,267**	469	**13,301**	13,192

NOTES TO THE ACCOUNTS

3 RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1993 £'000	1992 £'000
Operating loss	(1,228)	(3,986)
Depreciation charges	1,929	2,406
Loss/(profit) on sale of fixed assets	30	(16)
(Profit)/loss on sale of investments	(42)	90
Profit on sale of subsidiaries	–	(2)
Share of profits of associates after taxation	(12)	(80)
Increase in debtors	(9,540)	(27,364)
Increase in creditors	23,259	37,027
	14,396	8,075

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after crediting/(charging).

	1993 £'000	1992 £'000
Bareboat charter hire received, deemed to be finance lease rental under SSAP 21	684	579
Depreciation of tangible fixed assets	(1,929)	(2,406)
Auditors' remuneration:		
Audit services	(275)	(329)
Non-audit services	(138)	(213)
Exceptional items:		
Insurance broking restructuring provision	(1,062)	–
Profit on sale of fixed assets arising from continuing activities	–	1,383

The restructuring provision has been established to cover the cost of vacant premises and the reorganisation and replacement of systems arising from a review of procedures for processing claims in the Lloyd's Names' business.

5 DIRECTORS' REMUNERATION

	1993 £'000	1992 £'000
Fees	80	63
Other emoluments (including pension contributions):		
Basic salaries	345	489
Benefits	31	49
Performance related bonuses	350	275
Pension contributions	111	124
	917	1,000
Compensation for loss of office	29	174
	946	1,174

The performance related bonuses are calculated based on a formula, which is reviewed by the remuneration committee, measuring the performance of executive directors' business areas against targets principally relating to profit before tax.

In addition to salary entitlements, but as part of performance related bonuses, certain executive directors participate in the Horace Clarkson Plc Restricted Share Plan which took effect from 1 January 1993. Awards will take the form of shares which will normally be held in trust for at least four years on behalf of plan participants. Performance related emoluments under the Restricted Share Plan are included in the accounts on an earned basis.

5 DIRECTORS' REMUNERATION CONTINUED

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

	Chairman				
	M E Beckett 27 May 1993 onwards	*H L C Greig to 27 May 1993*		*Highest paid director*	
	1993	*1993*	*1992*	*1993*	*1992*
	£	£	£	£	£
Fees	**28,333**	**10,417**	25,000	**–**	–
Salary	**–**	**–**	–	**20,000**	20,000
Benefits	**–**	**3,985**	8,850	**4,090**	2,810
	28,333	**14,402**	33,850	**24,090**	22,810
Performance related bonuses	**–**	**–**	–	**192,724**	180,000
	28,333	**14,402**	33,850	**216,814**	202,810
Pension contributions	**–**	**–**	–	**37,228**	32,750
	28,333	**14,402**	33,850	**254,042**	235,560

The emoluments (excluding pension contributions) of the directors fell within the following ranges:

	1993	*1992*
£ 0 – £ 5,000	**2**	–
£ 5,001 – £ 10,000	**1**	–
£ 10,001 – £ 15,000	**1**	1
£ 15,001 – £ 20,000	**1**	–
£ 20,001 – £ 25,000	**–**	2
£ 30,001 – £ 35,000	**–**	1
£ 35,001 – £ 40,000	**–**	1
£ 40,001 – £ 45,000	**1**	1
£ 50,001 – £ 55,000	**1**	–
£ 80,001 – £ 85,000	**1**	–
£ 90,001 – £ 95,000	**–**	2
£130,001 – £135,000	**–**	1
£140,001 – £145,000	**1**	–
£185,001 – £190,000	**–**	1
£200,001 – £205,000	**–**	1
£215,001 – £220,000	**1**	–
£225,001 – £230,000	**1**	–

6 STAFF COSTS

	1993 £'000	1992 £'000
Salaries and commission	19,202	17,515
Social security costs	1,572	1,446
Other pension costs	1,889	1,526
	22,663	20,487

The average number of persons employed by the group during the year including executive directors is analysed below:

	1993	1992
UK	396	423
Europe	11	10
USA	18	16
Rest of World	86	85
	511	534

7 INTEREST PAYABLE AND SIMILAR CHARGES

	1993 £'000	1992 £'000
Loans wholly repayable within five years	505	606

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1993 £'000	1992 £'000
UK corporation tax at 33% (1992: 33%)	996	374
Deferred taxation (current year includes a credit of £350,000 relating to the exceptional item)	(376)	(356)
	620	18
Overseas taxation (prior year includes a charge of £304,000 relating to the exceptional item)	156	711
Associated undertakings	(3)	23
Tax on profit on ordinary activities	773	752

The effective tax rate for the current year is higher than the rate of UK corporation tax as a result of disallowable expenses and the provision for overseas tax.

9 DIVIDENDS

	1993 £'000	1992 £'000
Interim dividend paid of 0.75p per share (1992: 0.50p per share)	167	114
Final dividend proposed of 1.00p per share (1992: 1.00p per share)	224	224
	391	338

10 EARNINGS/(LOSS) PER SHARE

The calculation of earnings per share is based on the group profit after taxation and minority interests of £494,000 (1992: Loss £296,000) and on 22,358,246 shares, being the weighted average number of ordinary shares in issue during the year (1992: 22,243,432).

11 TANGIBLE ASSETS

	Group						
	Shipping fleet interests £'000	*Freehold properties £'000*	*Leasehold over 50 years £'000*	*Leasehold under 50 years £'000*	*Office furniture and equipment £'000*	*Motor vehicles £'000*	*Total £'000*
ORIGINAL COST							
At 1 January 1993	279	1,002	19	752	7,249	2,676	11,977
Additions	–	563	–	1,167	804	765	3,299
Disposals	(279)	–	–	(142)	(103)	(1,070)	(1,594)
Foreign currency translation differences	–	(10)	–	6	2	3	1
AT 31 DECEMBER 1993	–	1,555	19	1,783	7,952	2,374	13,683
DEPRECIATION							
At 1 January 1993	279	104	3	152	5,457	1,046	7,041
Provided during the year	–	18	–	287	1,162	462	1,929
Disposals	(279)	–	–	(142)	(85)	(538)	(1,044)
Foreign currency translation differences	–	–	–	3	4	(1)	6
AT 31 DECEMBER 1993	–	122	3	300	6,538	969	7,932
NET BOOK VALUE							
AT 31 DECEMBER 1993	–	1,433	16	1,483	1,414	1,405	5,751
At 31 December 1992	–	898	16	600	1,792	1,630	4,956
Depreciation term (years)	10-20	60	over period of lease		4-15	6	

	Company			
	Freehold properties £'000	*Office furniture and equipment £'000*	*Motor vehicles £'000*	*Total £'000*
ORIGINAL COST				
At 1 January 1993	892	55	44	991
Additions	–	2	–	2
Disposals	–	–	(44)	(44)
AT 31 DECEMBER 1993	892	57	–	949
DEPRECIATION				
At 1 January 1993	69	50	22	141
Provided during the year	15	2	–	17
Disposals	–	–	(22)	(22)
AT 31 DECEMBER 1993	84	52	–	136
NET BOOK VALUE AT 31 DECEMBER 1993	808	5	–	813
At 31 December 1992	823	5	22	850
Depreciation term (years)	60	5-15	6	

12 INVESTMENTS

(a) Fixed asset investments

	Group			
	Associated companies £'000	*Listed £'000*	*Unlisted £'000*	*Total £'000*
Cost at 1 January 1993	65	28	55	148
Additions	–	–	–	–
Disposals	–	–	–	–
Adjustments	–	(14)	(22)	(36)
COST AT 31 DECEMBER 1993	65	14	33	112
Group's share of post acquisition retained profit and reserves:				
At 1 January 1993	290	–	–	290
Retained for the year	13	–	–	13
Distributions	(201)	–	–	(201)
Foreign currency translation differences	5	–	–	5
AT 31 DECEMBER 1993	107	–	–	107
NET BOOK VALUE AT 31 DECEMBER 1993	172	14	33	219
At 31 December 1992	355	28	55	438

	Company £'000
Investment in subsidiary undertakings	
COST AT 1 JANUARY AND 31 DECEMBER 1993	16,835

(b) Current asset investments

	Group	
	1993 £'000	*1992 £'000*
Listed investments:		
Net book value at 1 January 1993	2,695	1,849
Additions	2	472
Disposals	(1,281)	(47)
Adjusrnents	36	–
Foreign currency translation differences	42	421
AT 31 DECEMBER 1993	1,494	2,695

Market value of listed investments at 31 December 1993 was £1,862,000 (1992: £2,982,000); if they had been sold at this value, there would have been no liability to taxation.

In no case did the group's shares classified as listed and unlisted exceed 10 per cent of the share capital of the company concerned.

NOTES TO THE ACCOUNTS

13 DEBTORS

	Group 1993 £'000	Group 1992 £'000	Company 1993 £'000	Company 1992 £'000
AMOUNTS FALLING DUE WITHIN ONE YEAR				
Trade debtors	75,756	65,709	–	–
Ships on long term bareboat charter	1,171	602	–	–
Amounts owed by associated undertakings	238	172	–	–
Other debtors	1,115	725	6	5
Prepayments and accrued income	544	722	–	13
Taxation	484	369	397	216
Owed by group companies	–	–	4,164	3,163
	79,308	68,299	4,567	3,397
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR				
Ships on long term bareboat charter	–	1,145	–	–
Other debtors	160	211	–	–
	160	1,356	–	–
	79,468	69,655	4,567	3,397

Included in other debtors is a loan outstanding to an officer of the company amounting to £10,956 (1992: £12,156).

14 CASH AND CASH EQUIVALENTS

Analysis of balances shown in the group balance sheet and changes during the current and previous year:

	1993 £'000	1992 £'000
At 1 January 1993:		
Cash at bank and in hand	36,524	25,498
Bank overdraft	(4,329)	(1,692)
	32,195	23,806
Net cash inflow for the year before adjustment for the effect of foreign exchange rate changes	13,595	6,812
Effect of foreign exchange rate changes	(354)	1,577
	13,241	8,389
At 31 December 1993:		
Cash at bank and in hand	49,703	36,524
Bank overdraft	(4,267)	(4,329)
	45,436	32,195

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 1993 £'000	Group 1992 £'000	Company 1993 £'000	Company 1992 £'000
Trade creditors	101,246	80,356	–	–
Other creditors	5,099	6,831	30	30
Accruals and deferred income	7,401	3,305	145	120
Bank overdrafts	4,267	4,329	2,781	2,418
Advance corporation tax on dividends	104	102	104	102
Taxation	3,079	3,181	–	–
Bank loans	676	2,236	–	625
Dividend	224	224	224	224
Owed to group companies	–	–	–	18
Lease commitments	131	7	–	–
	122,227	100,571	3,284	3,537

A loan of £676,000 to a subsidiary company is secured by a charge on the refrigerated container vessels (note 24).

16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 1993 £'000	Group 1992 £'000
Lease commitments: amounts due between one and two years	233	121

17 PROVISIONS FOR LIABILITIES AND CHARGES

	Group 1993 £'000	Group 1992 £'000	Company 1993 £'000	Company 1992 £'000
DEFERRED TAXATION				
UK:				
Short-term timing differences	74	535	20	(8)
Unrelieved losses	–	(85)	–	(85)
	74	450	20	(93)
Less: advance corporation tax	(104)	(102)	–	–
	(30)	348	20	(93)
OVERSEAS:				
Short-term timing differences	(199)	(68)	–	–
	(229)	280	20	(93)
OTHER PROVISIONS				
Insurance broking restructuring provision	1,062	–	–	–
	833	280	20	[illegible]

No provision has been made for deferred taxation in respect of earnings which are retained overseas.

18 SHARE CAPITAL

Ordinary shares of 25p each	Authorised 1993	Authorised 1992	Allotted, issued and fully paid 1993	Allotted, issued and fully paid 1992
Number of shares	29,000,000	29,000,000	22,358,246	22,358,246
	£'000	£'000	£'000	£'000
Nominal value	7,250	7,250	5,590	5,590

18 SHARE CAPITAL CONTINUED

Options subsisting under share option schemes at 31 December 1993 were:

Share scheme	*Year option granted*	*Number of options*	*Exercise price pence per share*	*Period during which options are exercisable*
Senior Executive Share Option Scheme (non-performance related)	1986	112,500	102.0	1989-1996
Senior Executive Share Option Scheme (non performance related)	1989	272,000	204.4	1992-1999
Senior Executive Share Option Scheme (performance related)	1989	408,000	204.4	1994-1999
Savings Related Share Option Scheme	1990	184,664	200.4	1994-1997
Senior Executive Share Option Scheme (non performance related)	1991	340,000	206.6	1994-2001

No options have been granted during the year.

19 SHARE PREMIUM

	Group £'000	*Company* £'000
AT 1 JANUARY AND 31 DECEMBER 1993	1,753	1,753

20 OTHER RESERVES

	Group				*Company*
	Merger reserve £'000	*Goodwill reserve* £'000	*Profit and loss account* £'000	*Total* £'000	*Profit and loss account* £'000
At 1 January 1993:					
As previously reported	882	(23,327)	28,294	5,849	10,295
Prior year adjustment	–	700	(700)	–	–
As restated	882	(22,627)	27,594	5,849	10,295
Exchange differences on translation of net assets and results of subsidiary undertakings	–	–	7	7	–
Goodwill on acquisitions written off	–	(1)	–	(1)	–
Retained profit for the year	–	–	103	103	1,273
At 31 December 1993	882	(22,628)	27,704	5,958	11,568

The prior year adjustment represents goodwill on the business activity in France, which was closed in 1991.

21 RECONCILIATION OF SHAREHOLDERS' FUNDS

	1993 £'000	*1992* £'000
Total recognised gains and losses	501	1,857
Dividends	(391)	(338)
Other movements:		
New shares issued	–	54
Goodwill written off	(1)	(611)
Total movements during the year	109	962
Shareholders' funds at 1 January 1993	13,192	12,230
Shareholders' funds at 31 December 1993	13,301	13,192

22 CAPITAL EXPENDITURE

	1993 *£'000*	*1992* *£'000*
Capital expenditure commitments contracted	**15**	47
Capital expenditure authorised but not committed	**390**	1,028

23 CONTINGENT LIABILITIES

The company has provided a guarantee of £1,500,000 as security for a bank overdraft facility for a subsidiary company and a guarantee of £350,000 as security for a bank loan to the trustees of the Executive Share Purchase Trust.

24 FLEET INTERESTS

	Type	*Year built*	*Group share*	*Current employment*	*Charterer*
Cartagena	6,596 dwt. refrigerated container ship	1977	100%	Bareboat charter to October 1994	ITS Ltd
Santa Marta	6,588 dwt. refrigerated container ship	1978	100%	Bareboat charter to October 1994	ITS Ltd

25 PENSION FUND

The group's main pension scheme is in the UK. This is a defined benefit pension scheme, which is funded by the payment of contributions to a separately administered trust fund.

The contributions to the scheme are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit method. The results of the most recent valuation, which was carried out as at 5 April 1992, were as follows:

Main assumptions:

Rate of return on investments (per cent per annum)	8.5 per cent
Rate of salary increases (per cent per annum)	6.5 per cent
Rate of pension increases (per cent per annum)	4.5 per cent
Rate of equity dividend increases (per cent per annum)	4.0 per cent

Market value of scheme's assets	£33.7 million
Level of funding, being the actuarial value of assets expressed as a percentage of the benefits accrued to members, after allowing for future salary increases	100 per cent

Pension costs in relation to overseas schemes have been determined in accordance with local practice and regulations.

On 9 December 1991 H Clarkson and Company Limited introduced the H Clarkson and Company Limited Annual Bonus Scheme to give staff the facility of making pension provision on bonus payments. This is a 'money purchase' pension arrangement and is entirely separate from the Horace Clarkson Plc Pension Scheme.

The group incurs no material expenses in the provision of post-retirement benefits other than pensions.

SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

Company and country of incorporation and operation		*Percentage of equity shares*	*Activity*
PRINCIPAL SUBSIDIARY UNDERTAKINGS			
UK	ABCC Holdings Limited	100†	Insurance broking
	Accident & General Insurance Brokers (NI) Limited*	100	Insurance broking
	Adam Brothers Contingency Limited	100	Insurance broking
	Austral Chartering (London) Limited	100	Shipbroking
	Carritt & Partners Limited	100	Insurance broking
	Claims Settlement Services (NI) Limited*	100	Insurance broking
	Clarkson Research Studies Limited	100	Financial services & other
	Diaome Limited	100	Financial services & other
	Estate Protection Plan Limited	100	Insurance broking
	Hamilton Barr Group Limited*	100	Insurance broking
	Hamilton Barr Insurance Brokers Limited*	100	Insurance broking
	H Clarkson and Company Limited	100	Shipbroking
	H Clarkson Shipping Group Limited	100†	Financial services & other
	Holman Wade Limited	100	Insurance broking
	Horace Holman Group Limited	100†	Insurance broking
	Horace Holman & Company Limited	100	Insurance broking
	Horace Holman International Limited	100	Insurance broking
	Horace Holman Reinsurance Brokers Limited	100	Insurance broking
	London and Solent Limited	100†	Insurance broking
	Venture Securities Limited	100	Financial services & other
AFRICA	Afromar Chartering (Pty) Limited (South Africa)*	100	Shipbroking
	Afromar Properties (Pty) Limited (South Africa)*	100	Financial services & other
AUSTRALIA	Austral Chartering (Pty) Limited*	100	Shipbroking
BERMUDA	Clarkson Pacific Limited*	100	Shipbroking
COLOMBIA	Seabulk LTDA	60	Shipbroking
HONG KONG	Victoria (Hong Kong) Shipbrokers Limited*	100	Shipbroking
IRELAND	Accident & General Insurance Services Limited*	100	Insurance broking
SINGAPORE	Seadragon Maritime Inc. (Pte) Limited	91.7	Shipbroking
USA	C F Wiborg & Company*	100	Shipbroking
	Seabrokers Inc.	100	Shipbroking
ASSOCIATED UNDERTAKINGS			
UK	Clarkson Wolff Limited	50	Financial services & other
CAYMAN ISLANDS	International Distribution Consulting Services Limited*	50	Financial services & other
USA	Distribution Consulting Services Inc.*	50	Financial services & other
	Overseas – Wiborg Chartering Co. (Partnership)*	50	Shipbroking

**Not audited by Ernst & Young.*
†Held by Horace Clarkson Plc.

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.

FIVE YEAR SUMMARY OF RESULTS

	1993 £'000	1992 £'000	1991 £'000	1990 £'000	1989 £'000
TURNOVER					
Shipbroking	**30,801**	25,868	27,650	26,045	26,020
Insurance broking	**10,094**	10,569	13,545	12,737	12,848
Shipowning	**709**	617	945	2,190	3,973
Other	**9**	9	10	13	16
	41,613	37,063	42,150	40,985	42,857
PROFIT BEFORE TAXATION	**1,267**	469	4,982	6,982	9,295
Taxation	**773**	752	2,699	3,143	3,630
Dividend	**391**	338	1,788	1,700	1,548
Retained profit/(loss) for the year	**103**	(634)	1,194	2,143	4,103
Earnings/(loss) per share	**2.2p**	(1.3)p	10.3p	17.3p	25.7p

Note: Prior year figures have been restated where appropriate in accordance with the provisions of Financial Reporting Standard No.3 (FRS3) and Urgent Issues Task Force Abstract No.3 (UITF3).

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the nineteenth annual general meeting of the members of Horace Clarkson Plc will be held at 12 Camomile Street, London EC3A 7BP on Thursday 26 May 1994 at 12 noon for the following purposes:

1. To receive and adopt the directors' report and accounts for the year ended 31 December 1993 and the auditors' report thereon.

2. To declare a final dividend of 1.00p per ordinary share of 25p each in respect of the year ended 31 December 1993, making, with the interim dividend of 0.75p per ordinary share already paid, a total dividend for the year of 1.75p per ordinary share.

3. To re-elect as a director Mr B F Burns, who retires by rotation.

4. To re-elect as a director Mr G D Weston, who retires by rotation.

5. To re-elect Mr A Brooks as a director.

6. To re-elect Mr R D Ward as a director.

7. To re-appoint Ernst & Young as auditors until the conclusion of the next annual general meeting.

8. To authorise the directors to fix the remuneration of the auditors.

AS SPECIAL BUSINESS

9. To consider and, if thought fit, to pass 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 5 passed on 30 May 1991 or any renewal thereof 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 interests of 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 or other arrangements as the directors may deem fit to deal with fractional entitlements or any legal or practical problems arising in any overseas territory; and

(ii) to the allotment (other than pursuant to sub-paragraph (a)(i) of this resolution) of equity securities up to an aggregate nominal value of £279,478.

(b) the power hereby conferred shall expire on the conclusion of the next annual general meeting following 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 before such power expires 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 within the limits prescribed by paragraph (a) as if the power hereby conferred had not expired.

NOTICE OF MEETING

10. To consider, and, if thought fit, to pass the following resolution, which will be proposed as a Special Resolution:

That the articles of association of the company be and are altered as follows:

By the deletion of Article 86 and substitution therefore of the following new Article 86:

'The remuneration of the directors serving in a non-executive capacity, for their services as such, shall be determined by the board but shall not exceed the sum of £25,000 per annum in respect of each such director or such other sum as the company in general meeting may from time to time determine.'

11. 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
28 April 1994

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 will be made available for inspection at the registered office during normal 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 until its conclusion.