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CLARKSONS

ANNUAL REPORT AND ACCOUNTS

2001



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Clarksons is one of the world's largest shipping services groups.

Through its global network of offices it gives its clients unique access to shipbroking services across the full range of dry bulk, tanker and sale & purchase sectors.

In recent years the group has expanded to become a fully integrated shipping services provider covering such activities as research and consultancy, shipping publications, shipping derivatives, ship management, shipping finance advice, maritime fund management, ship valuations and has formed partnerships with others to develop shipping related eBusiness ventures.

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FINANCIAL HIGHLIGHTS

	2001 £'000	2000 £'000	GROWTH
TURNOVER	42,570	36,406	+17%
PROFIT BEFORE TAXATION	9,294	5,617	+65%
EARNINGS PER SHARE	42.31p	26.02p	+63%
DIVIDENDS PER SHARE	15.00p	10.00p	+50%

Turnover

£42,570,000

Growth of 17%

Profit before tax

£9,294,000

Growth of 65%

Earnings per share

42.31 pence

Growth of 63%

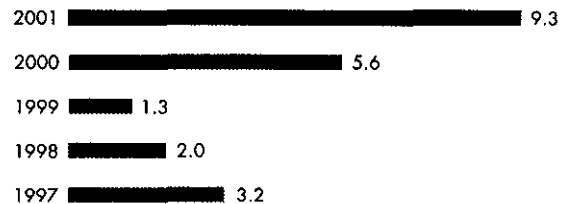
Dividends per share

15.00p

Growth of 50%

CHAIRMAN'S STATEMENT AND REVIEW

CLARKSON PROFIT BEFORE TAXATION £m



INTRODUCTION

Profit before taxation increased to £9.3 million compared with £5.6 million for 2000: the company's strongest performance to date since it was listed on the London Stock Exchange in 1986. Turnover was 17% higher at £42.6 million, (2000: £36.4 million). Earnings per share increased to 42.31 pence per share (2000: 26.02 pence per share). Accordingly the directors are recommending an increase in dividend for the year to 15.00 pence per share (2000: 10.00 pence per share) a 50% increase on last year.

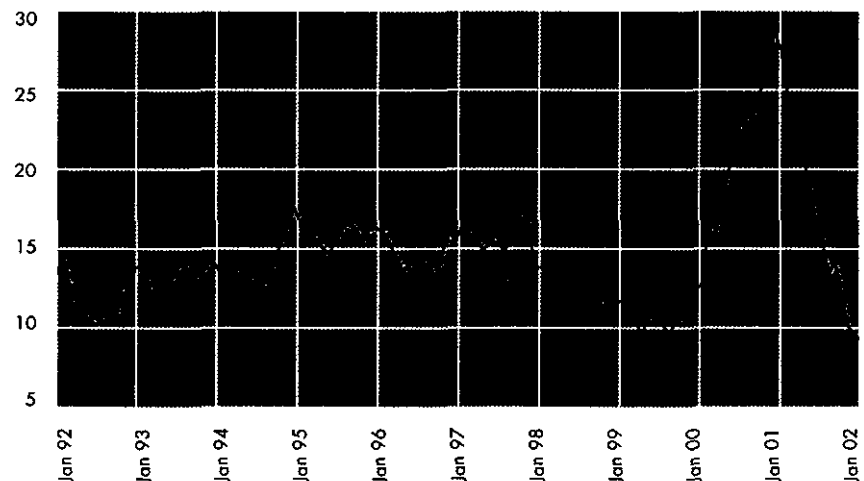
Buoyant freight market conditions prevailed during the first half of the year but declined dramatically

during the second half of the year as the world economy and trade slowed. This slide was exacerbated by the tragic events of 11 September 2001. This is reflected by the fall in the ClarkSea Index (which tracks average earnings across the shipping market) from US\$27,945 per day at the beginning of the year to US\$9,615 at the end of the year.

The expansion of our core business and the repositioning of the group over the past two years has made us less reliant on 'spot' shipping freight markets. We continue increasingly to focus on higher quality forward order book enhancing business and other less cyclical shipping services.

The ClarkSea Index is a unique data source only provided by Clarkson Research that tracks average earnings across the shipping market.

THE CLARKSEA INDEX \$000 per day

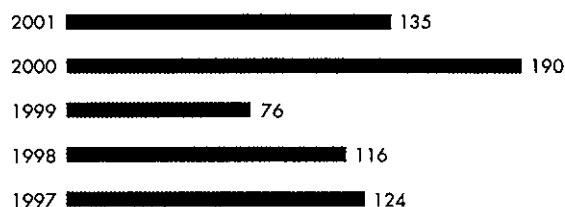


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CHAIRMAN'S STATEMENT AND REVIEW

MAJOR VLCC ROUTES

AVERAGE EARNINGS INDEX (1990=100)



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REVIEW OF OPERATIONS

DRY CARGO

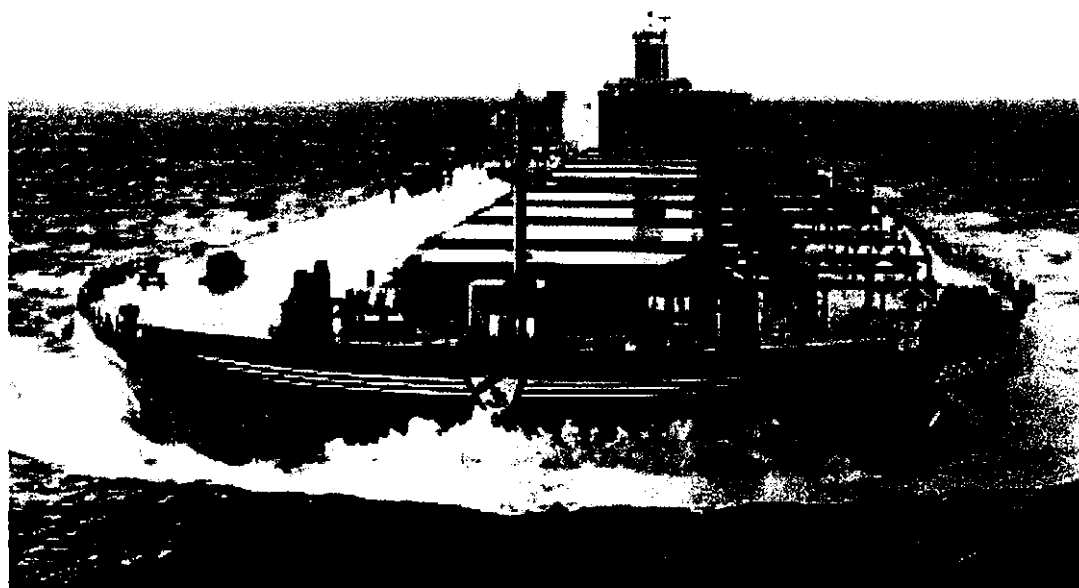
As anticipated the dry cargo spot freights fell throughout the year. The capesize market as measured by the Baltic Capesize Index fell from around 2200 to 980. Despite this decline, the dry cargo division outperformed its budget and concluded about the same level of deals as during 2000. In these market conditions this was an excellent performance and confirmation of our critical mass in this sector. Furthermore a significant proportion of this new business is for collection in 2002 and should cushion the results should the market recover only slowly.

TANKERS – DEEP SEA

The collapse of the deep sea tanker market in 2001 came earlier and was more pronounced than many in the shipping industry had expected. A modern VLCC trading between the Arabian Gulf and Japan was earning over US\$70,000 per day at the start of the year; by June the market had dipped below US\$15,000 per day and by November earnings had fallen further to nearly US\$12,000 per day.

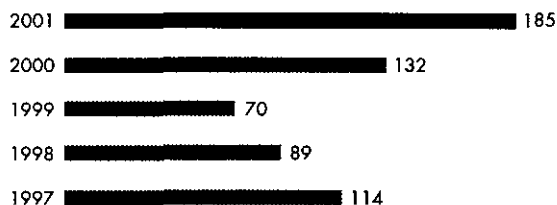
The products market showed greater resistance with the fall in rates starting several months behind the crude market collapse. However, when the downward adjustment arrived, it was just as severe.

*Berge Stahl: capesize ore
bulker 364,767 DWT
(courtesy of Bergesen).*



CHAIRMAN'S STATEMENT AND REVIEW

MAJOR CLEAN PRODUCT ROUTES AVERAGE EARNINGS INDEX (1990=100)



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The primary causes of these declines were the global economic slowdown, the severe OPEC production cutbacks, the lack of scrapping during the 2000 boom market and the delivery of large numbers of more efficient newbuildings.

An encouraging sign was that, despite enduring depressed rates, we achieved a strong increase in new business. This increase was due to our success in being appointed to the panel of several very active trading accounts.

TANKERS – GAS AND SPECIALISED

Gas shipping markets were firm over the first half of 2001, assisted by strong US natural gas prices, the use of large gas carriers in the clean products market and consolidation of the fleet. During the second half of the year freight rates weakened but we were sheltered from some of the market decline by unusually heavy nominations on some of our liquid petroleum gas ('LPG') contracts. We also concluded a number of important period deals.

The specialised tanker market started with the strongest clean products market for many years but declined sharply as the year progressed dominated by the effects of the world recession, economic uncertainties in the Far East and the affects of low demand on the petrochemical industry. The delivery of ship newbuildings exacerbated the decline in rates. Despite these factors, our specialised team concluded quality spot and period business with major producers and operators.

SALE AND PURCHASE

In a year characterised by massive change in fortunes the division produced another extremely creditable result whilst also enhancing the forward order book. Events of 11 September 2001 ended hopes that the major world economies would recover quickly. Cutbacks in travel and domestic demand in the USA resulted in widespread de-stocking which particularly affected shipping markets. The accompanying lack of business confidence also affected all industrial sectors and investment programmes, including those of our shipping clients, were held back.

Having achieved recent highs during the summer, new and secondhand tanker values were immediately marked down. Considerable success in the wet sector during the early part of 2001 offset the subsequent reduction in activity. Looking forward we anticipate increased turnover in dry bulk activity offsetting the decline in the tanker and container sectors. Our healthy forward order book will cushion any shortfall in 'spot' earnings in the first half of 2002.

Our container department has continued to make steady progress. Backed by an excellent research facility we seek to expand further the department although trading conditions became markedly worse following the market downturn outlined above.

LNG Shipping Solutions is our new liquid natural gas ('LNG') joint venture company with Barry

CHAIRMAN'S STATEMENT AND REVIEW

NEWBUILDINGS: AVERAGE PRICE INDEX Comprising all major shipping sectors

2001	108
2000	114
1999	107
1998	111
1997	131

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Rogliano Salles. It achieved notable success by combining long term charters with newbuilding orders as it concluded a number of transactions during the year under review. We have focussed on this sector and the company is a market leader offering a complete service package to an industry starved of expertise outside the established market traders and owners.

Clarkson Financial Services, our recently formed banking and capital markets adviser, has started well and was immediately profitable. It is developing computer models to help prospective investors assess the financial merits of publicly quoted shipping companies. These comprise an earnings

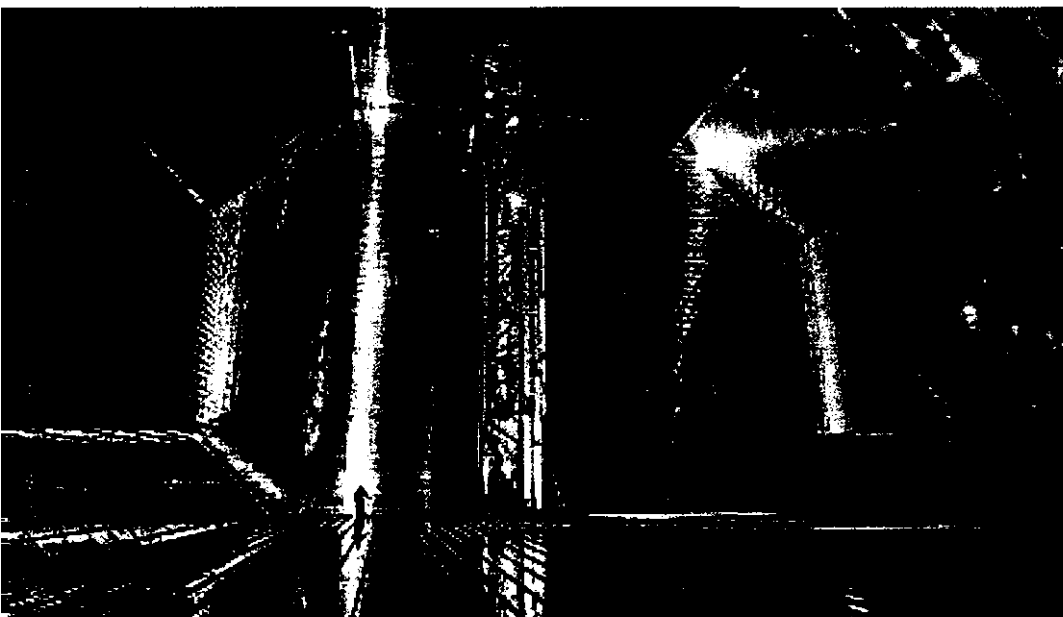
before interest, taxation, depreciation and amortisation ('EBITDA') model and a net asset value ('NAV') calculator which should enhance the quality of corporate analysis available in the public domain.

Shipvalue.net has also proved invaluable and is now widely used by bankers and shipowners alike.

FUTURES

2001 began with a healthy order book and the year developed into one of the best years the team has ever had in arranging futures transactions.

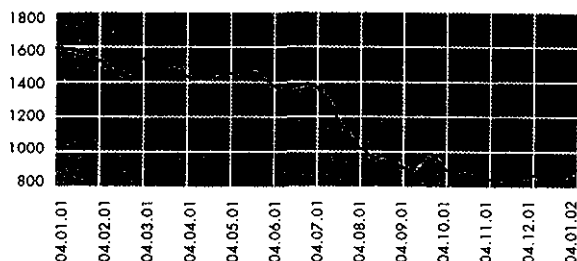
The physical market worked against us with the



Inside the tank of a GT membrane LNG carrier.

CHAIRMAN'S STATEMENT AND REVIEW

BALTIC DRY INDEX (4 January 1985=1000)



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dry cargo market falling almost continuously throughout the year. Despite this and the impact of the well-publicised demise of the Enron group, we achieved a 35% increase in the number of derivative deals concluded and many longer term contracts were placed for an increasingly wide client-base which more than compensated for the reduced absolute levels of the freight rates being covered.

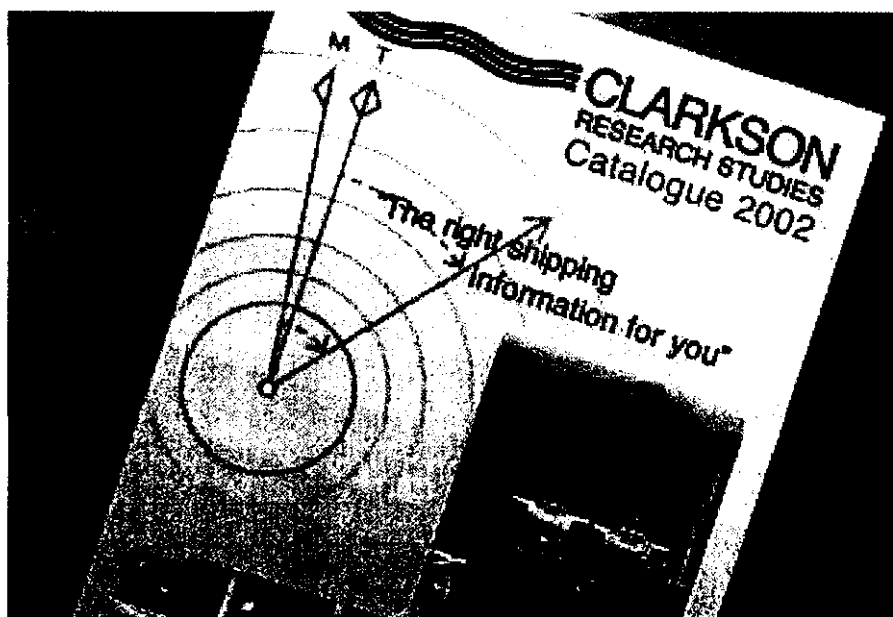
RESEARCH, CONSULTANCY AND PUBLICATIONS

Clarkson Research had a positive year in 2001. Overall sales grew by 7%, and excellent progress was made in the transition to digital products,

with an increase of 59% in digital product sales. At the forefront of this development were Shipping Intelligence Network (SIN 2001) and the Clarkson Register CD.

SIN 2001 was re-launched successfully in April 2001 and the subscriber base grew rapidly during the year. This product is now established as the most comprehensive source of online shipping market information available to the shipping sector. The Register CD also continued to sell well. Sales of Clarkson Registers grew healthily, confirming the success of the new format. We also saw further progress in our research services and consultancy.

Clarkson Research 2002 catalogue comprising the full range of products and services available. Also downloadable from www.clarksons.co.uk.



CHAIRMAN'S STATEMENT AND REVIEW

WORLD SEABORNE TRADE

Total trade in millions of tonnes

2001	5,843
2000	5,770
1999	5,493
1998	5,401
1997	5,359

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eBUSINESS

The joint marketing agreement with OceanConnect.com exceeded expectations. Negotiations for the sale of our bunker broking activities to OceanConnect.com were successfully concluded during the last quarter of 2001 with the business being transferred in January 2002. As a result we have an increased equity stake in OceanConnect.com, a company that continues to expand in the marine fuels sector.

WORLDWIDE OFFICES

The group's Asian expansion into Singapore and Shanghai is now yielding good returns. In particular our office in Singapore, which concentrates on the tanker market, again significantly increased its

turnover with a commensurate improvement in profits, and the Shanghai office has demonstrated good growth with exciting prospects.

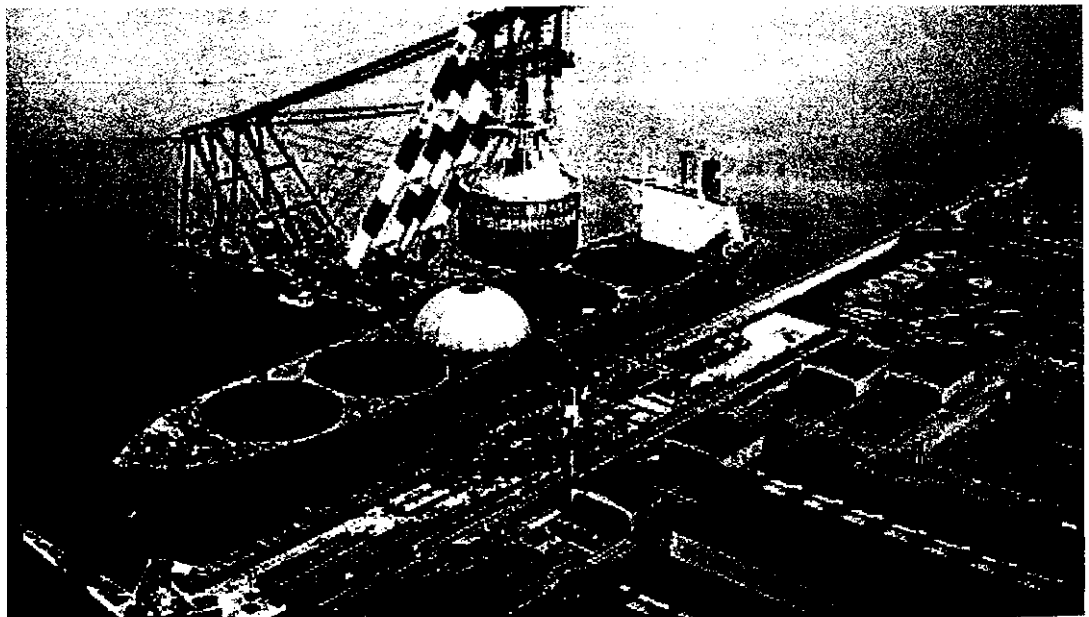
Austral Chartering continued to perform well and our South African subsidiary and Californian associate were also profitable during 2001.

Included for the first time is six months' contribution from our French associate AGA Cofimar which showed a good return on our investment.

SHIP MANAGEMENT

2001 provided examples of a clear trend towards consolidation in this sector. As the year progressed it became clear that our vision of how the Univan

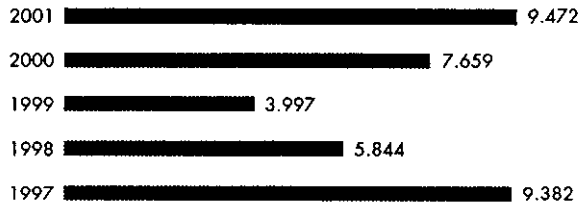
Building an LNG carrier using Kvaerner Moss spherical tanks.



CHAIRMAN'S STATEMENT AND REVIEW

SECONDHAND SALES ACTIVITY

Total value of secondhand trades in \$ billions



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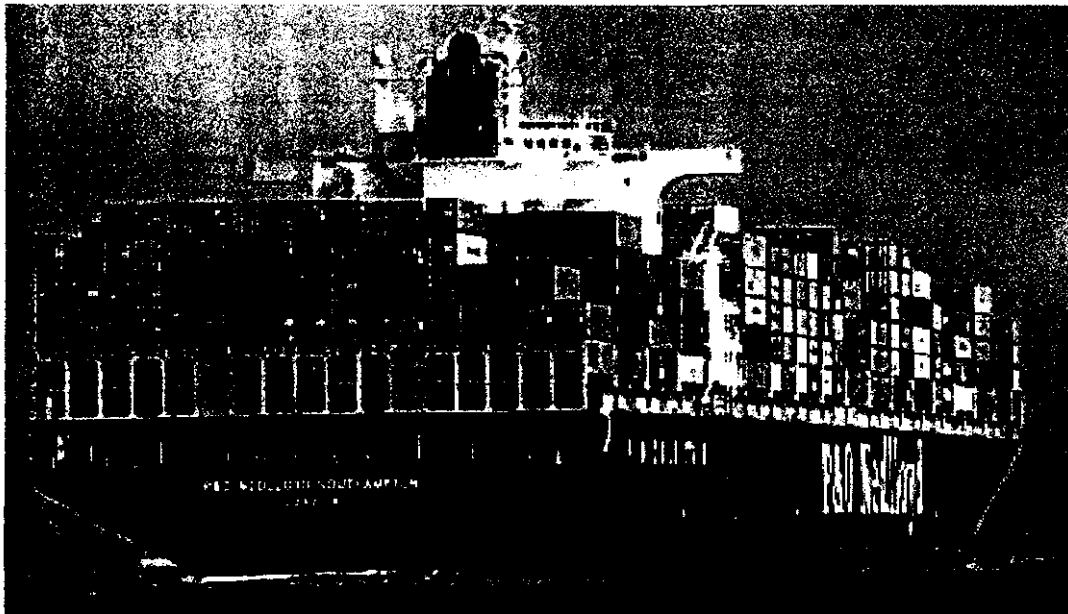
Ship Management business should be developed was not shared with the joint owner and the business relationship was ended by mutual consent in August. We have gained valuable experience from this arrangement and it made a positive contribution to our results over the period of our investment. We therefore, in the course of time, intend to re-establish ship management as part of the group's full range of services.

FINANCIAL

The overall effective tax rate was 35.0% (2000: 36.5%). The group has benefited from the use of brought forward capital losses, thereby reducing the impact of disallowable trading expenses.

At the year end the aggregate cash balance was £19.4 million (2000: £10.9 million); however in the first three months of 2002 £8.8 million was paid in respect of employee bonus entitlements and UK taxation. In July 2001 the company announced it had acquired a 49% interest in AGA Cofimar, a French based dry cargo broking business.

The group has focussed on generating higher quality forward order book enhancing business. This has resulted in a significant book of business, which will benefit future periods. At 31 December 2001 the group had negotiated business involving commissions due for invoicing in 2002 amounting to in excess of US\$20 million.



*P&O Nedlloyd
Southampton: 6,690
TEU post-panamax
container ship.*

CHAIRMAN'S STATEMENT AND REVIEW

AVERAGE STERLING/US DOLLAR EXCHANGE RATES

2001	1.44
2000	1.51
1999	1.61
1998	1.66
1997	1.64

Also in September 2001 Alan Brooks retired as a non-executive director. We thank him for his service and wish him well for the future.

In January 2002 we welcomed Martin Clark as a non-executive director of the company. Martin is non-executive director of Senior plc and BPB plc, and a former group finance director of Caradon plc.

In March 2002 we welcomed Tim Harris as a non-executive director of the company. Tim is chairman of James Fisher and Sons plc, and formerly chief executive of P&O Nedlloyd.

At the forthcoming annual general meeting Stephen James, having reached the age of 70,

will stand down as a director after serving the company for 27 years. He retires with our very best wishes and our appreciation for the tremendous contribution he has made during that time. We will miss his wise counsel.

STAFF

The board wishes to place on record its thanks to all members of staff at home and abroad, who have contributed to the group's continuing success.

CHANGE OF NAME

The company changed its name to Clarkson PLC at the annual general meeting in May 2001.

*Northwest Sanderling:
66,810 DWT loading
LNG at Karratha,
Western Australia.*



CHAIRMAN'S STATEMENT AND REVIEW

WORLD FLEET

Total tonnage in deadweight millions

2001	753.2
2000	739.1
1999	717.1
1998	707.2
1997	700.1

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DIVIDEND

Taking into account the inherently cash generative nature of the company's business and its relatively limited capital expenditure requirements, the board continues to recommend that a significant proportion of net profits in the future be returned to shareholders in the form of dividends. The profits generated in the year have enabled the board to recommend an increase in dividend to 15.00 pence per share (2000: 10.00 pence per share). This 50% increase on last year is covered 2.6 times by earnings per share and allows the company to retain additional resources within the group for future investment.

OUTLOOK

The efforts of the past few years have established the company as a leading provider of quality 'added-value' services to our expanding list of clients. Many of these services generate revenues well into the future and are therefore less volatile than those previously generated by Clarksons.

Our ambition is to provide the most complete and transparent range of Clarkson branded services to all areas of the shipping market, thereby creating efficiencies throughout the sector. We will increasingly generate income from activities which are less closely linked to traditional shipping cycles. Our new initiatives will increase transparency by providing more and better quality

investment information about publicly quoted shipping companies thereby enhancing the profile of shipping in the public domain.

The quality of business already concluded by our existing operations and our increasingly diversified product range has mitigated the impact of the economic slowdown experienced in the second half of 2001. However, if these more difficult trading conditions persist, it will be difficult to maintain profitability at current levels.

Michael Beckett

Chairman

26 March 2002

BOARD OF DIRECTORS



MICHAEL BECKETT

Chairman Non-executive

Michael Beckett aged 65 was appointed a director of the company in 1988. He is chairman of Asbanti Goldfields Company Limited and a non-executive director of BPB Plc and Queens Moat Houses Plc. He is chairman of Watts Blake Bearne & Company Plc.



MARTIN CLARK

Director Non-executive

Martin Clark aged 56 was appointed a director of the company in January 2002. He is a non-executive director of Senior plc and BPB plc. He was previously group finance director of Caradon plc, and prior to that finance director at Northern Foods plc and Associated British Foods plc.



RICHARD FULFORD-SMITH

Managing Director of Clarksons Shipbroking

Richard Fulford-Smith aged 46 joined Clarksons in 1992 from Simpson Spence & Young and was previously with Ocean Transport and Trading group, Eggar Forrester and J.E. Hyde. He joined the PLC board in May 2000.



TIM HARRIS CBE

Director Non-executive

Tim Harris aged 54 was appointed a director of the company in March 2002. He is chairman of James Fisher and Sons plc. He was previously with P&O where he was assistant managing director and prior to that chairman and chief executive of P&O Cruises and chief executive of P&O Nedlloyd.



STEPHEN JAMES

Director Non-executive

Stephen James aged 71 has been a director of the company since 1975 and is chairman of the audit committee. He was previously senior partner of solicitors, Simmons & Simmons.



ROB WARD FCA

Finance Director

Rob Ward aged 53 joined Clarksons in 1991 and was previously with Credit Cruciksbank, Mercantile House Holdings PLC and Henry Ansbacher Holdings PLC. He was appointed to the PLC board in 1993.



MARTIN WATSON

Director Non-executive

Martin Watson aged 55 was appointed a director of the company in September 2001 and is chairman of the remuneration committee. He is a founding partner of London law firm, Watson, Farley & Williams.



GARY WESTON MCIT MIT

Chairman of Clarksons Shipbroking

Gary Weston aged 45 joined Clarksons as a graduate trainee in 1979 and was previously head of the Dry Cargo Division. He was appointed to the PLC board in 1992.

The non-executive directors comprise the remuneration and audit committees of the company.

REPORT OF THE DIRECTORS

The directors present their report and the group accounts for the year ended 31 December 2001, which were approved by them on 26 March 2002.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of an investment holding company, whose subsidiaries were primarily involved in the provision of shipping services. A review of the group's performance and likely future developments is contained in the chairman's statement and review on pages 2 to 11.

GROUP RESULTS AND DIVIDENDS

The results of the group, giving details of the profit, dividends and retained earnings are shown on page 21. An interim dividend of 6.00 pence per share was paid in September 2001. The directors will be recommending a final dividend of 9.00 pence per share, payable on 7 June 2002 to shareholders on the register at the close of business on 24 May 2002, making a total dividend for the year of 15.00 pence per share (2000: 10.00 pence per share).

DIRECTORS

The directors of the company as at the date of this report are shown on page 12. Mr A Brooks retired from the board on 4 September 2001.

In accordance with the company's articles of association, Mr S L James will retire by rotation at the annual general meeting. He is not seeking re-election. Messrs M A Watson, M Clark and T C Harris CBE were appointed on 4 September 2001, 19 January 2002 and 19 March 2002 respectively and in accordance with the articles of association will offer themselves for re-election at the annual general meeting.

No director had a material interest in any contract of significance to the group's business during the year.

SUBSTANTIAL INTERESTS

The company has been notified of the following substantial interests in its issued share capital as at 14 March 2002 (being the latest practicable date prior to the approval of these accounts):

Employees and employee share trusts	37.81%
CMB Group	15.15%
Hargreave Hale clients	4.59%
M Hagn and connected interests	4.21%

Save for the above, the company is unaware of any substantial interests, other than the directors whose interests are shown on page 18, in its issued share capital.

As at 14 March 2002, employees directly held 15.65% of the company's share capital; 18.21% was held by employee share trusts for use under the company's various incentive schemes and 3.95% was held by an employee share trust on behalf of the Funded Unapproved Retirement Benefit Scheme.

SHARE CAPITAL

Details of the company's share capital and any movements during the year are shown in note 16 to the accounts.

EMPLOYMENT POLICIES

The group operates worldwide and its employment policies vary to meet local conditions and legal requirements. It is committed to equal opportunities for all employees. In the UK, the policy of staff communication, consultation and participation has continued. Where such policies do not exist in acquired companies, steps are taken to introduce them. *Clarkson News*, the group's in-house magazine, provides employees and former employees

REPORT OF THE DIRECTORS

who are now pensioners with information about the group and staff issues. Information is also readily available on the group's corporate web site, www.clarksons.com.

Employees are encouraged to become involved in the financial performance of the group through the operation of share option, profit sharing and restricted share plan schemes. At 14 March 2002, employee share trusts held 2,724,466 shares for allocation to employees at a future date under share incentive schemes. Of these, 1,036,000 shares were held for employees under the Savings Related and Senior Executive Share Option Schemes, 240,304 shares on behalf of the Profit Sharing Scheme, and 1,448,162 shares under the Restricted Share Plan.

Full and fair consideration is given to applications for employment by those with a disability. Where an employee becomes disabled whilst in the employment of a group company, every effort is made to find continuing employment wherever possible.

CHARITABLE AND POLITICAL DONATIONS

During the year, the group made various charitable donations amounting in aggregate to £8,623 (2000: £8,450). No political contributions were made.

CORPORATE GOVERNANCE

The directors are responsible for the proper conduct of the company's affairs and have adopted a formal schedule of matters specifically reserved for their decision. Individual directors may seek professional advice on any matter concerning them in the furtherance of their duties at the expense of the company.

The non-executive directors, who are each appointed for a specific term, constitute the audit and remuneration committees of the company. The remuneration committee advises on remuneration and incentive schemes for senior staff and makes recommendations for the operation of the company's profit sharing and share option schemes. Under the company's articles of association one third of the directors are required to retire annually by rotation.

The company continues to be a member of the 'Quoted Companies Alliance', an organisation which is dedicated to promoting the cause of smaller quoted companies.

The Combined Code is the statement of best corporate governance practice. A review has been undertaken of the company's existing corporate governance practices to ensure that the company complied with the Principles of Good Governance introduced by the Code throughout the year.

The board considers that the company has complied with current best practice as detailed in the Combined Code in all respects.

PENSION SCHEME

The assets of the group's pension scheme are totally separate from the assets of the group and are invested with independent fund managers. The pension scheme is not controlled by the board but by trustees who include both company and employee nominees. The trustees are responsible for looking after the assets of the pension scheme and for ensuring that its funds are only used to provide retirement benefits in accordance with its trust deed and rules. The scheme's auditors and actuaries are both independent of the group.

GOING CONCERN

The directors believe that the group has adequate resources to continue in operation for the foreseeable future. These accounts have therefore been prepared on a going concern basis.

REPORT OF THE DIRECTORS

INTERNAL CONTROL

The board is responsible for the establishment and ongoing implementation of the company's internal control mechanisms. These are designed to identify and counter the particular risks to which the company is exposed. By their very nature, these controls can provide reasonable but not absolute assurance against material misstatement or loss.

The Turnbull Committee issued its guidance on internal control late in 1999. The group has put into place the necessary procedures to comply with that guidance throughout the year ending 31 December 2001. The board regularly reviews and reports on the effectiveness of the group's system of internal control.

A number of key procedures have been established to provide effective internal controls. These include budgeting and reporting systems, monitoring, supervision and stewardship procedures and a continuing review of the group's controls.

The directors confirm that they have carried out a review of the effectiveness of the system of internal control.

PAYMENT OF CREDITORS

The group pays its trade creditors in accordance with the terms negotiated with them. Trade creditors principally represent client balances and are settled as requested. The company has no trade creditors.

ANNUAL GENERAL MEETING

A resolution will be proposed at the annual general meeting to renew the directors' authority to purchase the company's own shares. Further details of this resolution together with explanatory notes can be found in the enclosed notice of meeting.

AUDITORS

A resolution to re-appoint Ernst & Young LLP as auditors of the company will be proposed at the annual general meeting.

By order of the board

D H Gilbert
Secretary



26 March 2002

REPORT OF THE BOARD ON REMUNERATION

THE COMMITTEE

The remuneration committee is comprised of the non-executive directors, who have no day-to-day involvement with the business and no personal financial interest in the matters to be recommended.

TERMS OF REFERENCE

The committee's terms of reference include the determination of executive remuneration, to consider the granting of options and allocation of restricted share scheme shares and to make appropriate recommendations to the board.

GENERAL POLICY

The policy of the company is to ensure that executive rewards are linked to performance to provide an incentive to achieve the key business aims, deliver an appropriate level of total remuneration for acceptable performance and maintain a reasonable relationship of rewards to those offered in other companies in order to attract, retain and motivate executives within the bounds of what is acceptable to shareholders.

There are few comparable UK public companies involved solely in the business of providing shipping services. Comparisons are therefore made for this purpose with companies in the financial sector generally. In addition to consultation with the executive directors of the group, the remuneration committee is advised by a leading firm of executive remuneration consultants to maximise comparability with the benchmark companies.

In determining its remuneration policy, the committee has given full consideration to Section 1, Part B of the Combined Code annexed to the Listing Rules concerning directors' remuneration policy, service contracts and compensation.

BASIC SALARIES AND BENEFITS

Basic salaries and benefits for executive directors are reviewed annually having regard to individual performance, competitive market practice and comparable evidence of other similar companies.

ANNUAL PERFORMANCE BONUS

Executive directors participate in a bonus scheme which is linked to the achievement of group earnings per share targets. For those with divisional responsibility, bonus payments are based partly on the performance of the group as a whole and partly on the profit performance of their respective divisions.

LONG TERM INCENTIVE SCHEMES

Details of the company's various incentive schemes are as follows:

Restricted Share Plan

Awards under this plan are made annually to key executives by allocating a proportion of bonus entitlement towards the purchase of shares which are held in trust for at least four years and are then transferred to the executive, subject to their remaining with the company.

Senior Executive Share Option Scheme

The Senior Executive Share Option Scheme was adopted in May 1998 in place of the previous scheme which had expired. Subsisting options to purchase shares, granted under the company's previous scheme, were granted in phases, generally as a proportion of salary, and exercise can be subject to a performance condition.

REPORT OF THE BOARD ON REMUNERATION

Save As You Earn Share Option Scheme

This is an Inland Revenue approved sharesave scheme which enables the company to grant options to employees to purchase ordinary shares at a 20% discount to market price. These options can be exercised only with funds saved by employees over time in a qualifying savings account.

Profit Sharing Scheme

This is also an Inland Revenue approved scheme whereby up to 5% of UK profits are appropriated each year to purchase ordinary shares in the market which are held in trust for a minimum period of three years before being released to individual employees. Awards under this scheme cannot exceed £3,000 per employee or, if greater, 10% of the employee's remuneration for PAYE purposes with an overall limit of £8,000. Following the government's decision to phase out schemes of this type, the final appropriation under this scheme will be made in 2002 in respect of 2001's performance.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

The fees of non-executive directors are reviewed periodically by the full board after considering recommendations by the executive directors. Non-executive directors are not eligible for any other benefits or incentive schemes nor do they have service contracts with the company.

DIRECTORS' EMOLUMENTS

Details of directors' emoluments (excluding pension benefits) are set out below:

	<i>Basic salaries and fees</i>	<i>Performance related bonuses</i>		<i>Total</i>	<i>Total</i>
	<i>2001 £'000</i>	<i>Benefits 2001 £'000</i>	<i>2001 £'000</i>	<i>2001 £'000</i>	<i>2000 £'000</i>
Executive directors:					
R J Fulford-Smith	175	10	1,100	1,285	476
R D Ward	210	10	150	370	301
G D Weston	210	10	150	370	300
Non-executive directors:					
M E Beckett	41	-	-	41	41
A Brooks	17	-	-	17	25
S L James	23	-	-	23	23
M A Watson	7	-	-	7	-
	683	30	1,400	2,113	1,166

Benefits include cash allowances in lieu of company cars and other benefits in kind.

Mr M A Watson's emoluments are from the date of his appointment.

REPORT OF THE BOARD ON REMUNERATION

DIRECTORS' PENSION INFORMATION

Executive directors participate in the group pension schemes which provide a pension of up to two-thirds salary on retirement dependent on length of service. Pension benefits are provided only on basic salary. Details of directors' pension benefits are set out below:

	<i>Additional pension earned during the year £'000</i>	<i>Increase in transfer value during the year £'000</i>	<i>Accrued pension entitlement at the end of the year £'000</i>	<i>Accrued pension entitlement at the start of the year £'000</i>
R J Fulford-Smith	4	33	26	22
R D Ward	4	50	34	29
G D Weston	9	79	75	64

The accrued pension entitlement shown is that which would be paid annually on retirement based on service to the end of the year. The additional pension earned during the year and increase in transfer value during the year excludes any increase for inflation. Members of the scheme have the option to pay additional voluntary contributions; neither the contributions nor the resulting benefits are included in the table. The pension scheme also provides dependents' pensions in the event of death, and lump sum benefits on death-in-service.

The company operates a funded unapproved retirement benefits scheme for UK members who joined the company after May 1989 and are therefore subject to Inland Revenue restrictions on their entitlement to benefit from the group's final salary pension scheme. Messrs R J Fulford-Smith and R D Ward participate in this arrangement and the company's contributions in respect of the year ended 31 December 2001 were £54,526 and £99,218 respectively.

DIRECTORS' INTERESTS IN SHARES

The beneficial interests of the directors in the share capital of the company at 31 December 2001 are as follows:

	<i>Ordinary shares</i>	
	<i>2001 Number</i>	<i>2000 Number</i>
M E Beckett	20,000	20,000
R J Fulford-Smith	612,687	555,213
S L James	65,000	125,000
R D Ward	441,764	393,570
M A Watson	-	-
G D Weston	194,303	166,369

On 23 January 2002 Mr M A Watson acquired a beneficial interest in 5,000 ordinary shares in the company.

Messrs M E Beckett and R D Ward are directors and joint trustees of Clarkson (Trustees) Limited which acts as trustee for the shares issued under the Profit Sharing Share Scheme 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 report of the directors under employment policies.

REPORT OF THE BOARD ON REMUNERATION

The numbers of ordinary shares subject to options held by the directors and granted under the SAYE Share Option Scheme and Senior Executive Share Option Scheme are detailed below:

		<i>01.01.01 or appointment date if later</i>	<i>Lapsed during the year</i>	<i>Exercised during the year</i>	<i>31.12.01</i>	<i>Exercise price - pence per share</i>	<i>Date options exercisable</i>	<i>Date options expire</i>
R J Fulford-Smith	Senior Executive 1994	25,000	–	–	25,000	91.0	31.03.00	03.11.04
	Senior Executive 2000	41,500	–	–	41,500	127.5	06.04.03	06.04.10
	SAYE 1999	11,286	–	–	11,286	51.5	31.10.02	30.04.03
R D Ward	Senior Executive 1991	20,000	(20,000)	–	–	206.0	25.04.94	24.04.01
	Senior Executive 1994	25,000	–	(25,000)	–	91.0	31.03.00	03.11.04
	Senior Executive 2000	41,500	–	–	41,500	127.5	06.04.03	06.04.10
	SAYE 1999	11,286	–	–	11,286	51.5	31.10.02	30.04.03
G D Weston	Senior Executive 1991	11,000	(11,000)	–	–	206.0	25.04.94	24.04.01
	Senior Executive 1994	25,000	–	(25,000)	–	91.0	31.03.00	03.11.04
	Senior Executive 2000	41,500	–	–	41,500	127.5	06.04.03	06.04.10
	SAYE 1999	7,524	–	–	7,524	51.5	31.10.02	30.04.03

Messrs R D Ward and G D Weston exercised their options in relation to the Senior Executive 1994 allocation on 14 May 2001 and 15 May 2001 respectively. The share prices on those days were 201.5 pence and 200.0 pence. The aggregate amount of gains was £54,875 (2000: nil).

The market price of the shares at 31 December 2001 was 196.5 pence and the range during 2001 was 159.0 pence to 286.0 pence.

M A Watson
Remuneration Committee Chairman

26 March 2002

STATEMENT OF DIRECTORS' 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.

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 Clarkson PLC

We have audited the group's accounts for the year ended 31 December 2001 which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Total Recognised Gains and Losses, the Movement in Shareholders' Funds, the Balance Sheets, Consolidated Cash Flow Statement and the related notes 1 to 27. These accounts have been prepared on the basis of the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the annual report and accounts in accordance with applicable United Kingdom law and accounting standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the group is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read other information contained in the annual report and consider whether it is consistent with the audited accounts. This other information comprises the Chairman's Statement and Review, the Directors' Report and the Report of the Board on Remuneration. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom 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 as at 31 December 2001 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 LLP
Registered Auditor

London
26 March 2002

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2001

Notes	2001 £'000	2000 £'000
2	42,570	36,406
TURNOVER		
3	7,341	4,920
OPERATING PROFIT		
	243	288
	943	(33)
	802	543
5	(35)	(101)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
6	(3,251)	(2,049)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		
ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY		
	6,043	3,568
7	(2,295)	(1,418)
RETAINED PROFIT FOR THE YEAR		
	3,748	2,150
EARNINGS PER SHARE		
	42.31p	26.02p
	40.81p	25.01p
DIVIDEND PER SHARE		
	15.00p	10.00p

The notes set out on pages 25 to 37 form part of these accounts.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 December 2001

	<i>2001</i> <i>£'000</i>	<i>2000</i> <i>£'000</i>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	6,043	3,568
Foreign exchange differences	(116)	132
Total recognised gains relating to the year	<u>5,927</u>	<u>3,700</u>

MOVEMENT IN SHAREHOLDERS' FUNDS

for the year ended 31 December 2001

	<i>2001</i> <i>£'000</i>	<i>2000</i> <i>£'000</i>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	6,043	3,568
Issue of new shares	475	-
Foreign exchange differences	(116)	132
Dividends	(2,295)	(1,418)
Total movements during the year	<u>4,107</u>	<u>2,282</u>
Shareholders' funds at 1 January 2001	<u>11,182</u>	<u>8,900</u>
Shareholders' funds at 31 December 2001	<u>15,289</u>	<u>11,182</u>

The notes set out on pages 25 to 37 form part of these accounts.

BALANCE SHEETS

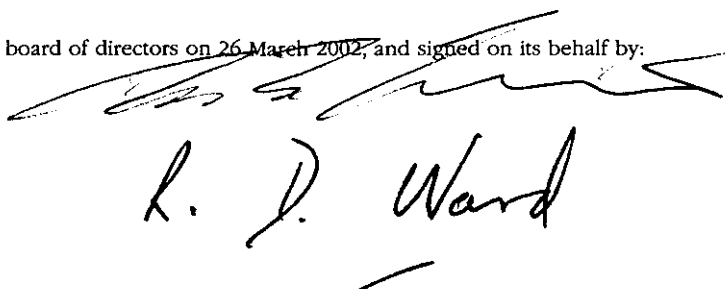
as at 31 December 2001

Notes	Group		Company	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
	FIXED ASSETS			
9	Intangible assets	925	-	-
10	Tangible assets	2,638	2,858	690
11	Investments	3,748	2,199	14,822
		7,311	5,057	15,512
	CURRENT ASSETS			
12	Debtors	6,824	8,922	6,016
24	Cash and deposits	19,437	10,883	-
		26,261	19,805	8,233
13	CREDITORS			
	Amounts falling due within one year	(18,278)	(13,644)	(5,141)
	NET CURRENT ASSETS/(LIABILITIES)	7,983	6,161	3,092
	TOTAL ASSETS LESS CURRENT LIABILITIES	15,294	11,218	18,604
	CREDITORS			
14	Amounts falling due after more than one year	(5)	(10)	-
15	PROVISIONS FOR LIABILITIES AND CHARGES	-	(26)	-
		(5)	(36)	-
		15,289	11,182	18,604
	CAPITAL AND RESERVES			
16	Called up share capital	3,735	3,545	3,735
17	Share premium account	2,038	1,753	2,038
18	Other reserves	9,516	5,884	12,831
	Equity shareholders' funds	15,289	11,182	18,604

The accounts were approved by the board of directors on 26 March 2002, and signed on its behalf by:

M E Beckett, *Chairman*

R D Ward, *Finance Director*



The notes set out on pages 25 to 37 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2001

Notes	2001 £'000	2000 £'000	
20	NET CASH INFLOW FROM OPERATING ACTIVITIES	13,921	8,050
	DIVIDENDS FROM ASSOCIATES	163	91
21	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	767	442
	TAXATION	(2,629)	(121)
22	CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(2,024)	(1,324)
	EQUITY DIVIDENDS PAID	(2,015)	(709)
24	MANAGEMENT OF LIQUID RESOURCES		
	Increase in short term deposits	(5,998)	(327)
25	FINANCING	475	—
23, 24	INCREASE IN FUNDS	2,660	6,102

The notes set out on pages 25 to 37 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.

(b) BASIS OF CONSOLIDATION

The group accounts consolidate the accounts of Clarkson PLC and all its subsidiary undertakings made up to 31 December each year. No profit and loss account is presented for 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 and of companies disposed of during the year for the periods up to the date of their disposal.

The accounts of the H Clarkson (Holdings) Executive Share Purchase Trust have been included in the consolidated accounts.

(c) ASSOCIATED UNDERTAKINGS

Entities, 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 the latest available audited accounts.

(d) TURNOVER

Turnover represents brokerage and commission earnings from shipping related activities including joint ventures but excluding associates, and other income arising from shipping publications, research and consultancy.

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

(g) OVERSEAS CURRENCIES AND FINANCIAL INSTRUMENTS

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 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) PROVISIONING

Trade debtors are stated net of specific provisions against doubtful debts which are made on the basis of policies and regular reviews established by management. Provisions are established on the basis of the age of the amounts overdue. Further provisions are made in respect of particular problem balances.

NOTES TO THE ACCOUNTS

1 STATEMENT OF ACCOUNTING POLICIES CONTINUED

(i) TANGIBLE FIXED ASSETS AND DEPRECIATION

Fixed assets are recorded at cost less 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 assets as follows:

Freehold properties	60 years
Leasehold properties	Over period of lease
Office furniture and equipment	4-15 years
Motor vehicles	4 years

The carrying values of fixed assets are reviewed if circumstances indicate these values may have been impaired.

(j) INVESTMENTS

All the group's 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.

(k) 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.

(l) CASH AND DEPOSITS

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.

(m) GOODWILL

Purchased goodwill is capitalised and amortised over its estimated useful life.

2 SEGMENTAL INFORMATION

The group is engaged in only one class of business, namely the provision of shipping services.

Turnover by geographical location of the invoicing subsidiary is as follows:

	2001 £'000	2000 £'000
UK	34,794	28,449
USA	-	808
Rest of World	7,776	7,149
	42,570	36,406

Group profit before taxation and net assets are analysed as follows:

	<i>Profit/(loss) before taxation</i>		<i>Net assets</i>	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
UK	7,093	3,568	11,012	7,650
USA	(3)	(133)	1,013	1,005
Rest of World	2,204	2,182	3,264	2,527
	9,294	5,617	15,289	11,182

NOTES TO THE ACCOUNTS

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:	<i>2001</i>	<i>2000</i>
	<i>£'000</i>	<i>£'000</i>
Depreciation of tangible fixed assets	(909)	(1,044)
Amortisation of goodwill	(24)	–
Operating lease rentals – property	(834)	(834)
Auditors' remuneration:		
Audit services	(143)	(133)
Non-audit services	(72)	(60)

Auditors' remuneration relates to services provided by Ernst & Young LLP and associates.

4 EMPLOYEES

	<i>2001</i>	<i>2000</i>
	<i>£'000</i>	<i>£'000</i>
Salaries, commission and fees	12,629	13,026
Profit share appropriation	8,293	4,932
Social security costs	1,779	1,526
Other pension costs	1,721	1,771
	24,422	21,255

Profit share appropriation includes an allocation to an Inland Revenue approved profit sharing scheme amounting to £377,000 (2000: £212,000).

Other pension costs include contributions of £1,034,000 (2000: £1,183,000) to the group's defined benefit pension scheme.

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

	<i>2001</i>	<i>2000</i>
	<i>Number</i>	<i>Number</i>
UK	193	188
USA	–	8
Rest of World	73	69
	266	265

Details of remuneration, pension entitlements and share options for each director are included on pages 17 to 19.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	<i>2001</i>	<i>2000</i>
	<i>£'000</i>	<i>£'000</i>
Bank overdrafts	35	101

NOTES TO THE ACCOUNTS

6 TAXATION ON PROFIT ON ORDINARY ACTIVITIES	2001 £'000	2000 £'000
UK corporation tax	2,613	1,703
Deferred taxation	(26)	(50)
	2,587	1,653
Overseas taxation	664	396
Taxation on profit on ordinary activities	3,251	2,049

The effective tax rate for the current year is higher than the standard rate of UK corporation tax. The group has benefited from the use of brought forward capital losses, thereby reducing the impact of disallowable trading expenses.

7 DIVIDENDS	2001 £'000	2000 £'000
Interim dividend paid of 6.00 pence per share (2000: 2.50 pence per share)	951	354
Final dividend proposed of 9.00 pence per share (2000: 7.50 pence per share)	1,344	1,064
	2,295	1,418

8 EARNINGS PER SHARE

The calculation of basic earnings per share arising from continuing activities is based on earnings of £5,968,000 (2000: £3,539,000) and on 14,103,787 (2000: 13,598,536) shares, being the weighted average number of ordinary shares in issue during the year. This is after excluding 549,823 weighted average number of shares and £75,000 income arising thereon owned by the Executive Share Purchase Trust.

The diluted earnings per share is based on earnings of £5,968,000 (2000: £3,539,000) and on 14,622,114 (2000: 14,149,709) shares reflecting the dilutive effect of various option schemes.

9 INTANGIBLE FIXED ASSETS	<i>Goodwill</i> £'000
ORIGINAL COST	
Additions	949
AT 31 DECEMBER 2001	949
AMORTISATION	
Provided during the year	24
AT 31 DECEMBER 2001	24
NET BOOK VALUE	
AT 31 DECEMBER 2001	925

The goodwill addition in the year arose on the acquisition of an associated company investment which is being amortised over the directors' estimate of its useful economic life.

NOTES TO THE ACCOUNTS

10 TANGIBLE FIXED ASSETS

	<i>Group</i>				<i>Company</i>			
	<i>Freehold properties</i>	<i>Leasehold under 50 years</i>	<i>Office furniture and equipment</i>	<i>Motor vehicles</i>	<i>Total</i>	<i>Freehold properties</i>	<i>Office furniture and equipment</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
ORIGINAL COST								
At 1 January 2001	1,146	2,677	4,997	328	9,148	892	27	919
Additions	–	48	725	77	850	–	–	–
Disposals	–	(13)	(1,601)	(23)	(1,637)	–	–	–
Foreign exchange differences	(89)	4	(58)	(24)	(167)	–	–	–
AT 31 DECEMBER 2001	1,057	2,716	4,063	358	8,194	892	27	919
DEPRECIATION								
At 1 January 2001	207	1,900	4,084	99	6,290	193	16	209
Provided during the year	18	277	554	60	909	14	6	20
Disposals	–	(5)	(1,562)	(16)	(1,583)	–	–	–
Foreign exchange differences	(5)	3	(46)	(12)	(60)	–	–	–
AT 31 DECEMBER 2001	220	2,175	3,030	131	5,556	207	22	229
NET BOOK VALUE								
AT 31 DECEMBER 2001	837	541	1,033	227	2,638	685	5	690
At 31 December 2000	939	777	913	229	2,858	699	11	710

As at 31 December 2001 the group had annual commitments under non-cancellable property operating leases of £834,000 in respect of leases expiring within two to five years.

11 INVESTMENTS

	<i>Group</i>				
	<i>Associated undertakings</i>	<i>Listed</i>	<i>Unlisted</i>	<i>Own shares</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000
Cost at 1 January 2001	1	10	1,256	312	1,579
Additions	147	–	913	1,525	2,585
Disposals	–	–	(15)	(548)	(563)
Provision for diminution in value	–	(4)	(176)	22	(158)
Foreign exchange differences	(1)	–	5	–	4
COST AT 31 DECEMBER 2001	147	6	1,983	1,311	3,447
Group's share of post acquisition retained profit and reserves:					
At 1 January 2001	620	–	–	–	620
Profit for the year	192	–	–	–	192
Distributions	(514)	–	–	–	(514)
Foreign exchange differences	3	–	–	–	3
AT 31 DECEMBER 2001	301	–	–	–	301
NET BOOK VALUE AT 31 DECEMBER 2001	448	6	1,983	1,311	3,748
At 31 December 2000	621	10	1,256	312	2,199

The company's own shares are listed on the London Stock Exchange.

NOTES TO THE ACCOUNTS

11 INVESTMENTS CONTINUED

	<i>Company</i>		
	<i>Investment in subsidiary undertakings</i>	<i>Own shares</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cost at 1 January 2001	13,511	312	13,823
Additions	–	1,525	1,525
Disposals	–	(548)	(548)
Release of provisions for losses on future exercise of share options	–	22	22
AT 31 DECEMBER 2001	13,511	1,311	14,822

Own shares represent 1,036,000 shares held by the Executive Share Purchase Trust to meet obligations under the 1999 Savings Related Share Option Scheme and other commitments. The shares are stated at cost less provision for anticipated losses on exercise of the options and their market value at 31 December 2001 was £2,036,000. Dividends on the shares are paid into the trust and, together with the expenses of the trust, are included in the profit and loss account.

Market value of listed investments, including own shares held by the Executive Share Purchase Trust, at 31 December 2001 was £2,049,184 (2000: £610,631); if they had been sold at this value, there would have been no liability to taxation.

The directors consider there is no material difference between the fair value and cost of unlisted investments.

In no case did the shares classified as listed and unlisted exceed 20% of the share capital of the company concerned.

On 6 July 2001 the group made an investment in an associated company for a consideration of £1,092,000 including expenses. This has been accounted for as an acquisition in accordance with Financial Reporting Standard 6 'Accounting for Business Combinations'. The goodwill has been capitalised as an intangible asset.

Net assets at date of acquisition:	<i>Book and fair value £'000</i>
Fixed assets	183
Debtors	7
Cash	64
Creditors falling due within one year	(111)
	143
Goodwill arising on acquisition	949
	1,092
<hr/>	
Discharged by:	<i>£'000</i>
Fair value of shares	260
Cash	715
Expenses	117
	1,092

NOTES TO THE ACCOUNTS

12 DEBTORS	<i>Group</i>		<i>Company</i>	
	<i>2001</i> £'000	<i>2000</i> £'000	<i>2001</i> £'000	<i>2000</i> £'000
AMOUNTS FALLING DUE WITHIN ONE YEAR				
Trade debtors	4,717	6,465	-	-
Amounts owed by associated undertakings	261	620	-	-
Other debtors	528	560	9	28
Prepayments and accrued income	766	740	30	10
Taxation	473	445	113	303
Owed by group companies	-	-	5,864	1,283
	6,745	8,830	6,016	1,624
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR				
Other debtors	79	92	-	-
	6,824	8,922	6,016	1,624

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	<i>Group</i>		<i>Company</i>	
	<i>2001</i> £'000	<i>2000</i> £'000	<i>2001</i> £'000	<i>2000</i> £'000
Trade creditors	854	547	-	-
Other creditors	1,495	1,387	-	-
Accruals and deferred income	11,477	8,334	502	492
Corporation tax	2,670	1,963	12	4
Other tax and social security	425	343	-	-
Dividend	1,344	1,064	1,344	1,064
Owed to group companies	-	-	3,283	177
Owed to associated undertakings	13	6	-	-
	18,278	13,644	5,141	1,737

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	<i>Group</i>	
	<i>2001</i> £'000	<i>2000</i> £'000
Other creditors	5	10

15 PROVISIONS FOR LIABILITIES AND CHARGES	<i>Group</i>	
	<i>2001</i> £'000	<i>2000</i> £'000
DEFERRED TAXATION		
Overseas:		
Short term timing differences	-	26
Total deferred taxation	-	26

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

NOTES TO THE ACCOUNTS

16 SHARE CAPITAL

	<i>Number of shares</i>	<i>Nominal value £'000</i>
At 1 January 2001		
Ordinary shares of 25p each:		
Authorised	20,821,154	5,205
Allotted, issued and fully paid	14,179,400	3,545
At 31 December 2001		
Ordinary shares of 25p each:		
Authorised	20,821,154	5,205
Allotted, issued and fully paid	14,939,187	3,735

During 2001 548,787 ordinary shares of 25p each were issued to meet obligations under the 1999 Savings Related Share Option Scheme.

A further 211,000 ordinary shares of 25p each were issued during the year to meet obligations under the 1994 Senior Executive Share Option Scheme.

Between 31 December 2001 and 14 March 2002 the number of ordinary shares issued by the company increased from 14,939,187 to 14,956,900.

Options subsisting under share option schemes at 31 December 2001 were:

<i>Share scheme</i>	<i>Year option granted</i>	<i>Number of options</i>	<i>Exercise price - pence per share</i>	<i>Period during which options are exercisable</i>
Senior Executive Share Option Scheme (performance related)	1994	104,000	91.0	2000-2004
Senior Executive Share Option Scheme (performance related)	2000	166,000	127.5	2003-2010
Savings Related Share Option Scheme	1999	519,977	51.5	2002-2003

17 SHARE PREMIUM

	<i>Group and Company £'000</i>
At 1 January 2001	1,753
At 31 December 2001	2,038

The increase in share premium arose on the issue of new shares during 2001.

NOTES TO THE ACCOUNTS

18 OTHER RESERVES

	<i>Group</i>			<i>Company</i>		
	<i>Capital redemption reserve £'000</i>	<i>Profit and loss reserve £'000</i>	<i>Total £'000</i>	<i>Capital redemption reserve £'000</i>	<i>Profit and loss reserve £'000</i>	<i>Total £'000</i>
At 1 January 2001	2,045	3,839	5,884	2,045	7,077	9,122
Foreign exchange differences	–	(116)	(116)	–	(20)	(20)
Retained profit for the year	–	3,748	3,748	–	3,729	3,729
AT 31 DECEMBER 2001	2,045	7,471	9,516	2,045	10,786	12,831

Goodwill amounting to £12,815,000 has been directly written off against the profit and loss reserve in previous years.

The profit dealt with in the accounts of the company was £6,004,000 (2000: £3,582,000).

19 FINANCIAL RISK MANAGEMENT

This note does not include short term debtors and creditors.

(a) FOREIGN CURRENCY RISK MANAGEMENT

The group uses spot and forward foreign currency contracts to reduce exposure to variations in the sterling/US dollar exchange rate.

(b) INTEREST RATE RISK MANAGEMENT

The group operates a sterling overdraft with a UK bank bearing floating rate interest at commercial rates. The group's cash and deposits at 31 December 2001 include US\$7,669,000 and Aus\$2,636,000; the remaining balances are principally in sterling. Deposits are made at local commercial rates.

(c) VALUATION OF FINANCIAL INSTRUMENTS

At 31 December 2001 there were forward contracts to sell US\$38,000,000 for sterling, all maturing within thirty six months. The contract value exceeds the fair value by £748,000 when valued at the year end rate.

20 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<i>2001 £'000</i>	<i>2000 £'000</i>
Operating profit	7,341	4,920
Depreciation and amortisation charges	933	1,044
Decrease/(increase) in debtors	1,977	(2,584)
Increase in creditors	3,516	4,670
Provision against investments	154	–
Net cash inflow from operating activities	13,921	8,050

NOTES TO THE ACCOUNTS

21 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	2001 £'000	2000 £'000
Dividends received	101	68
Interest received	701	475
Interest paid	(35)	(101)
	767	442

22 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	2001 £'000	2000 £'000
Purchase of intangible fixed assets	(689)	-
Purchase of associated companies	(143)	-
Purchase of tangible fixed assets	(850)	(865)
Purchase of investments	(2,426)	(942)
Sale of tangible fixed assets	111	161
Sale of investments	698	322
Sale of associated companies	1,275	-
	(2,024)	(1,324)

23 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT	2001 £'000	2000 £'000
Increase in cash	2,660	6,102
Foreign exchange differences	(38)	(56)
Movement in net debt	2,622	6,046
Net funds at 1 January	9,089	3,043
Net funds at 31 December	11,711	9,089

24 ANALYSIS OF NET FUNDS	At 1 January 2001 £'000	Cash flow £'000	Foreign exchange differences £'000	At 31 December 2001 £'000
Cash in hand, at bank	9,089	2,660	(38)	11,711
Short term deposits	1,794	5,998	(66)	7,726
	10,883	8,658	(104)	19,437

25 FINANCING	2001 £'000	2000 £'000
Issue of ordinary share capital	475	-

NOTES TO THE ACCOUNTS

26 PENSION SCHEMES

STATEMENT OF STANDARD ACCOUNTING PRACTICE 24 'ACCOUNTING FOR PENSION COSTS' ('SSAP 24') DISCLOSURES

The group has continued to account for pensions in accordance with SSAP 24 and the disclosures below are those required by that standard.

The group's main pension scheme is in the UK and all financial information provided in this note relates to that scheme.

The group operates a defined benefit pension scheme, which is funded by the payment of contributions to a separately administered trust fund. Scheme assets are invested in a range of pooled pension investment funds managed by professional fund managers.

The pension scheme funding rate is determined at intervals not exceeding three years, on the recommendation of a qualified actuary. The latest actuarial valuation report was carried out as at 31 March 2001. The report was produced using the projected unit method of funding. This report showed scheme assets valued at 31 March 2001 of £81,701,000, a surplus of £5,480,000 over the projected value of liabilities. Following the recommendations of the report, in order to eliminate the surplus over the expected future working life of the current members, the trustees have adopted a joint funding rate of 17.5% of pensionable salaries as from 1 April 2001. Until 1 April 2001, the joint funding rate was 21.0% of pensionable salaries inclusive of administration costs and insurance premiums for death-in-service benefits.

Main valuation assumptions:

Annual rate of salary increases	4.50%
Annual rate of increase in pensions	3.00%
Price inflation	3.00%
Long term rate of return on investments	6.00%

The company operates a funded unapproved retirement benefits scheme for UK members who joined the company after May 1989 and are therefore subject to Inland Revenue restrictions on their entitlement to benefit.

Overseas pension arrangements have been determined in accordance with local practice and regulations.

The group also operates a bonus pension scheme which is a 'money purchase' pension arrangement to give staff the facility of making additional pension provision on annual bonus payments.

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

NOTES TO THE ACCOUNTS

26 PENSION SCHEMES CONTINUED

FINANCIAL REPORTING STANDARD 17 'RETIREMENT BENEFITS' ('FRS 17') DISCLOSURES

FRS 17 was issued in November 2000. Full implementation of this standard is not required until the year ended 31 December 2003. Prior to this date phased transitional disclosures are required. These disclosures, to the extent that they are not included previously, are set out below.

The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation at 31 March 2001 and updated by independent actuaries to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 31 December 2001. Scheme assets are stated at their market value at 31 December 2001.

Main valuation assumptions:

Annual rate of salary increases	4.00%
Annual rate of increase in pensions	2.50%
Price inflation	2.50%
Discount rate for scheme liabilities	5.75%

Long term rates of return are:

Equities	7.50%
Bonds	5.00%
Property	6.00%
Cash	3.00%

The assets and liabilities of the scheme and the expected rates of return at 31 December 2001 were:

	<i>Value £'000</i>
Equities	53,830
Bonds	17,481
Property	5,797
Cash	1,649
Total market value of assets	78,757
Present value of scheme liabilities	(73,710)
Surplus in the scheme	5,047
Related deferred tax liability	(1,514)
Net pension asset	3,533
NET ASSETS	
Net assets excluding net pension asset	15,289
Net pension asset	3,533
Net assets including defined benefit pension asset	18,822
RESERVES	
Profit and loss reserve excluding pension asset	7,471
Net pension asset	3,533
Profit and loss reserve including defined benefit pension asset	11,004

NOTES TO THE ACCOUNTS

27 SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

<i>Country of incorporation and operation</i>	<i>Company</i>	<i>Percentage of equity shares</i>
PRINCIPAL SUBSIDIARY UNDERTAKINGS		
UK	H Clarkson & Company Limited	100
	Clarkson Financial Services Limited	100
	Clarkson Fund Management Limited	100†
	Clarkson Mortgage Company Limited	100
	Clarkson Overseas Shipbroking Limited	100
	Clarkson Property Holdings Limited	100†
	Clarkson Securities Limited	100
	Clarkson Shipbroking Group Limited	100†
AUSTRALIA	Austral Chartering (Pty) Limited*	100
BERMUDA	Clarkson Pacific Limited*	100
CHINA	Clarkson Asia Limited*	100
SINGAPORE	Clarkson Asia Pte Limited	100
SOUTH AFRICA	Afromar (Pty) Limited*	100
	Afromar Properties (Pty) Limited*	100
JOINT VENTURE		
UK	LNG Shipping Solutions Limited	50
ASSOCIATED UNDERTAKINGS		
FRANCE	AGA Cofimar*	49
LEBANON	Middle East Tankers and Freighters Bunker Services SAL (Offshore)*	50
UK	H C Shipping & Chartering Limited*	25
USA	Overseas Wiborg Chartering Co. (Partnership)*	50

* Not audited by Ernst & Young LLP and associates

† Held by Clarkson PLC

All the above companies are engaged in the provision of shipping services.

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.

GLOSSARY OF SHIPPING TERMS

AFRAMAX SIZE

American Freight Rate Association term for a tanker of approximately 80,000 to 105,000 dwt.

BALLAST

A voyage with no cargo on board to get a ship in position for the next loading port or docking. A ballast tank is a tank that is filled with seawater when a vessel is in ballast, in order to ensure stability.

BAREBOAT

The hiring or leasing of a vessel from one company to another (the charterer), which in turn provides crew, bunkers, stores and pays all operating costs.

BULK

Unpackaged solid cargo such as coal, ore and grain.

BUNKERS

The ship's fuel.

CABOTAGE

Transport of goods between two ports or places located in the same country, often restricted to domestic carriers.

CAPESIZE SIZE

Dry cargo carrier of 80,000 dwt or larger.

CHARTERER

Cargo owner or another person/company who hires a ship.

CHARTER-PARTY

Transport contract between shipowner and shipper of goods.

CIF

Freight cost, insurance and freight are paid for by the buyer of goods.

CLEAN

Highly refined oil products such as naphtha.

COA

Contract of Affreightment – quantity contract. An agreement between shipowner and shipper concerning the freight of a defined amount of cargo. The shipowner chooses the ship.

COMBINATION CARRIER

Ship capable of carrying different types of cargo, thereby achieving a more uniform flow of shipments. Typically termed OBO, an abbreviation for Oil, Bulk, Ore, which

means that the vessel is designed for cargoes of these and other bulk products.

CRUDE (OIL)

Unrefined oil directly from the reservoir.

DAILY OPERATING COSTS

The costs of a vessel's technical operation, crewing and insurance (excluding costs of financing).

DEMURRAGE

Money paid to shipowner by charterer, shipper or receiver for failing to complete loading/discharging within time allowed according to charter-party.

DIRTY

Less refined oil products such as fuel oils.

DRY

Generic term for the bulk market.

DRY CARGO CARRIER

A ship carrying general or bulk cargo.

DRY DOCKING

To put a vessel into a dry dock for inspection, repair and maintenance. Normally done on a regular basis.

DWT (DEADWEIGHT TON)

A measure expressed in metric tons (1,000 kg) or long tons (1,016 kg) of a ship's carrying capacity, including bunker oil, fresh water, crew and provisions. This is the most important commercial measure of the capacity.

FFA

A Forward Freight Agreement is a cash contract for differences requiring no physical delivery based on freight rates on standardised trade routes.

FOB (RATE)

Free On Board representing the price of goods including delivery at the seller's expense to a specified point and no further.

FOB (ESTIMATE)

Forward Order Book represents estimated commissions collectable over the duration of the contract as principal payments fall due. The forward order book is not discounted.

FREIGHT RATE

The agreed freight charge calculated by metric tons of cargo or deadweight ton per month (see Worldscale).

GLOSSARY OF SHIPPING TERMS

HANDY/HANDYMAX SIZE

Ship between 26,000 dwt and 45,000 dwt.

IMO

International Maritime Organisation: a United Nations agency devoted to shipping.

ISM CODE

The International Safety Management code for the safe operation of ships and for pollution prevention as adopted by the IMO.

LNG

Liquid Natural Gas.

LPG

Liquid Petroleum Gas.

NET REVENUE/TIME CHARTER (T/C) EQUIVALENT

Gross freight income less voyage costs (bunker, port and canal charges).

OBO

Oil, Bulk, Ore carrier (see Combination carrier).

OIL TANKER

Tanker carrying crude oil or refined products.

PANAMAX SIZE

Ship between 55,000 dwt and 80,000 dwt, the largest ship capable of navigating in the Panama Canal.

PARCEL TANKER

Tanker equipped to carry several types of cargo simultaneously.

PRODUCT TANKER

Tanker that carries refined oil products.

SHIPBROKER

A person/company who on behalf of shipowner/shipper negotiates a deal for the transportation of cargo at an agreed price. Shipbrokers also act on behalf of shipping companies in negotiating the purchasing and selling of ships, both second-hand tonnage and newbuilding contracts.

SHIP MANAGEMENT

The administration of a ship, including services like technical operation, maintenance, repair, crewing and insurance.

SHUTTLE TANKER

Tanker carrying oil from offshore fields to terminals.

SPOT MARKET

Short term contracts, normally not longer than three months in duration.

SUEZMAX SIZE

Tanker between 120,000 dwt and 160,000 dwt.

TEU

Twenty foot Equivalent Units. The unit of measurement equivalent to one standard twenty foot long container.

TIME CHARTER (T/C)

An arrangement whereby a shipowner places a crewed ship at a charterer's disposal for a certain period. Freight is customarily paid in advance. The charterer also pays for bunker, port and canal charges.

TON

1,000 kilos (metric ton = 2,204 lb).

ULCC SIZE

Ultra Large Crude Carrier. Tanker of 320,000+ dwt.

VLCC SIZE

Very Large Crude Carrier. Tanker between 200,000 and 320,000 dwt.

VOYAGE CHARTER

The transportation of cargo from port(s) of loading to port(s) of discharge. Payment is normally per ton of cargo, and the shipowner pays for bunker, port and canal charges.

VOYAGE COSTS

Costs directly related to a specific voyage (eg. bunker, port and canal charges).

WET

Generic term for the tanker market.

WORLDSCALE (WS)

International freight index for tankers. A method of calculation of payment for the transport of oil by ships, for a single or several consecutive voyages. Worldscale is a table giving the amount of US dollars per ton of oil for a number of standard routes. The rates listed in the table – so-called flat rates termed W100 – are revised annually.

The above glossary is intended to assist the general reader of these accounts and is not definitive.

FIVE YEAR FINANCIAL RECORD

PROFIT AND LOSS ACCOUNT

	2001 £'000	2000 £'000	1999 £'000	1998 £'000	1997 £'000
TURNOVER					
Total turnover	42,570	36,406	26,958	28,351	33,057
PROFIT BEFORE TAXATION					
Shipping services	9,294	5,617	1,278	1,188	3,248
Exceptional items	-	-	-	861	-
	9,294	5,617	1,278	2,049	3,248
Taxation	(3,251)	(2,049)	(694)	(714)	(1,321)
Dividend	(2,295)	(1,418)	(567)	(567)	(814)
Retained profit for the year	3,748	2,150	17	768	1,113

BALANCE SHEET

	2001 £'000	2000 £'000	1999 £'000	1998 £'000	1997 £'000
Fixed assets	7,311	5,057	4,640	4,921	5,782
Current assets	26,261	19,805	14,015	11,834	20,088
Current liabilities	(18,278)	(13,644)	(9,727)	(7,870)	(9,059)
Other long term liabilities	(5)	(36)	(28)	(128)	(102)
Shareholders' funds	15,289	11,182	8,900	8,757	16,709

STATISTICS

	2001	2000	1999	1998	1997
Earnings per share – basic	42.31p	26.02p	4.14p	7.94p	9.07p
Dividend per share	15.00p	10.00p	4.00p	4.00p	4.00p

SHAREHOLDER INFORMATION

FINANCIAL CALENDAR

Annual general meeting – 21 May 2002

Final dividend payable – 7 June 2002

Interim results for 2002 announced – August 2002

Interim dividend payable – September 2002

Final results for 2002 announced – March 2003

ADVISERS

AUDITORS

Ernst & Young LLP

SOLICITORS

Simmons & Simmons

STOCKBROKERS

Beeson Gregory

Cazenove & Co.

REGISTRARS

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PRINCIPAL BANKERS

Bank of Scotland

Barclays Bank PLC

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