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# Camellia Investments Plc

# 1990



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*Camellia Investments Plc*

# Report and Accounts 1990

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| | |
|---|---|
| **Directors:** | G FOX, C A, C M A (Chairman)<br>D M BACON, F C A (Managing Director)<br>D F H GEEN<br>D W JOHR |
| **Secretary:** | P E HILL, F C I S |
| **Group Chief Accountant:** | A K MATHUR, F C A |
| **Bankers:** | NATIONAL WESTMINSTER BANK PLC<br>LLOYDS BANK PLC |
| **Auditors:** | TOUCHE ROSS & CO<br>Chartered Accountants,<br>Hill House,<br>1 Little New Street,<br>London EC4A 3TR |
| **Solicitors:** | TRAVERS SMITH BRAITHWAITE<br>10 Snow Hill,<br>London EC1A 2AL |
| **Registered Office:** | 7 Chesterfield Hill,<br>London W1X 7RG<br>(Registered No 29559) |
| **Registrars:** | STENTIFORD CLOSE REGISTRARS LIMITED<br>Broseley House,<br>Newlands Drive,<br>Witham, Essex CM8 2UL |

01-08-9

## Statement by the Chairman

1990 was a year of profound significance to Camellia shareholders. The successful conclusion of the Lawrie Merger Scheme coupled with the requirements of The Stock Exchange and the new Companies Act have necessitated a fundamental change in the presentation of Camellia's accounts. While as hitherto our conservative accounting policy dictated that only dividends received from associates were included in Camellia's profit and loss account, the present accounts, both profit and loss and balance sheet, reflect the consolidation of Lawrie Group which, as a result of the Scheme, has become a subsidiary of Camellia. Furthermore, in order that the comparative figures are relevant, the 1989 Accounts have been restated so as to compare like with like. The results for 1990 are discussed in detail in the Directors' Report, but I would like to point out that the profits and assets as presently disclosed incorporate many subsidiaries and sub-subsidiaries operating throughout the world including Asia, Africa and Latin America where currencies are frequently highly volatile and remittance of profits as well as other forms of foreign exchange are rigidly controlled by their central banks. However, I would equally wish to stress that many of these assets are of an irreplaceable nature in which context balance sheet value frequently understates their true worth.

Coinciding with this milestone in Camellia's affairs has come the close of a decade of exceptional political change and financial irresponsibility. Many of the world's leading financial institutions, including the majority of the venerable money centre banks which, over and above their responsibility to their shareholders, underpinned the economic stability of their nation and the livelihood of its peoples, inexplicably ignored all historic lending principles and competed with each other in an orgy of short-sighted and profligate lending. Never before have so many outstanding enterprises fallen victim to the financial engineering of the leveraged buyout or to its threat. Never have so many sound pension funds been decimated, particularly in the USA. Certainly never before have so many young people with little if any experience of business, and even less of life, been engaged by prestigious institutions and paid unprecedently large sums of money by way of salaries and incentives ultimately only to undermine the very structures which upheld the institutions themselves. But the greatest tragedy of this get-rich-quick era was the human one—the many thousands of small and medium-sized businesses that the banks no longer could or would support, and the many millions of conscientious and competent people who lost their employment through the corporate restructurings and bankruptcies.

It is against this background that I would like to inform our shareholders of Camellia's philosophy regarding it responsibilities, its management and its raison d'etre. Let me say at the outset that nothing I have seen or experienced in 40 years of professional life has led me to alter my view that a business can be run with a "human face", for the benefit not only of shareholders but equally for its employees, as well as the general benefit of the societies and environments in which it works. In our group we particularly concern ourselves with the welfare of our employees in the conviction that the loyalty of a secure and enthusiastic employee will in the long run prove to be an invaluable company asset. I stress the long-term advisedly, because our entire emphasis is towards the development of a worldwide group of businesses which by their very nature require their managements to take a long view. Many companies in the group are in excess of 100 years old. These enterprises have acquired particular skills, traditions and ethics, and we see ourselves more in the nature of custodians or trustees than as owners. That is we do not see these assets as objects or commodities or bits of paper that can be traded, but rather as living entities from which, if properly managed, we might earn an attractive return on our investment, but also, and indeed primarily, towards which as individual enterprises we have a responsibility of ensuring continuity, development and progressive growth.

In view of this, and most particularly in the agricultural sphere where we encourage the implementation of long-term projects, we do not view any year's profits as the pre-eminent criterion of that year's performance. Although our basic policy is to build slowly and consistently brick on brick, from time to time a major internal project is undertaken where financial, social and economic circumstances coincide to validate the expenditure involved. Such a project came to fruition in 1990 in Kenya when Linton Park Plc, through its associate Kaluzi Limited, inaugurated the largest privately funded dam in East Africa. This dam, whose wall rises to 30 metres, holds a static capacity of 1.2 billion gallons and its waters extend 4 kilometres from the dam wall to its upper reaches. As a result, what was hitherto for many decades a commercially unusable land asset, is presently being

*Camellia Investments Plc*

**Statement by the Chairman**

planted out with 1,500 acres of pineapples with a further 3,500 acres of irrigated land becoming available for other horticultural use For some time that company's profit and loss account will have to absorb loss of interest income and additional interest expense, but an outstanding asset will have been created which will benefit both the country and the group for generations to come

In summary then, our priority is not towards acquisitions but to the continuous refinement and improvement of the group's existing assets using our internal expertise and financial strength Above all we will never overreach ourselves so that our base becomes vulnerable to the changing circumstances of the banks.

In closing, I would like to say a word about our management philosophy From the very outset we envisaged Camellia to be in its essence a holding company embracing a number of independent operating units and investments. Over a period of time many of these investments have become an integral part of Camellia itself, as has the Lawrie Group, but to this very day Camellia does not have any full time staff; its small Board of Directors consists the total management and there is no intention for this to change. Similarly in the other companies closely associated with Camellia, the ownership of whose highly attractive Head Offices we encourage as intrinsically valuable and prestigious investments, the number of staff members are kept to the minimum and bureaucratic structures are non-existent As a group we probably extend the principles of autonomy to the utmost degree. Not only is each unit independently managed, but each management is encouraged to relate to their business as though they were its proprietors in terms of self-identification and the application of initiative and imagination We ask only that they share our philosophy and values and discuss any major capital proposals with us Since we deem our managers to be more capable of managing their businesses than we might be, we simply hold ourselves available as a friendly shoulder to lean on should they wish to seek our views or call upon our support

These then are the principles on which Camellia was built and I have every confidence that we will continue to go from strength to strength as long as we and those that follow us continue to abide by them.

GORDON FOX

26th June 1991

# Report of the Directors

The directors submit to the members their report and the audited accounts for the year ended 31st December 1990

### Principal activities

The Company is a holding company and the principal activities of the Company and its subsidiaries comprise:

(a) Dealers in fine art

(b) The production of tea, coffee and citrus fruits

(c) Private and merchant banking services

(d) Acting as secretaries and as agents for the sale of the produce of plantation companies

(e) Importing and exporting

(f) Metal finishing, heat treatment and engineering and the manufacture and factoring of consumer goods, forestry and garden equipment

(g) Fishing and associated activities, food processing, storage and distribution

(h) The holding of investments

(i) During the year the Group was involved in the manufacture and distribution of specialised sewing machines and related products but withdrew from this activity in February 1991

The present accounts are markedly different from those of past years in that for the first time they consolidate Lawne Group Plc, Camellia's 70.8 per cent. owned subsidiary In these circumstances the figures are not comparable with those of last year's accounts and accordingly we have restated the 1989 figures in the present accounts. Profits on ordinary activities before taxation amounted to £20,406,000 compared to a reported £2,111,287 and a restated £27,303,000 Profits after taxation, extraordinary items and minorities amount to £1,855,000 compared to a reported £1,528,449 and a restated £6,788,000.

The directors have paid a second interim dividend of 15p per share which, together with the first interim of 10p per share, makes a total of 25p per share, representing a 8 7 per cent increase over the previous year's total payment The second interim dividend was paid in lieu of a final dividend and therefore, the directors do not recommend the payment of a final dividend for the year ended 31st December 1990

Camellia's main operating businesses are its two art galleries which, despite the pronounced downturn in sales towards the latter part of the year, still produced profits of £690,000, second only to the record profits of 1989 Despite a general sharp deterioration in the art market both galleries continue to be profitable, albeit at much lower levels than those in recent years Conditions are such that it is not possible to anticipate trends for the rest of the year, but based on present indications we would be disappointed if the galleries did not operate profitably for the year as a whole.

International Factors Corporation (and its subsidiary Charter Industries Limited) our Canadian associates again enjoyed record operating profits and the dividend has been maintained

To avoid distortion of the consolidated balance sheet by inclusion of assets and liabilities relating solely to the banking corporation, the accounts of Duncan Lawrie Limited (including its subsidiaries) have not been consolidated with those of Lawrie Group Plc A copy of Duncan Lawrie's accounts for the year ended 31st December 1990, is being sent to shareholders as an attachment to Camellia's Annual Report and Accounts

*Camellia Investments Plc*

## Report of the Directors

### Lawrie Group Plc

The following is an extract from the Review of Activities in the Report and Accounts of Lawrie Group Plc for 1990

**"The Annual Results and Dividend**

The Group's operating profit for the year under review was £23 86 million, of which three-quarters is attributable to our agricultural activities, mainly tea Profit before tax amounted to £19 00 million, and after tax to £7 82 million After minority interests and extraordinary items, the net result for the year was £1 41 million

As explained in more detail later in this statement, the losses sustained during 1990 by our then subsidiary, The Reece Corporation, and the loss arising from our subsequent disposal of that investment, reduced by £7,00 million what would otherwise have been a very satisfactory first year's profit for the enlarged Group This negative feature was alleviated to the extent of £4 38 million by the gains arising from the sale of our Crewe warehouse and Lawrie's share of the disposal by Linton Park Plc of its business in Angola

As envisaged in the Merger Scheme Proposals, the Board intends to recommend the payment of a dividend of 60p per share to be paid on 1st August 1991

**United Kingdom**

**Walter Duncan & Goodricke Limited**

WDG Properties Limited had a satisfactory year with rent reviews being successfully negotiated on a major part of the warehouse property situated at Banbury Further rent reviews on the property are due in July and December 1991

In July 1990 the sale of the Crewe warehouse was completed for a consideration of £4 3 million resulting in a book profit of £3 12 million

Profits of Duncan Lawrie Limited, our private banking subsidiary, were slightly higher than in the previous year, and in a generally difficult year for banks and financial service organisations, this was a satisfactory result

To avoid distortion of the consolidated balance sheet by the inclusion of assets and liabilities relating solely to the banking corporation, the accounts of Duncan Lawrie Limited (including its subsidiaries) have not been consolidated with those of Lawrie Group Plc A copy of Duncan Lawrie's accounts for the year ended 31st December 1990 is being sent to shareholders as an attachment to the Lawrie Group's annual report and accounts

**Linton Park Plc**

This company, in which the Lawrie Group's shareholding currently stands at 62 08%, was formerly entitled Eastern Produce (Holdings) Plc until it changed its name in July 1990

Notwithstanding last year's difficult economic climate, Linton Park's operating profit showed a 27% increase, largely due to better results from Associated Fisheries Plc, of which Linton Park currently owns 60.46% of the voting capital The Group's pre-tax profit amounted to £8 07 million, representing an 8% increase over 1989, and earnings were increased from 22 9p to 25 1p per share.

During the year the company sold its operations in Angola for £2 25 million in cash to a Portuguese company in which Linton Park then acquired a 25% equity interest, and the book profit of £2 2 million on this transaction was included in the company's accounts under extraordinary items

# Report of the Directors

The following is an extract from the Review of Activities in the Report and Accounts of Linton Park Plc for 1990

## Agriculture

### Tea

Subsidiary undertakings manufactured 21,295,000 kilos of tea in 1990 compared to 19,026,000 kilos in 1989 This was a satisfactory situation but unfortunately Malawi experienced a further drought at the beginning of the 1991 season and production for the present year will inevitably be lower. The London auction average price declined substantially during the year from 162p per kilo to 113p per kilo This has, of course, had a substantial impact on our profitability and Malawi has suffered more due to a lower price obtained for its tea and the ever-increasing cost of production Our policy of attempting to improve the quality of the product, whilst keeping costs firmly under control, remains our priority

### Coffee

Coffee has continued to sell at very unremunerative prices during 1990, although there have been recent signs of a strengthening in the Arabica market This type of coffee is produced on our plantations in both Kenya and Malawi Cost of production, however, remains high and disease is an ever-present problem The prospects for the coffee industry worldwide remain uncertain

### Citrus

In view of the incidence of frost in Florida, which can at a stroke destroy citrus orchards, the board decided to sell one of the group's orchards at a time when the market was relatively strong and this resulted in a useful profit. The price of citrus has subsequently fallen back somewhat, and although our 1991 profits are secure, those for the following years are more problematic

Yandilla Park continued its development programme and planted further substantial acreage to citrus In 1990 the Australian citrus industry experienced one of its worst years with low prices for both fruit and juice, and severe competition, particularly in the South East Asia market

### Edible nuts

During the year the group acquired an 80 per cent interest in Horizon Farms, a Californian partnership, which owns 1,000 acres of land situated in the San Joaquin Valley 550 acres are presently planted to almonds and pistachios and a large part of the additional land is suitable for development The orchards are presently immature but should start making a contribution to group profits in 1993

## Trading and agency

### British Traders & Shippers Limited

British Traders & Shippers Limited had a very good year in 1990 with a record profit During the year considerable further effort was made in trying to secure product diversification but the recession has made this even more difficult to achieve than would otherwise be the case The company has noticed an overall downturn in volume in 1991

### Robert Hudson Holdings Limited

During the year the group disposed of its assets in Angola for a consideration of £2 25 million The purchaser was a Portuguese company in which the group has acquired a 25 per cent interest We believe that the Angolan assets can be better developed under the management and control of Portuguese investors, who have a greater affinity with Angola due to historical and language considerations

## Report of the Directors

### Engineering

The Unochrome Group had another satisfactory year in 1990 Abbey Metal Finishing, General Utilities and A.K D produced very worthwhile profits but British Metal Treatments suffered from the recession, particularly in business related to the motor industry Certain rationalisation took place during the year and some redundant assets and properties have been disposed of Silverthorne-Gillott Limited had a better year in 1990 but is really suffering with the present poor situation in the retail sector.

### Associated Fisheries Plc

Lawrie Group's interest in this company is through its subsidiary status to Linton Park Plc The company raised its 1990 pre-tax profit to £3.39 million from £2 07 million in 1989, increasing its earnings from 10 07p to 12 64p per share

In view of the relative size and importance of Associated Fisheries Plc within the enlarged Lawrie Group, shareholders may be interested in the following reproduction of that company's Review of Activities for the year to 31st December 1990

### Food processing and trading

D A Macrae Limited was merged into Macfish Limited which became an associated undertaking during the year. Macrae's leaving the group reduced the turnover but the elimination of Macrae's 1989 loss has contributed substantially to the improvement in profitability It is encouraging to report that Macfish Limited made a modest pre-tax profit in 1990 Margins showed some improvement over the year and work continues to increase production efficiencies Overall the market remained strong through 1990, particularly for smoked fish, but growth was retarded by increases in raw material costs The ability of Macfish to source raw materials on a worldwide basis is now considerably improved and this will position the business strongly against its competitors The launch of cod and haddock in low fat oven crisp coatings was a U K first for Macfish and has given it a significant lead over competition Plans are well advanced to rationalise production facilities further, a consultancy programme, which began in 1990, should result in improved efficiencies in 1991.

Our Billingsgate companies continued to experience difficult conditions with a scarcity of wild salmon and low margins obtainable on farm salmon and white fish To counter this the company is widening the sources and varieties of its fish trading

W G White, our caviar and delicatessen company, suffered from both the recession and the Middle East crisis which had an adverse effect on fine food sales in and around London Whilst remaining profitable, the results were disappointing and efforts are now being made to expand the product lines and overall market share in anticipation of a general upturn in business

Affish BV, our Dutch company which specialises in the importation and distribution of Japanese surimi, had a successful trading year

### Cold storage, transport and warehousing

Cold Stores improved their results but had difficulty in maintaining satisfactory occupancy levels Rates generally are still too low for the high quality services and facilities which this company offers Further progress was made in the cold store modernisation plan, with new racking systems being installed at Grimsby and Wolverhampton Computerised stock management systems were successfully introduced in Grimsby and will be extended to all cold stores in 1991

Transport had a difficult final three months of the year and extensive rationalisation at Grimsby and Colsterworth was necessary The Tewkesbury and Scarborough operations were successful and we aim to expand their operations in the coming year

## Report of the Directors

### Engineering

During the year AJT Engineering expanded its customer base and improved the turnover following a year of significant reconstruction The company is improving its training and quality standards to meet the more exacting requirements of its customers

### Fishing, agency and trading

Results for the year were enhanced by the very considerable increase in quayside prices for demersal species, which fully compensated for a fall in the volume of landings by U K vessels in 1990 from those of the previous year The pelagic sector of the fleet, whilst maintaining catches, experienced falling earnings in real terms

The increasing dependence of the white fish fleet upon high prices for relatively low landings is a worrying trend. Quota opportunities for 1991 in aggregate are broadly similar to those for last year, however earnings may well fall as a result of the new limitation scheme which ties up many vessels for eight days in each calendar month It is of great concern that the chronic problem of over-capacity continues, despite the availability of EEC funds for decommissioning

Caley International experienced a difficult trading year due to the well publicised economic problems within the company's main East European markets Turnover was lower than that recorded in 1989 but the company continued to market most of the pelagic fish catch of our Caley Group vessels The Soviet Union represents a major and valuable market for the Group but its current shortage of foreign currency is likely to make trading with that country extremely difficult Trade with Japan picked up substantially during the year and is becoming an increasingly important market for U K pelagic fish exports. The European market for pelagic fish remains strong

Highland Fuels experienced volatile product prices in the fuel market during the year and, with the effort to improve margins, suffered some loss in volume Improved efficiency enabled the company to achieve satisfactory profit

### British Mohair Holdings Plc

For the year ended 31st December 1990 the consolidated pre-tax profit of this company, in which the Group now has a 29 5% interest, was £2 51 million compared with £4 54 million for the previous year In his Review of the year the Chairman stated that textile trading conditions continued to deteriorate during the second half of the year, and demand for yarns was much reduced The company's engineering subsidiaries were less affected by the recession, however, and in total increased their profit over the previous year

### India

During the year the Calcutta offices of all the Group's Indian subsidiaries and associated companies were integrated in Camellia House, Ballygunge, which is the headquarters of the Goodricke Group This will lead to improved efficiency and economies

Crops from Goodricke Group's 17 estates totalled 17 3 million kgs as compared with 18 8 million kgs in 1989, and from the four Stewart Holl (India) Limited estates 3 7 million kgs which equalled calendar 1989 The two Amgoorie company estates produced 2 1 million kgs and the two Koomber gardens produced 2 8 million kgs , both in excess of the previous year

Prices showed an improvement over the previous year and Goodricke Group's profit after tax for the year ended 31st December 1990 totalled £3 59 million compared with £5 10 million in calendar 1989 Stewart Holl (India) Limited achieved profits after tax of £1 04 million and £1 42 million for the same years respectively In both cases the 1990 profits would have been considerably greater had it not been for the weakening of the Indian rupee by 22% during 1990, which also adversely affected our dividend income from the Indian subsidiaries

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## Report of the Directors

The Group's tea interests in India include 13 gardens in the Darjeeling District comprising 3,138 hectares, producing 1 4 million kgs which is about 15% of the total annual production of the District Most of these gardens are under rehabilitation, having been virtually abandoned for some years by their previous owners Our policy is to continue to improve the production, manufacture and viability of these estates, thus developing their unique potential as producers of specialist teas Castleton is one of the leading estates in this group, and last year a world record price of Rs 5,001 (approximately £135) per kg was achieved in auction for 5 chests (120 kgs ) of its teas

### Bangladesh

Climatic conditions were favourable throughout the year and a record crop of 8 4 million kgs was harvested from the Group's ten estates The season's average price of Tk 46 32 per kg was below the Tk 48 28 per kg realised in the previous year The result for the year was a profit after tax of £0 43 million, compared with £0 62 million in 1989, and as in the case of our Indian subsidiaries, our Bangladesh profits were substantially reduced on translation into sterling by a 25% depreciation of the Taka during 1990

200 hectares of rubber have been planted out on six estates and rubber sheet is manufactured at three small processing plants Although this project is still in its initial stage, indications are that both yields and prices are better than anticipated It is planned to increase the area under rubber to approximately 1,400 hectares utilising land that is not suitable for tea

Our subsidiary company, Duncan Products Limited, manufacturing plywood and tea chests in Chittagong, returned to a satisfactory profit level and satisfactory results were obtained by United Insurance Limited and United Leasing Limited, both of which are associated companies

Fortunately the company's tea estates in Bangladesh were not directly affected by the recent cyclone. The company's tea warehouse and other property in Chittagong suffered some damage but have now returned to full operation

### Malawi

The British African group's tea production and average price both registered marginal increases over the previous year, but for climatic reasons the season's coffee crop was reduced to 468 tons which, following the collapse of the International Coffee Agreement, realised lower prices in a weak market Inflation and the devaluation of the Malawi Kwacha adversely affected production costs, and significantly reduced the group's profit contribution for the year under review

### U.S.A.

**The Reece Corporation ("Reece")**

In my letter of the 13th February 1991 I informed shareholders that the Group's entire interest in Reece had been sold Throughout 1990, Reece had been experiencing the effects of a severe worldwide recession in the apparel industry, and after a $2 7 million loss for the first six months of 1990, a further deterioration brought the net loss for the year to $6 5 million The company's trading difficulties were exacerbated by the effect of continuing losses upon its essential financial and credit arrangements, to support which Lawrie Group were asked either to invest additional capital or guarantee the company's bank debt, both of which the Lawrie Board declined In late November 1990 independent financial advisers were retained to advise Reece with regard to the terms of a potential acquisition of the company or its businesses Shortly thereafter, negotiations took place with an affiliate of AMF Sewn Products Systems Incorporated, culminating in a cash offer of $5 35 per share for the 1,300,000 shares held by our subsidiary, Lawrie International Limited

The Group first invested in Reece in 1979, and thereafter much was done to restructure the company and improve its profitability That its earnings, and consequently the market price for its shares, would be so drastically affected by an economic downturn in the demand for its products

# Report of the Directors

was unforeseeable, although nonetheless disappointing, and the impact upon the Group's 1990 results has been very considerable. We are convinced, however, that it would not have been justifiable to comply with the request of the company's bankers to provide substantial additional investment and guarantees, and that the Board's decision last February to withdraw from this investment was in the best interests of our shareholders. Our share of the Reece operating loss for 1990 was £1.74 million and the loss incurred on the disposal itself amounted to £5.26 million. Both these items are included in the profit and loss account, while an exchange loss of £1.45 million has been debited to reserves.

## Brazil

Our farming investment in Brazil has continued to consolidate its operations on the basis of its modern irrigation facilities and the potential of its pasture and timber land. The problems and uncertainties associated with Brazil's chronically high inflation make it very difficult to plan ahead commercially, but we believe the farm is capable of producing an acceptable return on the basis of its efficient management, natural resources and ample water supplies.

## Conclusion

Agriculture, and particularly tea production, is still the most important single component of the Group in terms both of capital employed and profitability. Except in Malawi where there has been a drought, climatic conditions for tea and coffee have been largely favourable so far this year, but in India and Bangladesh the tea season has not yet reached the halfway stage, and similarly there are several production months ahead for both tea and coffee in Kenya and Malawi. It is therefore not practicable at this time to forecast the outcome of the current year. In a wider context our overall basic intentions on behalf of our shareholders remain unchanged: to develop our existing businesses, to take advantage of new investment opportunities as they occur, to maintain a conservative financial approach to expansion, and to continue our policy of devolving operational authority to the principal centres of the operations themselves."

### Directors

The present membership of the board is set out on page two.

In accordance with the Articles of Association, Mr G. Fox retires by rotation and, being eligible, offers himself for re-election. He does not have a service contract with the company.

The directors and their interests, including those of their families, according to the register maintained pursuant to the Companies Act 1985, were as follows:

| | *Beneficial Interests* | | |
|---|---|---|---|
| | *1st January 1990 Ordinary Shares* | *31st December 1990 Ordinary Shares* | *26th June 1991 Ordinary Shares* |
| G. Fox | — | — | — |
| D. M. Bacon—Personal Holding | 96,000 | 96,000 | 90,000 |
| D. M. Bacon—Family Holding | 3,000 | 3,000 | 3,000 |
| D. F. H. Geen—Personal Holding | 16,860 | 16,860 | 15,360 |
| D. W. Jöhr | 2,500 | 2,500 | 2,500 |

Mr G. Fox has a non-beneficial interest in 1,265,000 ordinary shares and there has been no change in that interest up to 26th June 1991.

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## Report of the Directors

### Interests in contracts

Except as stated in Note 26 there were no contracts subsisting during the year or at the year end in which a director of the Company is or was materially interested

### Lumley Cazalet Limited

On 25th October 1990 the authorised share capital of Lumley Cazalet was increased by £950 000 to £1 million by the creation of 950,000 shares of £1 each and on the same date 712,500 shares of £1 each were allotted to Camellia Investments Plc at par by way of capitalisation of reserves

### Substantial interests

The Board is not aware of any person, other than a director, who is interested in 3 per cent or more of the issued share capital of the Company

### Scheme of arrangement

The Lawrie Group Plc Merger Proposals dated 29th June 1990 became effective on 26th September 1990 and the Lawrie Group Plc Scheme was sanctioned by the Court on 29th October 1990.

### The Companies Act 1989

The Companies Act 1989 introduced new requirements relating to the preparation of group accounts The only change affecting these accounts was the introduction of the new definition of subsidiary undertakings The Group has adopted this new definition as from 1st January 1990 and as a result certain associated companies are now treated as subsidiary undertakings and are fully consolidated The 1989 comparatives have accordingly been restated

### Fixed assets

In the opinion of the directors the market value of land and buildings in the United Kingdom exceeds book value by approximately £20 million

### Donations

The Group made donations to charities amounting to £21,851 during the year

### Status of the Company

In the opinion of the directors, the Company is not a close company within the meaning of the Income and Corporation Taxes Act 1988 There has been no change in the status subsequent to 31st December 1990

### Auditors

Touche Ross & Co have expressed their willingness to continue as auditors of the Company and a resolution proposing their re-appointment and empowering the directors to fix their remuneration will be put before the annual general meeting

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## Notes to the Accounts *continued*

### 12 Fixed asset investments

**(a) Group**

| | *Banking subsidiaries* | *Associated undertakings* | *[illegible] lease partnerships* | *Other investments* | *Total* |
|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost or valuation | | | | | |
| At 1st January 1990 | 10 551 | 7 744 | 5,550 | 21 561 | 45 [illegible] |
| Exchange differences | — | (165) | — | (693) | ([illegible]) |
| Additions | 2,000 | 13,347 | 140 | 1,503 | 16 990 |
| Disposals | — | — | (308) | (3 924) | (4 232) |
| Associated company becoming a subsidiary | — | (249) | — | — | (249) |
| At 31st December 1990 | 12,551 | 20 677 | 5,382 | 18 247 | [illegible] |
| Share of post acquisition reserves | | | | | |
| At 1st January 1990 | 4,737 | 3,805 | | | 8,542 |
| Retained for the year | 563 | 438 | | | 1 001 |
| Other movements | (301) | 552 | | | 251 |
| At 31st December 1990 | 4,999 | 4,795 | | | 9 734 |
| Provision for depreciation or diminution in value | | | | | |
| At 1st January 1990 | | | 1,766 | 522 | 2 288 |
| Charge for the year | | | 303 | 693 | 1 [illegible] |
| Disposals | | | (115) | — | (115) |
| At 31st December 1990 | — | — | 2,020 | 1,405 | [illegible] |
| | 17,550 | 25,472 | 3,162 | 16 842 | [illegible] |
| Minority shareholders' interest | (5,123) | — | — | — | (5 123) |
| Net book value at 31st December 1990 | 12,427 | 25 472 | 3 162 | 16 842 | 57 [illegible] |
| *Net book value at 31st December 1989* | *8 921* | *11,549* | *3 594* | *21 039* | *45 [illegible]* |

| | *Associated undertakings* 1990 | 1989 | *Other investments* 1990 | 1989 |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| Investments at cost include | | | | |
| Investments listed on the International Stock Exchange | 6,918 | 6,045 | 639 | 2 140 |
| Investments listed on other recognised stock exchanges | 532 | 521 | 12 565 | 13 293 |
| | 7 450 | 6,566 | 13 204 | 15 433 |
| Unlisted investments | 12,227 | 1,178 | 3 045 | 4 392 |
| Collections | — | — | 1 999 | 1 750 |
| | 20 677 | 7 744 | 18 247 | 21 561 |
| Market value of listed investments | 7,733 | 9 856 | 15 506 | 20 826 |

## 12 Fixed asset investments

### (a) Group *continued*

Collections comprise the Group's and Company's investments in classical postage stamps, documents and manuscripts and fine art

Other investments include shares held in Camellia Investments Plc by certain subsidiaries of Lawrie Group Plc, at cost £400,000 *(1989—£400,000)* and market value of £1,312,500 *(1989—£1,844,000)*

Other investments include the following companies in which the Group has a significant interest

| | *Principal country of operation* | *Percentage owned* |
|---|---|---|
| McFee Holdings Pty Limited (Incorporated in Australia) | Australia | |
| Ordinary shares | | 27.9 |
| Portianga Comercio Internacional e Participacoes, SA (Incorporated in Portugal) | Angola | |
| Shares | | 25.0 |
| Siegfried AG (Incorporated in Switzerland) | Switzerland | |
| Bearer shares | | 32.5 |
| Participation certificates | | 72.5 |
| Suinocultura Suinosul Limitada (Incorporated in Brazil) | Brazil | |
| Shareholders' Capital | | 45.0 |
| The Tay Salmon Fisheries Company Limited (Registered in Scotland) | UK | |
| Ordinary shares | | 13.0 |
| Lazare Kaplan International Inc (Incorporated in USA) | USA | |
| Common Stock | | 7.0 |

Camellia Investments Plc

## Notes to the Accounts *continued*

### 12 Fixed asset investments

**(b) Holding Company**

| | Group companies £ 000 | Associated undertakings £ 000 | Other investments £ 000 | Total £ 000 |
|---|---|---|---|---|
| Cost | | | | |
| At 1st January 1990 | 80,735 | 89 | 2 700 | 83 529 |
| Additions | 608 | — | 346 | 954 |
| Disposals | (419) | — | (26) | (445) |
| Revaluation of subsidiaries | (6 276) | — | — | (6 276) |
| At 31st December 1990 | 74,648 | 89 | 3 020 | 77 7[illegible] |
| Amounts written off | | | | |
| At 1st January and 31st December 1990 | — | — | 95 | 95 |
| Net book value at 31st December 1990 | 74,648 | 89 | [illegible] | 77 747 |
| *Net book value at 31st December 1989* | *80,735* | *89* | *2 691* | *83 524* |

| | Associated undertakings 1990 £ 000 | Associated undertakings 1989 £ 000 | Other investments 1990 £ 000 | Other investments 1989 £ 000 |
|---|---|---|---|---|
| Investments at cost include | | | | |
| Investments listed on the International Stock Exchange | — | — | 90 | — |
| Investments listed on other recognised stock exchanges | — | — | 869 | 869 |
| | — | — | 959 | 869 |
| Unlisted investments | 89 | 89 | 62 | 51 |
| Collections | — | — | 2 005 | 1,792 |
| | 89 | 89 | 3 026 | 2 7[illegible] |
| Market value of listed investments | — | — | 874 | 1,057 |

**12 Fixed asset investments**

**(c) Investment in banking subsidiaries**

| | 1990 £'000 | 1989 £'000 |
|---|---|---|
| Net assets of banking subsidiaries | | |
| Balance at 1st January | 15 288 | 14 014 |
| Retained profits for year | 523 | 475 |
| Additions | 1 739 | 799 |
| | 17 550 | 15 288 |
| Minority shareholders' interest | (5 123) | (6 367) |
| Net assets (group share) | 12 427 | 8 921 |

The Group's interest in its banking subsidiaries is represented by the following

| | Note | 1990 £'000 | 1989 £'000 |
|---|---|---|---|
| Assets | | | |
| Cash and short-term funds | | 74 345 | 75 [illegible] |
| Time deposits with banks and certificates of deposits | | 17 292 | 15 666 |
| Advances to customers and other accounts | | 20 741 | 19 755 |
| Advances due from parent company and fellow (non-banking) subsidiaries | | 1 415 | 1 887 |
| Liabilities of customers for acceptances and engagements | | 12 038 | 11 680 |
| Investments | (i) | 785 | 904 |
| Premises | (ii) | 1 565 | 1 499 |
| | | 128 251 | 126 901 |
| Liabilities | | | |
| Current, deposit and other accounts | | 95 543 | 97 941 |
| Amounts due to parent company and fellow (non-banking) subsidiaries | | 1 950 | 701 |
| Dividend payable | | 150 | 150 |
| Acceptances and engagements for customers | | 12 038 | 11 680 |
| Deferred taxation | | 392 | 544 |
| Interest of minority shareholders | | 578 | 497 |
| | | 110 701 | 111 513 |
| | | 17 550 | 15 288 |
| Minority shareholders' interest | | (5 123) | (6 367) |
| Net assets (group share) | | 12 427 | 8 921 |

Notes

(i) The authorised share capital at 31st December 1990 was £15,000,000 (1989 — £15,000,000) consisting of 15,000,000 shares of £1 each, of which £15,000,000 (1989 — £12,500,000) were issued and fully paid

*Camellia Investments Plc*

## Notes to the Accounts *continued*

### 12 Fixed asset investments

**(c) Investment in banking subsidiaries** *continued*

(ii) Accounting policies
The Group accounting policies apply to the banking subsidiaries with the exception of fixed assets. Fixed assets of the banking subsidiaries, other than premises, are not considered to be of material significance and accordingly are written off in the year of acquisition.

(iii) Investments

| | 1990 £'000 | 1989 £'000 |
|---|---|---|
| Unlisted and objets d'art at cost | 735 | 778 |
| Directors' valuation £1,697,750 *(1989—£2,526,750)* | | |
| Other investments listed overseas | | |
| At cost less amount written off | — | 126 |
| Market value £Nil *(1989—£123,320)* | | |
| | 795 | 904 |

(iv) Capital commitments
Amounts contracted for at 31st December 1990 were £Nil *(1989—£122,825)*. Amounts not contracted for but authorised by the board at 31st December 1990 were £[illegible] *(1989—£Nil)*.

| | 1990 £'000 | 1989 £'000 |
|---|---|---|
| Commitments for 1991 in respect of leases of land and buildings expiring in over 5 years | 310,350 | 281,850 |

(v) The Group's interest in its banking subsidiaries set out above is based on the consolidated balance sheet of the banking subsidiaries. An adjustment of £980,000 has been made to include in that balance sheet certain banking assets previously transferred to and now held by a non-banking group company together with related deferred taxation effects.

(vi) The banking subsidiaries act in the normal course of business as bankers to other group companies.

**12 Fixed asset investments**

**(b) Holding Company**

| | *Group companies* £'000 | *Associated undertakings* £'000 | *Other investments* £'000 | *Total* £'000 |
|---|---|---|---|---|
| Cost | | | | |
| At 1st January 1990 | 80,735 | 88 | 2,706 | 83,529 |
| Additions | 608 | — | 346 | 954 |
| Disposals | (419) | — | (26) | (445) |
| Revaluation of subsidiaries | (6,276) | — | — | (6,276) |
| At 31st December 1990 | 74,648 | 88 | 3,026 | 77,762 |
| Amounts written off | | | | |
| At 1st January and 31st December 1990 | — | — | 15 | 15 |
| Net book value at 31st December 1990 | 74,648 | 88 | 3,011 | 77,747 |
| *Net book value at 31st December 1989* | *80,735* | *88* | *2,691* | *83,514* |

| | *Associated undertakings* 1990 £'000 | *Associated undertakings* *1989* *£'000* | *Other investments* 1990 £'000 | *Other investments* *1989* *£'000* |
|---|---|---|---|---|
| Investments at cost include. | | | | |
| Investments listed on the International Stock Exchange | — | — | 96 | — |
| Investments listed on other recognised stock exchanges | — | — | 863 | *863* |
| | — | — | 959 | *863* |
| Unlisted investments | 88 | *88* | 62 | *51* |
| Collections | — | — | 2,005 | *1,792* |
| | 88 | *88* | 3,026 | *2,706* |
| Market value of listed investments | — | — | 874 | *1,057* |

## Notes to the Accounts *continued*

**12 Fixed asset investments**

**(c) Investment in banking subsidiaries**

| | 1990 £'000 | *1989 £'000* |
|---|---|---|
| Net assets of banking subsidiaries | | |
| Balance at 1st January | 15,288 | *14,014* |
| Retained profits for year | 563 | *475* |
| Additions | 1,699 | *799* |
| | 17,550 | *15,288* |
| Minority shareholders' interest | (5,123) | *(6,367)* |
| Net assets (group share) | 12,427 | *8,921* |

The Group's interest in its banking subsidiaries is represented by the following

| | Note | 1990 £'000 | *1989 £'000* |
|---|---|---|---|
| Assets: | | | |
| Cash and short-term funds | | 74,345 | *75,215* |
| Time deposits with banks and certificates of deposits | | 17,292 | *15,866* |
| Advances to customers and other accounts | | 20,741 | *19,755* |
| Advances due from parent company and fellow (non-banking) subsidiaries | | 1,415 | *1,887* |
| Liabilities of customers for acceptances and engagements | | 12,098 | *11,681* |
| Investments | (iii) | 795 | *904* |
| Premises | (iv) | 1,565 | *1,493* |
| | | 128,251 | *126,801* |
| Liabilities: | | | |
| Current, deposit and other accounts | | 95,543 | *97,941* |
| Amounts due to parent company and fellow (non-banking) subsidiaries | | 1,950 | *701* |
| Dividend payable | | 150 | *150* |
| Acceptances and engagements for customers | | 12,098 | *11,680* |
| Deferred taxation | | 382 | *544* |
| Interest of minority shareholders | | 578 | *497* |
| | | 110,701 | *111,513* |
| | | 17,550 | *15,288* |
| Minority shareholders' interest | | (5,123) | *(6,367)* |
| Net assets (group share) | | 12,427 | *8,921* |

Notes:

(i) The authorised share capital at 31st December 1990 was £15,000,000 *(1989 — £15,000,000)* consisting of 15,000,000 shares of £1 each, of which £15,000,000 *(1989 — £12,500,000)* were issued and fully paid.

**12 Fixed asset investments**

**(c) Investment in banking subsidiaries** *continued*

(ii) Accounting policies:
The Group accounting policies apply to the banking subsidiaries with the exception of fixed assets. Fixed assets of the banking subsidiaries, other than premises, are not considered to be of material significance and accordingly are written off in the year of acquisition

(iii) Investments:

| | 1990 £'000 | *1989 £'000* |
|---|---|---|
| Unlisted and objets d'art at cost | 795 | *778* |
| Directors' valuation £1,697,750 *(1989—£2,526,750)* | | |
| Other investments listed overseas | | |
| At cost less amount written off | — | *126* |
| Market value £Nil *(1989—£123,326)* | | |
| | 795 | *904* |

(iv) Capital commitments:
Amounts contracted for at 31st December 1990 were £Nil *(1989—£122,825)*. Amounts not contracted for but authorised by the board at 31st December 1990 were £100,000 *(1989—£Nil)*.

| | 1990 £'000 | *1989 £'000* |
|---|---|---|
| Commitments for 1991 in respect of leases of land and buildings expiring in over 5 years | 316,350 | *281,870* |

(v) The Group's interest in its banking subsidiaries set out above is based on the consolidated balance sheet of the banking subsidiaries. An adjustment of £986,000 has been made to include in that balance sheet certain banking assets previously transferred to and now held by a non-banking group company together with related deferred taxation effects.

(vi) The banking subsidiaries act in the normal course of business as bankers to other group companies.

### 12 Fixed asset investments

#### (d) Profits of banking subsidiaries

| | 1990 £'000 | *1989 £'000* |
|---|---|---|
| Profits before taxation | 1,089 | *1,044* |
| Interest of minority shareholders | 415 | *435* |
| Share of profits of banking subsidiaries | 674 | *609* |

The consolidated profit and loss account of the banking subsidiary shows profits before taxation of £1,089,000 *(1989 — £1,044,000)* and a taxation charge of £344,000 *(1989 — £402,000)*. Profits after extraordinary items of £6,000 *(1989 — £2,000)* and minority interests of £26,000 *(1989 — £15,000)* amounted to £713,000 *(1989 — £625,000)*. Profits are stated after charging:

| | 1990 £'000 | *1989 £'000* |
|---|---|---|
| Interest paid | 11,532 | *10,777* |
| Equipment written off | 242 | *145* |
| Depreciation and leasehold amortisation | 31 | *14* |
| Auditors' remuneration | 44 | *38* |
| and after crediting: | | |
| Profit on sale of investments | — | *14* |
| Income from unlisted investments | 1 | *3* |

### 13 Stocks

| | 1990 £'000 | *1989 £'000* |
|---|---|---|
| Trading stocks | 5,571 | *7,386* |
| Tea and other produce | 11,549 | *13,563* |
| Raw materials and consumables | 2,337 | *11,065* |
| Fine art and oriental antiquities | 5,221 | *4,259* |
| Philatelic items | 597 | *460* |
| Work in progress | 1,061 | *1,282* |
| Machines, parts and materials | 4,755 | *21,085* |
| Cattle | 341 | *369* |
| | 31,432 | *59,469* |

As stocks of fine art and philatelic items are largely unique the directors consider that the determination of replacement values is inappropriate In respect of other stocks there was no material difference between the replacement cost and the values shown above

## 14 Debtors

| | Group | | Holding company | |
|---|---|---|---|---|
| | 1990 | *1989* | 1990 | *1989* |
| | £'000 | *£'000* | £'000 | *£'000* |
| Amounts falling due within one year | | | | |
| Trade debtors | 23,880 | *28,886* | — | — |
| Amounts owed by subsidiaries | — | — | 1,083 | *746* |
| Amounts owed by banking subsidiaries | 2,753 | *2,462* | — | — |
| Amounts owed by associated undertakings | 369 | *388* | 10 | — |
| Other debtors | 6,035 | *8,402* | 13 | *5* |
| Taxation recoverable | 1,212 | *826* | 2 | — |
| Prepayments and accrued income | 3,086 | *12,361* | 13 | *17* |
| | 37,335 | *53,325* | 1,121 | *768* |
| Amounts falling due after more than one year: | | | | |
| Amount owed by group company | — | — | 50 | *50* |
| Other debtors | 2,659 | *3,365* | — | — |
| Taxation recoverable | 1,012 | *1,106* | — | — |
| | 41,006 | *57,796* | 1,171 | *818* |

### 15 Investment in subsidiary disposed of in 1991

The Group's subsidiary, Lawrie Group Plc, disposed of its interest in The Reece Corporation on 11th February 1991 and the proceeds realised have been included in the balance sheet as current assets. The balance sheet and profit and loss account figures given below for 1990 are those that would have been included within the group balance sheet and profit and loss account had Reece been consolidated. The figures for 1989 are those that were included within the consolidated balance sheet and profit and loss account for last year.

**(a) Balance sheet**

| | | 1990 £'000 | | *1989 £'000* |
|---|---|---|---|---|
| Fixed assets | | 6,499 | | *8,063* |
| Current assets | | | | |
| Stock | 15,008 | | *21,084* | |
| Assets held for resale | 466 | | — | |
| Debtors | 7,915 | | *10,803* | |
| Cash at bank and in hand | 2,960 | | *1,959* | |
| | 26,349 | | *33,846* | |
| Creditors: Amounts falling due within one year | 13,856 | | *9,102* | |
| Net current assets | | 12,493 | | *24,744* |
| Total assets less current liabilities | | 18,992 | | *32,807* |
| Creditors: amounts falling due after more than one year | | 1,962 | | *9,465* |
| | | 17,030 | | *23,342* |
| Interest not attributable to Lawrie Group Plc | | (8,291) | | *(11,475)* |
| | | 8,739 | | *11,867* |
| Loss on sale of subsidiary | | (5,262) | | |
| Proceeds receivable on disposal | | 3,477 | | |

**(b) Profit and Loss Account**

| | 1990 £'000 | *1989 £'000* |
|---|---|---|
| Turnover | 27,349 | *9,575* |
| (Loss) profit on ordinary activities before taxation | (3,749) | *161* |
| Taxation | 363 | *(220)* |
| Loss before minority interests | (3,386) | *(59)* |
| Interest of minority shareholders | 2,038 | *35* |
| Loss for the year | (1,348) | *(24)* |

## Notes to the Accounts *continued*

### 16 Creditors

| | Group 1990 £'000 | Group 1989 £'000 | Holding company 1990 £'000 | Holding company 1989 £'000 |
|---|---|---|---|---|
| Amounts falling due within one year: | | | | |
| Bank loans and overdrafts (secured) | 4,614 | 5,892 | — | — |
| Term loans (secured) | 110 | 2,847 | — | — |
| Term loans (unsecured) | 675 | — | — | — |
| Bank loans and overdrafts (unsecured) | 15,092 | 16,468 | — | — |
| Trade creditors | 12,489 | 17,420 | — | — |
| Hire purchase and finance leases | 953 | 760 | — | — |
| Bills of exchange payable | 421 | 341 | — | — |
| Amounts owed to banking subsidiaries | 823 | — | — | — |
| Amounts owed to associated undertakings | 115 | 109 | — | — |
| Dividend | 375 | 350 | 375 | 350 |
| Corporate taxation | 10,287 | 11,913 | 109 | 93 |
| Other taxation and social security payable | 1,730 | 1,222 | — | — |
| Other creditors | 5,514 | 14,228 | — | — |
| Accruals and deferred income | 5,473 | 4,249 | 179 | 73 |
| | 58,671 | 75,799 | 663 | 516 |

### 17 Creditors

| | Group 1990 £'000 | Group 1989 £'000 |
|---|---|---|
| Amounts falling due after more than one year | | |
| Bank loans and overdrafts | 10,614 | 20,130 |
| Other loans | 4,122 | 1,660 |
| Amounts owed to banking subsidiaries | 1,368 | 1,931 |
| Other creditors | 32 | 2,304 |
| Hire purchase and finance leases secured repayable between two and five years | 2,107 | 2,498 |
| | 18,243 | 28,523 |

Creditors: amounts falling due after more than one year include the following amounts secured on certain group assets

| | 1990 £'000 | 1989 £'000 |
|---|---|---|
| Bank loans | 5,671 | 13,965 |
| Other loans | 2,460 | 1,916 |
| Finance leases | 2,107 | 2,498 |
| | 10,238 | 18,379 |

## 17 Creditors *continued*

| | Group 1990 £'000 | Group *1989 £'000* |
|---|---|---|
| Bank and other loans include the following amounts repayable over more than five years by instalments: | | |
| Aggregate amounts of loans | 9,565 | *9,752* |
| Amount due beyond five years | 6,257 | *5,108* |
| Other loans include the following amounts repayable other than by instalments beyond five years: | | |
| 10.5 per cent. unsecured loan stock 1992/97 | 444 | *444* |
| 8.25 per cent. unsecured loan stock 1991/96 | 1,014 | *1,014* |
| | 1,458 | *1,458* |
| The repayments of bank loans and overdrafts, finance leases and other loans fall due as follows: | | |
| Within 12 months or on demand (included in Creditors: amounts falling due within one year) | 21,444 | *25,967* |
| Between 1–2 years | 2,732 | *9,323* |
| Between 2–5 years | 6,396 | *8,399* |
| After 5 years | 7,715 | *6,566* |
| | 38,287 | *50,255* |

The rates of interest payable at 31st December 1990 vary between 7.5 per cent and 16.875 per cent.

## 18 Provisions for liabilities and charges

| | Group 1990 £'000 | Group *1989 £'000* | Holding company 1990 £'000 | Holding company *1989 £'000* |
|---|---|---|---|---|
| Deferred taxation | | | | |
| At 1st January | 891 | *1,261* | 250 | *260* |
| Movements during the year | (111) | *(370)* | 127 | *(10)* |
| At 31st December | 780 | *891* | 377 | *250* |
| The balance at the end of the year comprises: | | | | |
| Accelerated capital allowances | 735 | *1,237* | — | — |
| Other timing differences | 112 | *156* | — | — |
| Advance corporation tax | (444) | *(752)* | — | — |
| Sale of subsidiary | 377 | *250* | 377 | *250* |
| | 780 | *891* | 377 | *250* |
| Amounts not provided for: | | | | |
| Accelerated capital allowance | 5,135 | *5,239* | — | — |
| Other timing differences | 339 | *198* | — | — |
| Taxation losses | (28) | *(10)* | — | — |
| Advance corporation tax | (2,289) | *(1,573)* | — | — |
| | 3,157 | *3,854* | — | — |

**19 Called up share capital**

| | 1990 £ | *1989 £* |
|---|---|---|
| Authorised<br>3,000,000 ordinary shares of 10p each | 300,000 | *300,000* |
| Allotted, and fully paid<br>2,500,000 ordinary shares of 10p each | 250,000 | *250,000* |

**20 Reserves**

| | *Share premium* £'000 | *Revaluation reserve* £'000 | *Profit and loss account* £'000 | *Total* £'000 |
|---|---|---|---|---|
| **Group** | | | | |
| As previously reported at 1st January 1990 | 481 | — | 12,038 | 12,519 |
| Reserves of subsidiaries and associates since consolidated | — | 11,246 | 60,644 | 71,890 |
| Balance restated at 1st January 1990 | 481 | 11,246 | 72,682 | 84,409 |
| Exchange adjustments | — | (1,414) | (9,598) | (11,012) |
| Schemes of Arrangement | — | — | 2,861 | 2,861 |
| Changes in composition of group | — | — | 774 | 774 |
| Revaluation of property | — | 332 | — | 332 |
| Retained profit for the year | — | — | 1,230 | 1,230 |
| At 31st December 1990 | 481 | 10,164 | 67,949 | 78,594 |

The movement on the profit and loss account in respect of the Schemes of Arrangement reflects the net effect of the acquisition of certain minority interests in subsidiaries of Lawrie Group Plc by Lawrie Group Plc and the consequential change in the Company's percentage interest in Lawrie Group Plc.

The group profit and loss account includes £24,159,000 which would require Exchange Control permission for remittance. At current rates additional tax of £4,501,000 would be payable on such remittances

In addition, Exchange Control permission would be required for dividend remittances of certain associated undertakings and further overseas and UK tax might be payable

No tax has been provided on revaluation surpluses

Group reserves include £4,795,000 *(1989—£3,805,000)* reserves of associated undertakings.

| | *Share premium* £'000 | *Revaluation reserve* £'000 | *Profit and loss account* £'000 | *Total* £'000 |
|---|---|---|---|---|
| **Holding company** | | | | |
| At 1st January 1990 | 481 | 73,568 | 10,360 | 84,409 |
| Revaluation of shares in subsidiaries to net asset value | — | (6,276) | — | (6,276) |
| Profit for the year | — | — | 461 | 461 |
| At 31st December 1990 | 481 | 67,292 | 10,821 | 78,594 |

## Notes to the Accounts *continued*

### 21 Commitments of the Group for capital expenditure

| | 1990 £'000 | *1989 £'000* |
|---|---|---|
| Contracted for | 881 | *2,805* |
| Authorised but not contracted for | 2,298 | *1,758* |

### 22 Group leasing commitments

| | 1990 £'000 | *1989 £'000* |
|---|---|---|
| Annual commitments in respect of operating leases. | | |
| Land and buildings—operating leases expiring: | | |
| Within one year | 294 | *356* |
| Between 1–5 years | 669 | *621* |
| After 5 years | 497 | *724* |
| | 1,460 | *1,701* |
| Other assets—operating leases expiring: | | |
| Within one year | 99 | *106* |
| Between 1–5 years | 296 | *281* |
| After 5 years | — | *82* |
| | 395 | *469* |

### 23 Dividends

| | 1990 £'000 | *1989 £'000* |
|---|---|---|
| First interim paid—10p per share *(1989—9p)* | 250 | *225* |
| Second interim paid—15p per share *(1989—Nil)* | 375 | *—* |
| Final proposed—Nil *(1989—14p)* | — | *350* |
| | 625 | *575* |

### 24 Pensions

Certain group subsidiaries operate defined contribution and defined benefit pension schemes principally in the UK. The schemes assets are administered by trustees and are kept separate from those of the Group.

The pension cost for defined benefit schemes is assessed in accordance with the advice of qualified actuaries using various recognised methods. Surpluses and deficiencies are recognised over the expected average remaining service lives of the employees.

Valuations are prepared every three years. At the last valuations the following growth rate assumptions were used.

| | |
|---|---|
| Investment return | 8.5% to 10% per annum |
| Salary inflation | 6% to 8.5% per annum |
| Pension increases | 0% to 5% per annum |

At the dates of the latest actuarial valuations the market value of the assets of the schemes was £33,780,000 which represented 105% of the benefits accrued to members allowing for expected future increases in earnings.

The pension costs charged were £1,210,000 *(1989—£1,103,000)* in respect of defined benefit schemes and £299,000 *(1989—£370,000)* in respect of defined contribution schemes.

There were no unfunded commitments for overseas schemes.

## Notes to the Accounts *continued*

### 25 Guarantees

The Group has guaranteed bank loans and overdrafts of up to £3,345,000 *(1989—£1,618,000)* of which the Company has guaranteed £1,517,000 *(1989—£750,000)*.

### 26 Director's contract

The accountancy practice of one of the directors, Mr. D. M. Bacon, provided the Company with accounting services during the year in connection with the Scheme of Arrangement, which amounted to £25,000.

### 27 Principal Subsidiary and Associated Undertakings

**Subsidiary Companies**

The following were the principal subsidiaries of Camellia Investments Plc as at 31st December 1990. Except where otherwise stated, all the subsidiaries were incorporated in Great Britain

| | *Class of Capital* | *% Held* | *Principal Country of Operation* |
|---|---|---|---|
| **Agriculture** | | | |
| Amgoorie India Ltd.<br>(Incorporated in India) | Equity Shares | 40<br>49† | India |
| Blantyre and East Africa Ltd.<br>(Registered in Scotland) | Ordinary Shares<br>Preference Shares | 100<br>100 | Malawi* |
| British African Tea Estates (Holdings) Ltd. | Shares | 100 | Malawi* |
| E. P. Lawrie Agropecuaria e Participacoes Ltda.<br>(Incorporated in Brazil) | Quotas | 100 | Brazil |
| East African Coffee Plantations Ltd.<br>(Incorporated in Australia) | Ordinary Shares | 62.8 | Kenya and Australia |
| Eastern Produce Kenya Ltd<br>(Incorporated in Kenya) | Ordinary Shares | 100 | Kenya |
| Goodricke Group Ltd.<br>(Incorporated in India) | Equity Shares | 74<br>12† | India |
| Kapsumbeiwa Factory Company Ltd | Ordinary Shares | 100 | Kenya |
| Koomber Tea Company Ltd.<br>(Incorporated in India) | Equity Shares | 40<br>47† | India |
| Longbourne Holdings Ltd | Ordinary Shares | 100 | Bangladesh |
| Stewart Holl (India) Ltd<br>(Incorporated in India) | Equity Shares | 74<br>13† | India |
| The Ruo Estates Ltd. | Ordinary Shares | 100 | Malawi* |
| Thyolo Highlands Tea Estates Ltd | Ordinary Shares<br>Preference Shares | 100<br>100 | Malawi* |
| Tiru Tea Company Ltd.<br>(Incorporated in India) | Equity Shares | 100† | India |
| Yandilla Park Ltd.<br>(Incorporated in Australia) | "A" Ordinary Shares | 70.3 | Australia |
| **Food Processing & Trading** | | | |
| Affish BV (Incorporated in Holland) | Ordinary Shares | 100 | Holland |
| W. G. White Ltd | Ordinary Shares | 100 | UK |

**27 Principal Subsidiary and Associated Undertakings**
**Subsidiary Companies** *continued*

| | *Class of Capital* | *% Held* | *Principal Country of Operation* |
|---|---|---|---|
| **Trading, Agency & Fishing** | | | |
| British Traders & Shippers Ltd. | Ordinary Shares | 100 | UK |
| Caley Fisheries (Peterhead) Ltd. | Ordinary Shares | 100 | UK |
| (Registered in Scotland) | Preference Shares | 100 | |
| Highlands Fuels Ltd. | Ordinary Shares | 100 | UK |
| (Registered in Scotland) | | | |
| Lawrie Plantation Services Ltd. | Ordinary Shares | 100 | UK |
| **Engineering** | | | |
| A. J. T. Engineering Ltd. | Ordinary Shares | 100 | UK |
| (Registered in Scotland) | | | |
| The Reece Corporation—subsequently sold | Common Stock | 51 | USA & Europe |
| (Incorporated in U.S.A.) | | | |
| Linochrome Industries Ltd | Ordinary Shares | 100 | UK |
| | Deferred Shares | 100 | |
| **Fine Art and Philately** | | | |
| JPL Fine Arts Limited | Shares | 100* | UK |
| JPL Fine Arts S.A. | Common Stock | 100* | Switzerland |
| Lumley Cazalet Limited | Shares | 75* | UK |
| David Field Limited | Shares | 100* | UK |
| **Property** | | | |
| W. D. G. Properties Ltd | Ordinary Shares | 100 | UK |
| **Banking** | | | |
| Duncan Lawrie Ltd. | Shares | 100 | UK |
| **Cold Storage, Transport & Warehousing** | | | |
| Associated Cold Stores & Transport Ltd | Ordinary Shares | 100 | UK |
| **Investment/Holding** | | | |
| Assam-Dooars Holdings Ltd. | Ordinary Shares | 100 | UK |
| Associated Fisheries Plc | Ordinary Shares | 60.69 | UK |
| | 8% Preference Shares | 41.83 | UK |
| Bordure Ltd | Ordinary Shares | 100 | UK |
| Lawrie Group Plc | Ordinary Shares | 71 | UK |
| Lawrie International Ltd. | Shares | 100 | Bermuda |
| (Incorporated in Bermuda) | | | |
| Linton Park Plc | Ordinary Shares | 59 | UK |
| Sterling Industrial Securities Ltd. | Ordinary Shares | 100 | UK |
| Walter Duncan & Goodricke Ltd | Shares | 100 | UK |
| Western Dooars Tea Holdings Ltd. | Ordinary Shares | 100 | UK |

*Camellia Investments Plc*

## Notes to the Accounts *continued*

### 27 Principal Subsidiary and Associated Undertakings

**Associated Undertakings**

The associated undertakings are as follows:

| | *Class of Capital* | *% Held* | *Principal Country of Operation* |
|---|---|---|---|
| **Agriculture** | | | |
| Kakuzi Ltd. (Incorporated in Kenya) | Stock Units | 42.83 | Kenya |
| **Food Processing & Trading** | | | |
| Macfish Ltd. | Ordinary Shares | 50 | UK |
| **Other** | | | |
| International Factors Corporation (Incorporated in Canada) | Common Shares | 20• | Canada |
| United Insurance Company Ltd. (Incorporated in Bangladesh) | Ordinary Shares | 44 | Bangladesh |
| United Leasing Co Ltd. (Incorporated in Bangladesh) | Ordinary Shares | 22 | Bangladesh |
| **Textiles** | | | |
| British Mohair Holdings Plc | Ordinary Shares | 28 | UK |

†Indicates held by Indian subsidiaries of Lawrie Group Plc
•Indicates held directly by Camellia Investments Plc
'Indicates accounting year ended 30th September

## REPORT OF THE AUDITORS

**To the members of Camellia Investments Plc**

We have audited the accounts set out on pages 14 to 40 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 31st December 1990 and of the group profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

TOUCHE ROSS & CO

*Chartered Accountants*

Hill House,
1 Little New Street,
London EC4A 3TR

26th June 1991.

Companies House
for the record

# NOTICE OF ILLEGIBLE DOCUMENT

# ON THE MICROFICHE RECORD

Companies House regrets that the microfiche record for this company, contain some documents, which are illegible.

The poor quality has been noted, but unfortunately steps taken to improve them were unsuccessful.

Companies House would like to apologise for any inconvenience this may cause