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GRIEG-MITCHELL SECURITIES LIMITED

DIRECTORS' REPORT

The directors present herewith their annual report, together with the audited financial statements of the company for the year ended 30th September, 1985.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £3,611. The directors recommend the payment of a dividend of £3,000.

REVIEW OF THE BUSINESS

The company's principal activity during the year was that of an investment company. Turnover increased slightly during the year and as costs were reduced, the company showed an increase in profit compared with the previous year. No significant increase in investment income is anticipated in the ensuing year.

DIRECTORS AND THEIR INTERESTS

The directors of the company, both of whom held office throughout the year, were Dr. W.J. Mitchell and Dr. R.G. Mitchell. Their interests in the share capital of the company remained unchanged throughout the year and at 30th September, 1985 were as follows:

	<u>Number of shares</u>
Dr. W. J. Mitchell	1
Dr. R. G. Mitchell	1

In accordance with the Articles of Association, Dr. R.G. Mitchell retires by rotation and, being eligible, offers himself for re-election.

AUDITORS

It is proposed that the company's present auditors, Hartley Fowler, be reappointed as auditors to the company to hold office for the ensuing year.

By Order of the Board

R. G. Mitchell
DR. R.G. MITCHELL
SECRETARY

30th May, 1986



GRIEG-MITCHELL SECURITIES LIMITED

We have audited the financial statements on pages 3 to 7 in accordance with approved auditing standards.

In common with many business of similar size and organisation, the company's system of control is dependent upon the close involvement of the directors. Where independent confirmation of the completeness of the accounting records was therefore not available we have accepted assurances from the managing director that all the company's transactions have been reflected in the records.

Subject to the foregoing, in our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at 30th September, 1985 and of its profit for the year then ended and comply with the Companies Act, 1985.

HARTLEY FOWLER
Chartered Accountants

Nelson House,
58, Wimbledon Hill Road,
Wimbledon,
London, SW19 7PA

30th May, 1986

GRIEG-MITCHELL SECURITIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30th SEPTEMBER 1985

	Notes	<u>1985</u> £	<u>1984</u> £
TURNOVER	2	6,484	5,701
ADMINISTRATIVE EXPENSES		1,286	2,174
OPERATING PROFIT	4	5,198	3,527
INTEREST RECEIVABLE	5	490	147
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,688	3,674
TAX ON PROFIT ON ORDINARY ACTIVITIES	6	1,501	1,515
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		4,187	2,159
EXTRAORDINARY ITEM	7	576	3,481
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		3,611	(1,322)
DIVIDENDS	8	3,000	2,100
RETAINED PROFIT/(LOSS) FOR THE YEAR		611	(3,422)
RETAINED PROFIT BROUGHT FORWARD		24,877	28,299
RETAINED PROFIT CARRIED FORWARD		£ 25,488	£ 24,877

The notes on pages 5 to 7 form an integral part of these financial statements.

AS AT 30th SEPTEMBER 1985

The notes on pages 5 to 7 form an integral part of these financial statements.

GRIEG-MITCHELL SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th SEPTEMBER 1985

1. ACCOUNTING POLICIES

(a) Accounting conventions

The financial statements are prepared under the historical cost convention.

(b) Turnover

Turnover represents the gross investment income receivable during the year.

2. TURNOVER

The turnover and pre-tax profit are wholly attributable to the company's main activity.

3. STAFF COSTS

There were no employees during the year other than the two directors. No remuneration was paid.

4. OPERATING PROFIT

This is stated after charging:

	<u>1985</u> £	<u>1984</u> £
Auditors' remuneration	175	150
Loss on sale of investment	685	1,409
	<u> </u>	<u> </u>

5. INTEREST RECEIVABLE

	£	£
Bank deposit interest	490	147
	<u> </u>	<u> </u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1985</u> £	<u>1984</u> £
Based on the results of the year:		
Corporation tax at 30%	1,945	1,710
Taxation recoverable on management expenses	(34)	(195)
	<u>1,911</u>	<u>1,515</u>
Taxation over-provided in previous years:		
Corporation tax	(410)	-
	<u>£ 1,501</u>	<u>£ 1,515</u>

7. EXTRAORDINARY ITEM

Investments written off	£ 576	£ 3,481
	<u> </u>	<u> </u>

GRIEG-MITCHELL SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30th SEPTEMBER 1985

8. DIVIDENDS

	<u>1985</u> £	<u>1984</u> £
Proposed dividend for year to 30th September, 1985	£ 3,000	£ 2,100

9. INVESTMENTS

	<u>1985</u> £	<u>1984</u> £
Quoted, at cost (market value £101,193; 1984 £116,920)	21,470	22,963
Unlisted Securities Market, at cost (market value £2,000; 1984 £2,000)	2,780	2,780
	<u>£ 24,250</u>	<u>£ 25,743</u>

In view of the excess of market value over the total cost of investments, the directors do not consider it necessary to make any provision for unrealised losses.

10. DEBTORS

	<u>1985</u>	<u>1984</u>
Taxation recoverable	£ 229	£ 395

11. CREDITORS - amounts falling due within one year

	<u>1985</u> £	<u>1984</u> £
Corporation tax	-	410
Directors' current accounts	2,208	5,024
Dividend payable	2,100	3,000
Proposed dividend	3,000	2,100
Accruals	1,035	782
	<u>£ 8,343</u>	<u>£ 11,316</u>

12. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	<u>1985</u> No.	<u>1984</u> No.	<u>1985</u> £	<u>1984</u> £
Ordinary shares of £1 each	100	100	£ 5	£ 5

GRIEG-MITCHELL SECURITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30th SEPTEMBER 1985

13. DEFERRED TAXATION

Provision has not been made for corporation tax on unrealised gains at the balance sheet date in respect of the excess of market value over the cost of investments. The liability to corporation tax would have amounted to £23,683 (1984 £26,486), if all the investments had been disposed of for their mid-market values at the balance sheet date.