

SIGNED COPY

ROTHSCHILD TRUST CORPORATION LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1996

Registered No: 865402



ROTHSCHILD TRUST CORPORATION LIMITED

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report, together with the audited financial statements for the year ended 31st March 1996

BUSINESS REVIEW

The principal activity of the company is the administration of trusts. There has been no significant change in this activity during the year and it is not the intention that there will be any change in the future. The results for the year are shown on page 4. The directors do not recommend the payment of a dividend (1995: NIL).

RESULTS

The profit for the year on ordinary activities after taxation amounting to £ 227,693 has been transferred to reserves. (1995: £ 180,780).

DIRECTORS

The directors of the company during the year were as follows:-

L. D. de Rothschild	(Chairman)
The Hon. A. M. J. Rothschild	
Rt. Hon. The Lord St. John of Fawsley	(resigned 31st March 1996)
The Hon. J. B. Soames	
Sir Peter Gibbings	
Sir Claus Moser	(resigned 31st March 1996)
D. L. Harris	
R. F. A. Balfour	
D. N. Allison	
Sir George W. L. Christie	
M. Arni	

None of the directors had any interest in the shares of the company during the year. L. D. de Rothschild, and The Hon. A. M. J. Rothschild were directors of the related undertaking Rothschilds Continuation Limited during the year and their interest in the shares of other group companies are disclosed in those accounts.

At 31st March 1996 an Employee Share Ownership Plan for all of the directors of the Rothschild Group was interested in 24,460 shares (1995: 9,240 shares) in Rothschilds Continuation Holdings A G.

Specific directors have options over 22,260 shares (1995: 8,800 shares). The remaining shares are unallocated.

INSURANCE FOR DIRECTORS AND OFFICERS

During the financial year the company purchased and maintained liability insurance for its officers.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENTS

The Directors have responsibility for ensuring that the Company keeps adequate accounting records. They are required by law to prepare financial statements which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the results for the year. They are also responsible for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

ROTHSCHILD TRUST CORPORATION LIMITED

REPORT TO THE DIRECTORS (cont'd)

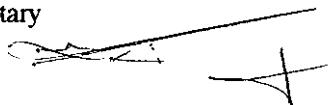
The Directors consider that appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of these financial statements on a going concern basis, and that applicable accounting standards have been followed. These policies and standards, for which the Directors accept responsibility, have been discussed with the Auditors.

AUDITORS

Our auditors KPMG have indicated that a limited liability company, KPMG Audit PLC is to undertake part of their audit business. Accordingly, a resolution is to be proposed at the annual general meeting for the appointment of KPMG Audit PLC as auditors of the company.

By order of the board

N. M. ROTHSCCHILD & SONS LIMITED
Secretary



Date: 5 JUN 1996

ROTHSCHILD TRUST CORPORATION LIMITED

AUDITORS' REPORT TO THE MEMBERS OF ROTHSCHILD TRUST CORPORATION LIMITED

We have audited the financial statements on pages 4 to 10.

Respective responsibilities of Directors and Auditors

As described on pages 1 and 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors
P O Box 695
8 Salisbury Square
London EC4Y 8BB

Date: 5 JUN 1996

ROTHSCHILD TRUST CORPORATION LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31st March 1996

	Note	1996 £	1995 £
Turnover	1	1,433,101	1,270,407
Administrative expenses	2	<u>(1,147,663)</u>	<u>(1,015,743)</u>
Operating profit		285,438	254,664
Interest receivable		<u>80,076</u>	<u>63,982</u>
Profit on ordinary activities before taxation	4	365,514	318,646
Tax on profit on ordinary activities	5	<u>(155,321)</u>	<u>(137,866)</u>
Profit for the financial year on ordinary activities after taxation		210,193	180,780
Balance brought forward		<u>140,812</u>	<u>(39,968)</u>
BALANCE CARRIED FORWARD		<u>£ 351,005</u>	<u>£ 140,812</u>

The company has no recognised gains or losses other than the profit for the year.

ROTHSCHILD TRUST CORPORATION LIMITED

BALANCE SHEET
as at 31st March 1996

	Note	£	1996	£	£	1995	£
FIXED ASSETS							
Investment in subsidiary	6			100			100
CURRENT ASSETS							
Trade debtors			235,737			95,534	
Other debtors			534			---	
Bank balance			<u>1,052,262</u>			<u>713,019</u>	
			1,288,533			808,553	
CREDITORS							
Amounts falling due within one year	7		<u>687,628</u>			<u>417,841</u>	
NET CURRENT ASSETS				<u>600,905</u>			<u>390,712</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				<u>£601,005</u>			<u>£390,812</u>
CAPITAL AND RESERVES							
Called up share capital	8			250,000			250,000
Profit and loss account				<u>351,005</u>			<u>140,812</u>
EQUITY SHAREHOLDERS' FUNDS	9			<u>£601,005</u>			<u>£390,812</u>

5 JUN 1996

The financial statements on pages 4 to 10 were approved by the Board of Directors on _____ and are signed on its behalf by:-



L. D. DE ROTHSCILD

DIRECTOR

ROTHSCHILD TRUST CORPORATION LIMITED

CASH FLOW STATEMENT
as at 31st March 1996

	Note	1996 £	1995 £
Net cash inflow from operating activities	10	394,614	319,466
Returns on investments and servicing of finance			
Interest received		<u>80,076</u>	<u>63,982</u>
Net cash inflow from returns on investments and servicing of finance		474,690	383,448
Taxation			
Corporation tax paid		<u>(135,447)</u>	<u>(31,949)</u>
Increase in cash and cash equivalents		<u>£ 339,243</u>	<u>£ 351,499</u>

ROTHSCHILD TRUST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements of the company.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

As permitted by S229 (2) of the Companies Act 1985 group accounts have not been prepared as the results of the subsidiary are not material.

Turnover

Turnover comprises fees billed for trust management services rendered excluding VAT.

Clients' accounts

In its fiduciary capacity, the company has incurred liabilities on behalf of its clients. These balances are not included in the company's financial statements.

Pension costs

Pension contributions are charged to the profit and loss account over the expected service lives of all employees belonging to the schemes in which Group undertakings participate.

2. ADMINISTRATIVE EXPENSES

	1996 £	1995 £
Staff costs:		
Wages and salaries	367,469	372,355
Social security costs	43,275	41,346
Other pension costs	130,823	137,772
Other administrative expenses	<u>606,096</u>	<u>464,270</u>
	<u>£ 1,147,663</u>	<u>£ 1,015,743</u>

The average number of employees during the year was 5 (1995: 5)

Directors' emoluments for the year including pension contributions paid amounted to £ 444,205.

The emoluments of the highest paid director and the Chairman excluding pension contributions were £ 202,071 (1994: £351,141) and £ 20,000 (1994: £ 20,000) respectively.

ROTHSCHILD TRUST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

The emoluments, excluding pension contributions paid, fell into the following bands:

	1996 No of directors	1995 No of directors
£ 0 - £ 5,000	4	7
£ 5,001 - £ 10,000	2	1
£ 10,001 - £ 15,000	2	3
£ 15,001 - £ 20,000	1	1
£ 115,001 - £ 120,000	-	1
£ 125,001 - £ 130,000	1	-
£ 200,001 - £ 205,000	1	-
£ 350,001 - £ 355,000	-	1
	<u>11</u>	<u>14</u>

Four of the directors in the range £ 0 - £ 5,000 did not receive any remuneration.

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Company profit on ordinary activities before tax is stated after auditors remunerations of £6,650 (1995: £ 7,000)

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

Tax on profit on ordinary activities is based on the results for the year and comprises:-

	1996 £	1995 £
U. K. corporation tax at 33%	<u>155,321</u>	<u>137,866</u>

6. INVESTMENT IN SUBSIDIARY

The company holds the entire issued share capital of Rotrust Nominees Limited; 100 shares of £ 1 each. This company is registered in England and Wales, and is dormant.

ROTHSCHILD TRUST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £	1995 £
Trade creditors	85,124	53,439
Taxation	160,000	140,126
Other creditors	<u>442,504</u>	<u>224,276</u>
	<u>£ 687,628</u>	<u>£417,841</u>

8. SHARE CAPITAL

	1996 £	1995 £
Authorised, allotted, called up and fully paid: 250,000 ordinary shares of £1 each	<u>£250,000</u>	<u>£250,000</u>

9. RECONCILIATION IN MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit for the financial year on ordinary activities after taxation	210,193	180,780
Equity shareholders' funds at 1st April	<u>390,812</u>	<u>210,032</u>
Equity shareholders' funds at 31st March	<u>£ 601,005</u>	<u>£ 390,812</u>

10. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1996 £	1995 £
Operating profit	285,438	254,664
(Increase)/Decrease in debtors	(140,737)	43,173
Decrease in loan balance	—	65,200
Increase/(Decrease) in creditors	<u>249,913</u>	<u>(43,571)</u>
Net cash inflow from operating activities	<u>£ 394,614</u>	<u>£ 319,466</u>
Cash at 1 April	713,019	361,520
Increase in cash	<u>339,243</u>	<u>351,499</u>
Cash at 31 March	<u>£ 1,052,262</u>	<u>£ 713,019</u>

ROTHSCHILD TRUST CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

11. PENSION SCHEME

The Company is a member of a group pension scheme which is operated by N. M. Rothschild & Sons Limited for the benefit of employees and consists of a defined benefit arrangement. The costs are assessed with the advice of independent actuaries. The assets of the scheme are administered by Trustees and are held separately from those of the Company. The latest Actuarial Valuation was conducted at 31st March 1995 using the projected unit method. The value of the assets amounted to approximately £168 million which covered approximately 107% of accrued benefits after allowing for future increases in pensionable salary. The principal assumptions used in the Valuation were that the annual rate of return on investments would be approximately 2% higher than the annual increase in pensionable salaries (and allowances for promotional increases were also made) and 4% higher than the annual increase in present and future pensions.

The total pension charge for the year amounted to £ 130,823 (1995: £137,772) all of which related to the above defined benefit scheme.

12. PARENT UNDERTAKING AND ULTIMATE PARENT COMPANY

The largest group in which the results of the company are consolidated is that headed by Rothschild Concordia AG which is incorporated in Switzerland. The smallest group in which they are consolidated is that headed by Rothschilds Continuation Holdings AG which is also incorporated in Switzerland. The ultimate parent company is Rothschild Concordia AG.