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PEAT
MARWICK

ROTHSCHILD TRUST COMPANY LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31ST MARCH, 1986



ROTHSCHILD TRUST COMPANY LIMITEDREPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report, together with the accounts for the year ended 31st March, 1986.

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.

| | <u>1986</u> £ | <u>1985</u> £ |
|-------------------------------------------------|-------------------|-------------------|
| Turnover | 353,481 | 272,316 |
| Interest received | 76,620 | 55,422 |
| | <u>430,101</u> | <u>327,738</u> |
| Management charge - N.M. Rothschild & Sons Ltd. | (430,101) | (327,738) |
| | <u> </u> | <u> </u> |
| | <u> </u> | <u> </u> |

DIRECTORS

The directors during the year were:

Evelyn de Rothschild
 E.L. de Rothschild
 D.R. Colville
 The Earl of Drogheda
 P.E. Jones (appointed 5th November, 1985)
 J.K. Roe
 D.L. Harris

According to the register kept by the company no director had an interest in the share capital of the company at 31st March, 1986 or previously. With the exception of those holdings noted below, no director had any beneficial interest in the share capital of any other group company other than those who also served as directors of N.M. Rothschild & Sons Limited the company's immediate holding company.

| | <u>1986</u> | <u>1985</u> |
|--------------------------------------------------------------|-------------|-------------|
| Directors' interests in Rothschilds Continuation Limited: | | |
| Beneficial holdings: | | |
| D.R. Colville: | | |
| 5.25% cumulative pref. shares of £1 each | 15,700 | 15,700 |
| Cumulative 2nd pref. shares of 10p each | 18,277 | 4,484 |
| Non-beneficial holdings: | | |
| D.R. Colville: | | |
| 5.25% cumulative pref. shares of £1 each | 631,000 | 630,300 |
| Cumulative 2nd pref. shares of 10p each | 1,491,015 | 1,491,015 |

ROTHSCHILD TRUST COMPANY LIMITEDREPORT OF THE DIRECTORSDIRECTORS: (continued)

| | <u>1986</u> | <u>1985</u> |
|----------------------------------------|-------------|-------------|
| Directors' interests in Rothschilds | | |
| Continuation Holdings AG: | | |
| Beneficial holdings: | | |
| D.R. Colville: Shares SwFrs.100 | 3,424 | 574 |
| P.E. Jones: Shares SwFrs.100 | | |
| (1985: Holding at date of appointment) | 60 | 60 |
| Non-beneficial holdings: | | |
| D.R. Colville: Shares SwFrs.100 | 39,217 | 59,101 |

None of the directors had any interest in any material contract with the company during the year.

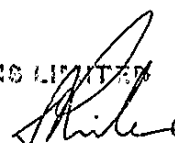
AUDITORS

In accordance with Section 384 of the Companies Act, 1985 a resolution for the re-appointment of Peat, Marwick, Mitchell & Co. as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

PER PRO
H. M. ROTHSCHILD & SONS LIMITED

Secretary



AUDITORS' REPORT TO THE MEMBERS OF
ROTHSCHILD TRUST COMPANY LIMITED

We have audited the accounts on pages 4 to 7 in accordance with approved Auditing Standards.

In our opinion the accounts, which have been prepared on the basis of the accounting policies set out on page 6, give a true and fair view of the state of the company's affairs at 31st March, 1986 and of the result for the year to that date and comply with the Companies Act 1985.

LONDON

13th May, 1986

Peat, Marwick, Mitchell & Co

Chartered Accountants

ROTHSCHILD TRUST COMPANY LIMITEDPROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 1986

| | <u>Note</u> | <u>1986</u> <u>£</u> | <u>1985</u> <u>£</u> |
|-------------------------|-------------|-------------------------|-------------------------|
| Turnover | 1 | 353,481 | 272,316 |
| Administrative expenses | 2 | (430,101) | (327,738) |
| Interest receivable | | 76,620 | 55,422 |
| | | <u> </u> | <u> </u> |
| | | <u> </u> | <u> </u> |

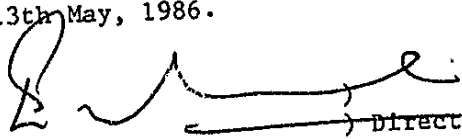

The notes on pages 6 and 7
form part of these accounts.

ROTHSCHILD TRUST COMPANY LIMITED
BALANCE SHEET AT 31ST MARCH, 1986

| | <u>Note</u> | £ | <u>1986</u> | £ | £ | <u>1985</u> | £ |
|----------------------------------------------|-------------|---|----------------|----------------|---|----------------|----------------|
| FIXED ASSETS | | | | | | | |
| Investment | 3 | | | 100 | | | 100 |
| CURRENT ASSETS | | | | | | | |
| Debtors: | | | | | | | |
| Trade debtors | | | 536 | | | - | |
| Amount due from intermediate holding company | | | <u>268,536</u> | | | <u>263,558</u> | |
| | | | <u>269,072</u> | | | <u>263,558</u> | |
| CURRENT LIABILITIES | | | | | | | |
| Creditors: | 4 | | | | | | |
| Amounts falling due within one year | | | <u>17,163</u> | | | <u>11,649</u> | |
| NET CURRENT ASSETS | | | | 251,909 | | | 251,909 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | | <u>252,009</u> | | | <u>252,009</u> |
| Called up share capital | 5 | | | 250,000 | | | 250,000 |
| Reserves | | | | 2,009 | | | 2,009 |
| | | | | <u>252,009</u> | | | <u>252,009</u> |

The notes on pages 6 and 7 form part of these accounts.

Approved by the board of directors on 13th May, 1986.


 _____ Directors


ROTHSCHILD TRUST COMPANY LIMITEDNOTES ON THE ACCOUNTS1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's accounts.

(a) Basis of accounting

All items are stated in the accounts under the historical cost accounting rules.

(b) Fees

Fees have been included on a cash received basis. No account has been taken of work in progress.

2. ADMINISTRATIVE EXPENSES

These relate to a management charge due to N.M. Rothschild & Sons Limited, the immediate holding company of Rothschild Trust Company Limited.

3. INVESTMENT IN SUBSIDIARY

The company holds 100 fully paid ordinary shares of £1 each in Rotrust Nominees Limited, being the whole issued share capital of that company. This investment is included in the balance sheet at cost, and in accordance with Section 229(2) of the Companies Act 1985 group accounts have not been prepared.

4. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | <u>1986</u> £ | <u>1985</u> £ |
|-----------------|------------------|------------------|
| Trade creditors | 538 | - |
| Value added tax | 16,625 | 11,649 |
| | <u>17,163</u> | <u>11,649</u> |

5. SHARE CAPITAL

At 31st March, 1986 and 1985:
Ordinary shares of £1 each

Authorised
issued and
fully paid
£

250,000

ROTHSCHILD TRUST COMPANY LIMITED

NOTES ON THE ACCOUNTS

6. CONTINGENT LIABILITIES

- (a) Rothschild Trust Company Limited is party to a group registration for value added tax. Under a group registration the company is jointly and severally liable for VAT due by other group companies. At 31st March, 1986 this contingent liability amounted to £265,595 (1985:£943,048).
- (b) It is not practical to estimate the amount of the contingent liability which exists in relation to assets held by Rotrust Nominees Limited, as nominee.

7. DIRECTORS' EMOLUMENTS

None of the seven directors (1985:six) received any emoluments from the company during the year. Two directors received directors' fees amounting to £3,003 (1985:two:£3,003) from the company's intermediate holding company which have been recovered through the service charge from that company. The higher paid of these directors received £2,001 (1985:£2,001) in this manner.

8. STATEMENT OF SOURCE AND APPLICATION OF FUNDS

A statement of source and application of funds, as required by Statement of Standard Accounting Practice No. 10, is not included in the accounts. In the opinion of the directors such a statement has little relevance in view of the fact that the activities of the company result in neither profit nor loss and that there has been neither source nor application of funds in this or the preceding year.

9. ULTIMATE HOLDING COMPANY

The ultimate holding company of the company is Rothschilds Continuation Holdings A.G., which is incorporated in Switzerland.