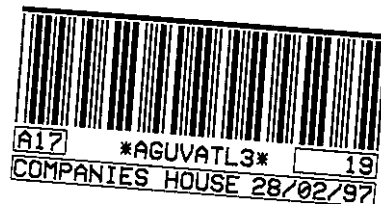


**R.T.Z. OVERSEAS SERVICES LIMITED**  
**DIRECTORS' REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1996**



DIRECTORS	:	M.M. Freeman A.S. Garner C.A. Holroyd
SECRETARY	:	M.M. Freeman
REGISTERED OFFICE	:	6 St James's Square London SW1Y 4LD
AUDITORS	:	Coopers & Lybrand 1 Embankment Place London WC2N 6NN

**NOTICE OF MEETING**


NOTICE IS HEREBY GIVEN that the twenty fifth annual general meeting of R.T.Z. OVERSEAS SERVICES LIMITED will be held at 6 St James's Square, London SW1Y 4LD on 24 February 1997 at 11.00 a.m. for the following purposes:-

1. To receive and, if approved, adopt the report of the directors and the audited accounts for the year ended 31 December 1996.
2. To re-appoint the auditors.
3. To transact any other ordinary business of the Company.

**NOTE**

A member of the Company who is entitled to attend and vote is entitled to appoint a proxy to attend and vote on his behalf and the proxy need not be a member of the Company.

By Order of the Board



M.M. Freeman  
Secretary

6 St James's Square  
London SW1Y 4LD

24 February 1997

**CONSENT TO SHORT NOTICE**

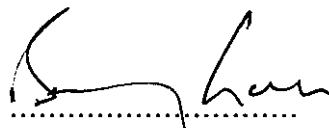
We, the undersigned, being registered as the holders of the entire issued share capital of the above Company, HEREBY CONSENT to the annual general meeting being held on the date and at the time and place set forth and we hereby waive all rights to other notice of such meeting notwithstanding that less than 21 days' notice has been given of the meeting.

For and on behalf of:  
RTZ LIMITED

For and on behalf of:-  
R.T.Z. NOMINEES LIMITED



Secretary



Director

## REPORT OF THE DIRECTORS

The directors have pleasure in submitting the twenty fifth annual report and audited accounts of the Company for the year ended 31 December 1996.

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

R.T.Z. Overseas Services Limited is a wholly-owned subsidiary of The RTZ Corporation PLC ("RTZ"). The Company continues to provide services to an overseas company.

The results of the Company for the year ended 31 December 1996 are set out on page 8.

### DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 December 1996 (1995 - nil).

### DIRECTORS

The names of the directors at the date of this report are shown on page 2. Mr C.A. Holroyd was appointed a director on 1 January 1996.

### DIRECTORS' INTERESTS AND OPTIONS

According to the register required to be kept by section 325 of the Companies Act 1985, the directors' (other than those who are directors of the parent company) interests in and options on shares and debentures of Group companies, were as follows:-

	<u>Ordinary Shares of 10p each</u> <u>of RTZ</u>		<u>Options on ordinary shares of</u> <u>10p each of RTZ</u>	
	<u>31.12.1996</u>	<u>01.01.1996</u>	<u>Granted in 1996</u>	<u>Exercised in 1996</u>
A.S. Garner	173,856*	77,082*	365	20,250

\* Includes an interest with others, in 168,146 shares (01.01.1996 - 72,881 shares) as a potential beneficiary of the RTZ Share Ownership Trust.

### POLICY REGARDING PAYMENT OF TRADE CREDITORS

It is the company's policy to abide by terms of payment agreed with suppliers. In many cases, the terms of payment are as stated in the supplier's own literature. In other cases, the terms of payment are determined by specific written or oral agreement. The company does not follow any published code or standard on payment practice.


ANNUAL GENERAL MEETING

Notice convening the twenty fifth annual general meeting is attached.

AUDITORS

A resolution to re-appoint Coopers & Lybrand as auditors, will be proposed at the annual general meeting.

BY ORDER OF THE BOARD



M.M. FREEMAN  
Secretary

6 St James's Square  
London SW1Y 4LD

24 February 1997

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

The directors are required by UK company law to prepare accounts for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss for that period. In preparing the accounts, which have been prepared on a going concern basis, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. Applicable accounting standards have been followed. The directors are responsible for maintaining proper accounting records, in accordance with the Companies Act 1985, for safeguarding the assets of the Company, and for taking reasonable steps to prevent and detect fraud and other irregularities.

**REPORT OF THE AUDITORS**  
**TO THE MEMBERS OF R.T.Z. OVERSEAS SERVICES LIMITED**

We have audited the accounts on pages 8 to 12.

**Respective responsibilities of directors and auditors**

As described on page 6, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

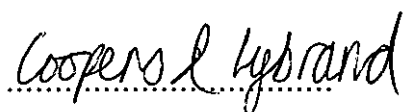
**Basis of opinion**

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the 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 accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

**Opinion**

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



Coopers & Lybrand  
Chartered Accountants and Registered Auditors  
London

24 February 1997

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1996

	<u>Note</u>	<u>1996</u> £000	<u>1995</u> £000
Turnover	1	1,078	2,051
Operating costs	2	<u>(1,080)</u>	<u>(2,082)</u>
Operating loss		(2)	(31)
Interest receivable		<u>61</u>	<u>129</u>
Profit on ordinary activities before taxation		59	98
Taxation on profit on ordinary activities	3	<u>(46)</u>	<u>(20)</u>
Retained profit for the year		<u>13</u>	<u>78</u>
Movement in retained earnings			
At 1 January		255	177
Retained profit for the year		<u>13</u>	<u>78</u>
At 31 December		<u>268</u>	<u>255</u>

The Company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

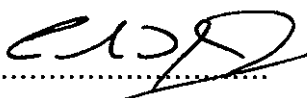
All items dealt with in the above profit and loss account relate to continuing operations.


The notes on pages 10 to 12 form part of these accounts



## BALANCE SHEET AS AT 31 DECEMBER 1996

	<u>Note</u>	<u>1996</u> £000	<u>1995</u> £000
CURRENT ASSETS			
Debtors	4	-	4
Cash at bank and in hand		<u>770</u>	<u>1,227</u>
		770	1,231
Creditors: Amounts falling due within one year	5	<u>(502)</u>	<u>(976)</u>
NET CURRENT ASSETS		<u>268</u>	<u>255</u>
CAPITAL AND RESERVES			
Called up share capital	6	-	-
Profit and loss account		<u>268</u>	<u>255</u>
		<u>268</u>	<u>255</u>

  
.....  
Director

  
.....  
Director

24 February 1997

The notes on pages 10 to 12 form part of these accounts

## NOTES TO THE 1996 ACCOUNTS

1. ACCOUNTING POLICIES

- a) The accounts have been prepared on the historical cost basis and in accordance with applicable U.K. accounting standards.

b) Turnover

Turnover for the year represents fees receivable.

c) Currency Translation

Transactions denominated in foreign currencies are translated at the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial year. Exchange differences are dealt with in the profit and loss account.

2. OPERATING COSTS

- a) Operating costs comprise:-

	<u>1996</u> £000	<u>1995</u> £000
Staff costs:		
Wages and salaries	962	1,901
Pension costs	75	73
Other	<u>41</u>	<u>77</u>
	1,078	2,051
Exchange losses	<u>2</u>	<u>31</u>
	<u>1,080</u>	<u>2,082</u>

- b) The average number of persons employed during the year, excluding directors, was 18 (1995 - 43). All employees work outside the United Kingdom.
- c) No emoluments were paid to any of the directors in respect of their services to the Company (1995 - nil).
- d) The auditors' remuneration is borne by a fellow group undertaking (1995 - nil).

## NOTES TO THE 1996 ACCOUNTS continued

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is made up as follows:

	<u>1996</u> £000	<u>1995</u> £000
UK Tax		
Corporation tax at 33% (1995 - 33%)	19	14
Prior year adjustment	<u>27</u>	<u>6</u>
	<u>46</u>	<u>20</u>

4. DEBTORS

	<u>1996</u> £000	<u>1995</u> £000
Other debtors	<u>-</u>	<u>4</u>

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1996</u> £000	<u>1995</u> £000
Amounts owed to fellow subsidiary undertakings	473	962
Amounts owed to parent undertaking	10	-
Corporation tax	<u>19</u>	<u>14</u>
	<u>502</u>	<u>976</u>

## NOTES TO THE 1996 ACCOUNTS continued

6. SHARE CAPITAL

	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
Authorised ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Issued, called up and fully paid ordinary shares of £1 each	<u>2</u>	<u>2</u>

The only movements in shareholder's funds are those in retained earnings which are shown on page 8.

7. CONTINGENT LIABILITY

Under a group banking arrangement, balances of £770,259 (1995 - £709,696) could be used to offset the liabilities of other members of the group.

8. CASH FLOW STATEMENT

The accounts do not include a cash flow statement because the Company is a wholly-owned subsidiary and the conditions of Financial Reporting Standard No.1 exempting inclusion are satisfied.

9. CONTROLLING PARTIES

The company is controlled by RTZ Limited, which owns 100% of the issued share capital. The RTZ Corporation PLC, registered in England and Wales, is the Company's ultimate holding company and also its ultimate controlling party at 31 December 1996. Copies of the ultimate parent's consolidated financial statements may be obtained from its registered office at 6 St. James's Square, London.