

RUPERT HAMBRO & PARTNERS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

30TH SEPTEMBER 2000



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DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 30th September 2000.

Principal Activities and Review of the Business

The Company is a management and investment company.

The profit after taxation for the year amounted to £957,455 (1999: £802,989 loss). The directors do not recommend the payment of a dividend (1999:£Nil).

Directors and Directors' Interests

The Directors who served during the year under review are shown below:

R.N. Hambro
T.B.M. Holcroft
R.A. Hambro (resigned 30.11.99)
J.D. Hambro (resigned 30.11.99)

None of the Directors had any interest in the share capital of the Company at any time during the year. The beneficial interests of Mr RN Hambro in the share capital of J O Hambro Limited, the ultimate parent undertaking, of which he is a Director, are disclosed in that company's financial statements.

Statement of Directors' Responsibilities

Company Law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates which are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

DIRECTORS' REPORT (continued)

Auditors

A resolution for the re-appointment of Saffery Champness as Auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



T.B.M. HOLCROFT
Secretary
25th January 2001

54 Jermyn Street
London SW1Y 6LX

**AUDITORS' REPORT TO THE MEMBERS OF
RUPERT HAMBRO & PARTNERS LIMITED**

We have audited the financial statements on pages 4 to 9.

Respective Responsibilities of Directors and Auditors

As described on page 1, 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.

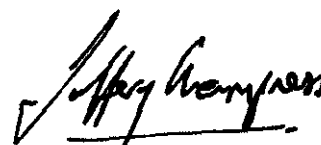
Basis of opinion

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 undertaking'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 30th September 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Saffery Champness
Chartered Accountants
Registered Auditors
London
25th January 2001

PROFIT AND LOSS ACCOUNT

For the year ended 30th September 2000

	Notes	2000 £	1999 £
Turnover	2	248,101	84,050
Administrative expenses		(377,936) (129,835)	(87,369) (3,319)
Other operating income		1,353	-
Operating loss	3	(128,482)	(3,319)
Waiver of loans owed to parent company	4	1,906,565	-
Interest receivable		275	-
Interest payable	5	(4,069)	-
Amounts written off investments		(921,145)	(800,063)
Loss on ordinary activities before taxation		853,144	(803,382)
Taxation on loss on ordinary activities	7	104,311	393
Retained profit / (loss) for the financial year		957,455	(802,989)
Retained loss brought forward		(861,520)	(58,531)
Retained profit / (loss) carried forward		95,935	(861,520)

There were no recognised gains and losses other than the profit for the financial year.

All income was derived from continuing operations.

A separate movement of shareholders' funds statement is not provided as there are no changes for the current or previous year other than the retained profit / (loss) in the profit and loss account.

The notes on pages 6 to 9 form part of these financial statements.

	Note	£	2000 £	£	1999 £
Fixed Assets					
Investments	8		419,253		110,000
Current Assets					
Debtors	9	112,008		44,385	
Cash at bank and in hand		150		34,012	
		<u>112,158</u>		<u>78,397</u>	
Creditors: Amounts falling due within one year	10	<u>(431,476)</u>		<u>(1,045,917)</u>	
Net Current Liabilities			<u>(319,318)</u>		<u>(967,520)</u>
Total Assets Less Current Liabilities			<u>99,935</u>		<u>(857,520)</u>
Capital and Reserves					
Called up Share Capital	11		4,000		4,000
Profit and Loss Account			<u>95,935</u>		<u>(861,520)</u>
Equity Shareholders' Funds			99,935		(857,520)

R.N. HAMBRO

T.B.M. HOLCROFT

Directors

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NOTES TO THE ACCOUNTS
1. Principal Accounting Policies

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

Basis of Accounting

The financial statements have been prepared under the Historical Cost Convention and in accordance both with Section 228 of, and Schedule 4 to, the Companies Act 1985 and applicable accounting standards.

The ultimate holding company has agreed to provide Rupert Hambro & Partners Limited with necessary working capital for at least one year from 30th September 2000 and accordingly the directors believe it remains appropriate for these financial statements to be prepared on a going concern basis.

Fixed Asset Investments

Fixed asset investments are stated at cost less provision for any permanent diminution in value.

Deferred Taxation

Deferred taxation is provided on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that the liability will crystallise in the foreseeable future.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Pensions

Provision is made for pension contributions payable at the appropriate level agreed with the insurers of the money purchase schemes.

2. Turnover

Turnover may be analysed as follows:

	<u>2000</u> <u>£</u>	<u>1999</u> <u>£</u>
Fees	<u>248,101</u>	<u>84,050</u>

3. Operating Loss

The remuneration of the auditors for the year ending 30th September 2000 will be borne by the ultimate parent undertaking, J O Hambro Limited.

4. Exceptional Income

	<u>2000</u> <u>£</u>	<u>1999</u> <u>£</u>
Waiver of loans owed to J O Hambro Limited	<u>1,906,545</u>	<u>-</u>

NOTES TO THE ACCOUNTS (continued)

5. Interest Payable

	<u>2000</u> £	<u>1999</u> £
Bank Interest	<u>4,069</u>	-

6. Staff Numbers and Costs and Information Regarding Directors

The average number of persons employed by the company (including Directors) during the year, analysed by category, was as follows:

	<u>2000</u>	<u>1999</u>
Executives	2	4
Administration	<u>2</u>	<u>2</u>
	<u>4</u>	<u>6</u>
	£	£
Wages and salaries	255,002	60,384
Social security costs	27,979	6,133
Other pension costs	12,013	1,517
	<u>294,994</u>	<u>68,034</u>
Directors emoluments	200,000	50,000
Highest paid director's emoluments	<u>100,000</u>	<u>25,000</u>

7. Taxation

	<u>2000</u> £	<u>1999</u> £
Corporation Tax		
Payment received for surrender of group relief	<u>104,311</u>	<u>393</u>

NOTES TO THE ACCOUNTS (continued)

8. Fixed Asset Investments

Participating Interests

	UK Listed £	Unlisted £	Total £
Cost:			
At 1 st October 1999	45,000	865,063	910,063
Additions	158,862	1,071,536	1,230,398
At 30 th September 2000	<u>203,862</u>	<u>1,936,599</u>	<u>2,140,461</u>
Provisions:			
At 1 st October 1999	-	800,063	800,063
Provided in year	-	921,145	921,145
At 30 th September 2000	<u>-</u>	<u>1,721,208</u>	<u>1,721,208</u>
Net Book Value:			
At 30 th September 2000	203,862	215,391	419,253
At 1 st October 1999	<u>45,000</u>	<u>65,000</u>	<u>110,000</u>

At 30th September 2000 the market value of UK listed investments (all of which are listed on the London Stock Exchange) was £193,661 (1999: £33,800). In the opinion of the Directors, the market value of unlisted investments is not less than the net book value.

9. Debtors

	2000 £	1999 £
Recoverable in less than one year:		
Trade debtors	56,661	-
Amount owed by ultimate parent undertaking	53,685	-
Prepayments and accrued income	1,576	-
Other debtors	86	44,385
	<u>112,008</u>	<u>44,385</u>

10. Creditors: amounts falling due within one year

	2000 £	1999 £
Bank overdraft	145,752	-
Amount owed to ultimate parent undertaking	-	396,544
Amount owed to parent undertaking	239,077	53,908
Other creditors	-	556,391
Accruals and deferred income	30,856	24,960
Other taxation	15,791	14,114
	<u>431,476</u>	<u>1,045,917</u>

NOTES TO THE ACCOUNTS (continued)

11. Share Capital

	<u>2000</u> <u>£</u>	<u>1999</u> <u>£</u>
Authorised:		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Share capital allotted, called up and fully paid:		
4,000 ordinary shares of £1 each	<u>4,000</u>	<u>4,000</u>

12. Ultimate Parent Undertaking

The ultimate Parent Undertaking is J O Hambro Limited, which is registered in England and Wales.

The immediate Parent Company is J O Hambro Investments Limited which is registered in England and Wales.

13. Transactions with Directors and Related Parties

- i) Mr R.N. Hambro is a director of five companies from which the Company receives fees amounting to £135,900 (1999: £26,250). An amount of £41,974 was outstanding at 30th September 2000.
- ii) Mr R.N. Hambro is a director of and holds a beneficial interest in Wiltons (St. James's) Limited from which the Company received fees of £40,000 (1999: £10,000) for accounting, secretarial and management services.

14. Past Balance Sheet Event

Pursuant to a reorganisation of certain companies in the J O Hambro Limited group of companies on 1st October 2000, the Company acquired the business and assets of J O Hambro Investments Limited.