

NEILSON COBBOLD LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST DECEMBER 1996

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NEILSON COBBOLD LIMITED

REPORT OF THE DIRECTORS

For the period ended 31st December 1996

The directors submit their report and financial statements for the period ended 31st December 1996.

Principal activities

The principal activity of the company during the period has continued to be stockbroking.

Review of the business and future development

Following a recommended offer on 13th August 1996, Rathbone Brothers plc acquired the Neilson Cobbold Group on 1st September 1996.

This accelerated the move by Neilson Cobbold to change the emphasis of its business from stockbroking to discretionary investment management.

Whilst this development has not significantly affected Neilson Cobbold's results for the 15 month period to 31st December 1996, the implementation of the change to ad valorem fee based investment management services should show beneficial results in 1997 and thenceforward.

Work has also started on the amalgamation of the Rathbone and Neilson Cobbold offices in Liverpool. The move is anticipated to take place in the early part of 1998 and therefore the advantages will not begin to affect the results until that year.

Whilst the level of business and the period end financial position were very pleasing, the directors consider that it is too early to forecast prospects for the current financial year.

Results for the year

The results of the company for the period are set out in detail on page 5. The profit for the fifteen month period, before dividends, was £1,242,529 (twelve months ending 30th September 1995 : £593,496). The retained loss of £258,107 has been set off against reserves (twelve months ending 30th September 1995 : retained profit £469,881).

Directors and their interests

No director holds any direct interest in the shares of the company.

M.H. Pearson (Chairman)
R. Anderson
N.D. Bankes
M.A. Blagden
J.L. Clegg
P.J. Coke
R.C. Corfield
H.M.C. Cunningham
P.V. Dickins
Mrs L.A.C. Dodd
J.H. Dussarte

W.F. Forsyth
J.R. Fox
Viscount Lifford
P.A.C. Moore
R. Newman
M.P. Purvis
A.J. Ravenscroft
P.J. Renison
M.J. Sawbridge
W.A. Walls

R.C. Corfield and J.H. Dussarte were appointed as directors on 31st October 1995.

M.A. Blagden resigned on 18th November 1996

NEILSON COBBOLD LIMITED

REPORT OF THE DIRECTORS

For the period ended 31st December 1996
(continued)

Directors and their interests (continued)

The directors' interests in the shares of Rathbone Brothers plc at 1st October 1995 and 31st December 1996 were as follows:

	At 1st October 1995 or later appointment Rathbone Brothers Plc Ordinary 5p shares		At 31st December 1996 Rathbone Brothers Plc Ordinary 5p shares	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
M.J. Pearson	-	-	74,518	136,217
R.A. Anderson	-	-	40,064	-
N.D. Banks	-	-	45,592	59,133
M.A. Blagden	-	-	-	-
J.L. Clegg	-	-	-	-
P.J. Coke	-	-	12,178	80,128
R.C. Corfield	-	-	-	-
H.M.C. Cunningham	-	-	50,000	77,805
P.V. Dickens	-	-	56,890	4,807
Mrs L.A.C. Dodd	-	-	-	-
J.H. Dussarte	-	-	53,000	20,000
W.F. Forsyth	-	-	11,410	-
J.R. Fox	-	-	-	-
Viscount Lifford	-	-	24,038	25,800
P.A.C. Moore	-	-	8,814	8,974
R. Newman	-	-	5,769	-
M.P. Purvis	-	-	-	-
A.J. Ravenscroft	-	-	124,599	50,080
P.J. Renison	-	-	149,519	-
M.J. Sawbridge	-	-	83,332	-
W.A. Walls	-	-	100,160	-

The market price of the shares in Rathbone Brothers Plc was 307.5p at 31st December 1996. The range in the year to 31st December 1996 was 302.5p to 335p.

Donations

During the period the company made charitable donations of £3,302 (30th September 1995 : £2,564). No political donations were made.

NEILSON COBBOLD LIMITED

REPORT OF THE DIRECTORS

**For the period ended 31st December 1996
(continued)**

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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:

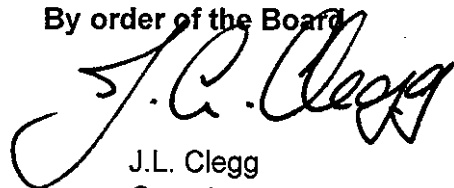
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to appoint the auditors Messrs Fraser Russell, will be proposed at the annual general meeting.

By order of the Board



J.L. Clegg
Secretary

27th March 1997

REPORT OF THE AUDITORS' TO THE SHAREHOLDERS OF NEILSON COBBOLD LIMITED

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 3, 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 these 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 affairs of the company at 31st December 1996 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Fraser Russell

Fraser Russell
Chartered Accountants
Registered Auditors

4 London Wall Buildings
Blomfield Street
London
EC2M 5NT

27th March 1997

NEILSON COBBOLD LIMITED

PROFIT AND LOSS ACCOUNT

For the period ended 31st December 1996

		31st December 1996 (15 months) £	30th September 1995 £
	Note		
Turnover		12,827,851	8,239,840
Staff costs		(6,411,669)	(3,406,489)
Depreciation		(61,939)	(44,507)
Other operating charges		(5,096,998)	(4,059,726)
		<hr/>	<hr/>
Operating profit		1,257,245	729,118
Dividend receivable		14,667	-
Interest receivable		385,021	300,947
Interest payable	4	(182,609)	(148,258)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	2	1,474,324	881,807
Taxation	7	(231,795)	(288,311)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		1,242,529	593,496
Dividends	8	(1,500,636)	(123,615)
		<hr/>	<hr/>
Retained (loss)/ profit for the period	19	£ (258,107)	£ 469,881
		<hr/>	<hr/>

Recognised gains and losses

There were no other recognised gains or losses in the current or preceding period.

Continuing operations

The results for the periods reflect continuing operations.

The notes on pages 7 to 16 form part of these financial statements.

NEILSON COBBOLD LIMITED
BALANCE SHEET

At 31st December 1996

		31st December 1996		30th September 1995 (as restated)	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		52,393		100,345
Investments	10		26,761		26,759
			<hr/>		<hr/>
			79,154		127,104
Current assets					
Investment - long position in securities	11	-		28,668	
Debtors	12	11,400,989		10,306,380	
Cash at bank and in hand	13	3,805,359		7,157,685	
		<hr/>		<hr/>	
		15,206,348		17,492,733	
Creditors: amounts falling due within one year	14	10,286,406		13,667,892	
		<hr/>		<hr/>	
Net current assets			4,919,942		3,824,841
			<hr/>		<hr/>
Total assets less current liabilities			4,999,096		3,951,945
Creditors: amounts falling due after more than one year	15	1,500,000		1,200,000	
		<hr/>		<hr/>	
			£3,499,096		£2,751,945
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	16		765,082		13,735
Share premium account	19		1,358,619		1,006,066
Profit and loss account	19		1,375,395		1,732,144
			<hr/>		<hr/>
Shareholders' funds	18		£3,499,096		£2,751,945
			<hr/>		<hr/>
— Attributable to equity shareholders			2,749,096		2,751,945
Attributable to non-equity shareholders			750,000		-
			<hr/>		<hr/>
			£3,499,096		£2,751,945
			<hr/>		<hr/>

Approved by the Board on 27th March 1997



M.H. Pearson - Director

The notes on pages 7 to 16 form part of these financial statements.

NEILSON COBBOLD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31st December 1996

1. Accounting policies

(a) Accounting convention

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

(b) Basis of accounting

These financial statements are prepared in accordance with the historical cost convention. No cash flow statement is presented as allowed by FRS1. A group statement is presented in the financial statements of the ultimate holding company.

The format of profit and loss account has been changed to conform with that used within the subsidiaries of the new ultimate holding company.

(c) Turnover

Turnover comprises gross commission and other fees charged to clients on an accruals basis, with the exception of commission and fees arising from the placing of shares which is recognised on a cash received basis.

(d) Computer costs

Expenditure relating to computer hardware and software is capitalised and depreciated in accordance with the stated accounting policy, with the exception of expenditure on software licences which is charged to the profit and loss account.

(e) Depreciation

Depreciation of fixed assets is calculated to write off their cost on a straight line basis over their estimated useful lives as follows:-

Motor vehicles	-	25% per annum
Fixtures, fittings, office machinery and equipment	-	25% per annum

(f) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date or, where applicable, the rates of exchanged fixed under the terms of relevant forward contracts. Profits and losses on exchange are included in the profit and loss account.

(g) Leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

(h) Pension costs

The charge against profits for the financial period is equal to the amount of contributions payable to pension schemes in respect of the accounting period.

NEILSON COBBOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31st December 1996

(continued)

1. Accounting policies (continued)

(i) Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material differences to the extent that it is probable that a liability or asset will crystallise.

(j) Clients' deposits

The company holds money on behalf of clients in accordance with the Client Money Rules of The Securities and Futures Authority Limited. Such monies and the corresponding liability to clients are not shown on the face of the balance sheet as the company is not beneficially entitled thereto. The amount held on behalf of clients at the financial year end is stated in note 25.

(k) Cash flow statement

The company, being a wholly owned subsidiary of a UK company, has taken advantage of the exemptions available to it and has not produced a cash flow statement.

(l) Consolidation

The financial statements provide information about the company as a single entity and not as a group.

Consolidated financial statements have not been prepared as the company is a wholly owned subsidiary of Rathbone Brothers plc, a company incorporated in Great Britain, which prepares group consolidated financial statements. This is permitted by Section 229 of the Companies Act 1985.

(m) Financial period and comparatives

The financial period end of the company covers the fifteen months ending 31st December 1996. The comparative figures covers the twelve month period from 1st October 1994 to 30th September 1995.

2. Profit on ordinary activities before taxation

is stated after charging:

	31st December 1996 (15 months) £	30th September 1995 £
Auditors; remuneration - for audit	26,214	14,786
- for non audit services	-	9,631
- for prior year audit under provision	14,728	-
Depreciation	61,939	44,507
Hire of motor vehicles - operating leases	18,934	14,684
Hire of other assets - operating leases	265,945	265,945
Exceptional payroll costs (Note 3)	741,942	-
	<hr/>	<hr/>

NEILSON COBBOLD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31st December 1996
(continued)

3. Employees	31st December 1996 (15 months) No.	31st September 1995 No.
The average number of staff, including directors, employed by the company during the period was	192	167
	<hr/>	<hr/>
The costs incurred in respect of these employees were:	£	£
Wages and salaries	5,749,820	3,035,908
Social security costs	559,834	293,017
Other pension costs	102,015	77,564
	<hr/>	<hr/>
	£6,411,669	£3,406,489
	<hr/>	<hr/>
Included in wages and salaries and social security costs is a charge of £741,942 in respect of renewal of contracts and option bonuses.		
4. Interest payable		
On loans and bank overdrafts repayable within five years	-	818
On subordinated loan repayable to group holding company wholly or partly in more than five years	182,609	147,440
	<hr/>	<hr/>
	£182,609	£148,258
	<hr/>	<hr/>
5. Directors		
	£	£
Emoluments of directors included in staff costs were as follows:		
Emoluments (including benefits in kind)	2,085,629	1,404,045
Compensation for loss of office	-	17,701
Pension contributions	48,921	37,366
	<hr/>	<hr/>
	£2,123,550	£1,459,112
	<hr/>	<hr/>
The emoluments, excluding pension contributions, include amounts paid to:		
Chairman	£106,434	£ 85,995
	<hr/>	<hr/>
Highest paid director	£136,126	£ 95,735
	<hr/>	<hr/>

NEILSON COBBOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31st December 1996

(continued)

5. Directors (continued)

The number of other directors who received emoluments (excluding pension contributions) in the following ranges was

	31st December 1996 (15 months) No	30th September 1995 No
£ 10,001 - £ 15,000	-	1
£ 30,001 - £ 35,000	-	1
£ 35,001 - £ 40,000	-	1
£ 45,001 - £ 50,000	-	1
£ 55,001 - £ 60,000	-	1
£ 60,001 - £ 65,000	-	1
£ 65,001 - £ 70,000	1	3
£ 70,001 - £ 75,000	1	5
£ 75,001 - £ 80,000	1	3
£ 80,001 - £ 85,000	4	-
£ 85,001 - £ 90,000	1	-
£ 90,001 - £ 95,000	2	2
£100,001 - £105,000	2	-
£105,001 - £110,000	2	-
£110,001 - £115,000	1	-
£120,001 - £125,000	4	-

6. Loans to director of subsidiary undertaking

G.W. Schofield, a director of Neilson Cobbold Financial Services, a fellow subsidiary company, received a £20,000 payment when he joined the company in 1992. The balance outstanding at 28th February 1995 was transferred to Neilson Cobbold Limited. The sum is reduced by commissions accruing to him and no interest is charged on the balance outstanding. At 31st December 1996 the balance outstanding was £6,337.

7. Taxation

Taxation is based on the profit for the year and comprises:

	31st December (15 months) 1996 £	30th September 1995 £
UK Corporation tax at 33% (1995 : 33%)		
Current	537,613	325,635
Under/(over) provision in respect of prior period	19,708	(6,179)
ACT surrendered free of charge from Neilson Cobbold Holdings plc	(325,526)	(31,145)
	<u>£231,795</u>	<u>£288,311</u>

NEILSON COBBOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31st December 1996

(continued)

8. Dividends	31st December 1996 (15 months) £	30th September 1995 £
Interim dividend of 2.25p per £1 ordinary share (30th September 1995 : £Nil)	59,196	-
Special dividend of £95.57 (30th September 1995 : £Nil)	1,441,440	-
Final proposed dividend of £Nil per £1 ordinary share (30th September 1995 : £9 per £1 ordinary share)	-	123,615
	<hr/>	<hr/>
	£ 1,500,636	£ 123,615
	<hr/>	<hr/>
9. Tangible fixed assets		
	Motor vehicles, fixtures, fittings, office machinery and equipment	
Cost	£	
At 1st October 1995	329,673	
Additions	13,987	
Disposals	(6,250)	
	<hr/>	
At 31st December 1996	£337,410	
	<hr/>	
Depreciation		
At 1st October 1995	229,328	
Charge for the period	61,939	
Disposals	(6,250)	
	<hr/>	
At 31st December 1996	£285,017	
	<hr/>	
Net book value		
At 31st December 1996	£ 52,393	
	<hr/>	
At 1st October 1995	£100,345	
	<hr/>	

NEILSON COBBOLD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31st December 1996
(continued)

10. Fixed asset investments

Cost	Shares In Subsidiary Undertakings (as restated) £
At 1st October 1995	26,759
Addition	2
	<hr/>
At 31st December 1996 (as restated)	£ 26,761
	<hr/>

The company has the following subsidiary companies all of which are non-trading and are wholly owned, incorporated and registered in England:

Neilson Milnes Financial Management Limited
Whittlesfield Nominees Limited
Permit Nominees Limited
Futureangle Limited
Cobbold Nominees Limited
Cobbold PEP Nominees Limited
Copthall Nominees Limited
PEP Direct Nominees Limited
Neilson Cobbold Client Nominees Limited

11. Current asset investment

	31st December 1996 £	30th September 1995 £
Long position in securities	£ Nil	£ 28,668
	<hr/>	<hr/>

The above securities were all listed on a recognised investment exchange and had a market value of £ Nil (1995 : £24,894).

12. Debtors: amounts falling due within one year

	31st December 1996 £	30th September 1995 £
Trade debtors	9,186,388	9,149,923
Amounts due from parent and fellow subsidiaries	1,304,567	478,970
Other debtors	471,034	43,611
Prepayments and accrued income	439,000	633,876
	<hr/>	<hr/>
	£11,400,989	£10,306,380
	<hr/>	<hr/>

Included in other debtors is a season ticket loan to J.L. Clegg who is a director of the company. The balance outstanding at 1st October 1995 was £348 and at 31st December 1996 was £259. The maximum outstanding during the period was £475.

NEILSON COBBOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31st December 1996

(continued)

13. Cash at bank and in hand

Cash at bank includes £2,139,818 (30th September 1995 : £ 4,090,477) received in the course of settlement of clients' bargains. The amount is held by the company in trust on behalf of clients but may be utilised to complete settlement of outstanding bargains.

14. Creditors: amounts falling due within one year	31st December 1996 £	30th September 1995 £
Bank loans and overdrafts	1,862,236	2,088,277
Trade creditors	6,848,443	9,589,501
Other creditors and accruals	1,066,500	1,365,588
Amounts due to subsidiary undertakings	26,761	26,748
Corporation tax	212,705	282,282
Other taxation and social security	269,761	119,351
Subordinated loan stock (Note 15)	-	100,000
Dividends payable	-	96,145
	<hr/>	<hr/>
	£10,286,406	£13,667,892
	<hr/>	<hr/>
15. Creditors: amounts falling due after more than one year		
Subordinated loan stock	£1,500,000	£1,200,000
	<hr/>	<hr/>

On 31st December 1995, the company revised the subordinated loan stock created on 10th August 1993 to the amount of £1,500,000 at a fixed on the first £1,000,000 of 3% per annum plus the rate at which sterling is offered to the Bank of England on the London Inter Bank Market and a variable interest rate of 3% above the Base Rate of Bank of Scotland for the balance until 9th August 1998. Thereafter, the interest rate per annum will be 3% above the Base Rate of the Bank of Scotland on the whole amount. The loan was guaranteed by Neilson Cobbold Holdings plc.

Interest is payable quarterly in arrears until the repayment on 10th August 2008.

The subordinated loan is repayable as follows:

	31st December 1996 £	30th September 1995 £
In one year or less	-	100,000
Between one and two years	-	100,000
Between two and five years	-	1,100,000
More than five years	1,500,000	-
	<hr/>	<hr/>
	£1,500,000	£1,300,000
	<hr/>	<hr/>

NEILSON COBBOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31st December 1996

(continued)

16. Share capital	Authorised		Allotted and Fully Paid	
	31st December 1996	30th September 1995	31st December 1996	30th September 1995
	£	£	£	£
Ordinary shares of £1 each	50,000	20,000	15,082	13,735
Issue of redeemable deferred shares	2,950,000	-	750,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
	£3,000,000	£20,000	£765,082	£13,735
	<hr/>	<hr/>	<hr/>	<hr/>

The redeemable deferred shares do not share in profits or assets, do not rank for dividends and carry no voting rights, but have a right to redemption.

17. Acquisitions

On 20th October 1995, 1,110 ordinary shares of £1 each were issued in part consideration for the acquisition on 1st June 1995 of the Corfield Dussartre partnership. The shares issued in Neilson Cobbold Limited were immediately exchanged for 210,800 ordinary shares of 25p each in Neilson Cobbold Holdings plc.

On 7th June 1996, 237 ordinary shares of £1 each were issued fully paid in consideration for the acquisition of the stock business and assets of G. Johnson. The share issued by Neilson Cobbold Ltd were immediately exchanged for 45,200 ordinary shares of 25p each in Neilson Cobbold Holdings Plc.

On 20th September 1996, the authorised share capital of the company was increased from 20,000 ordinary shares of £1 each to 3,000,000 shares comprising 50,000 ordinary shares of £1 each and 2,950,000 redeemable deferred shares of £1 each.

On 20th September 1996, 750,000 redeemable deferred shares of £1 each were issued and fully paid in cash.

18. Reconciliation of movements in shareholders' funds	31st December 1996	30th September 1995
	(15 months)	
	£	£
Opening shareholders' funds	2,751,945	2,545,564
Profit for the period	1,242,529	593,496
Dividends	(1,500,636)	(123,615)
Goodwill written off	(98,642)	(263,500)
Issue of shares	1,103,900	-
	<hr/>	<hr/>
Closing shareholders' funds	£3,499,096	£2,751,945
	<hr/>	<hr/>

NEILSON COBBOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31st December 1996

(continued)

19. Reserves	Share premium account £	Profit and loss account £	Total £
As at 1st October 1995	1,006,066	1,995,644	3,001,710
Prior year adjustment (note 24)	-	(263,500)	(263,500)
	<hr/>	<hr/>	<hr/>
As restated	1,006,066	1,732,144	2,738,210
Goodwill written off	-	(98,642)	(98,642)
Loss for the period	-	(258,107)	(258,107)
Premium on share issue	352,553	-	352,553
	<hr/>	<hr/>	<hr/>
At 31st December 1996	£ 1,358,619	£ 1,375,395	£ 2,734,014
	<hr/>	<hr/>	<hr/>

20. Capital commitments	31st December 1996 £	30th September 1995 £
Capital expenditure that has been authorised by the directors and contracted for but has not yet been provided	£ Nil	£ 5,995
	<hr/>	<hr/>

21. Contingent liabilities

In the ordinary course of business, the company has given letters of indemnity in respect of lost certified stock transfers and share certificates. The contingent liability arising therefrom cannot be quantified, but it is not believed that any material liability will arise under these indemnities.

22. Financial commitments

Operating leases

	Land and buildings		Other assets	
	31st December 1996 £	30th September 1995 £	31st December 1996 £	30th September 1995 £
Payments the group is committed to pay during the next year, relating to commitments which expire:				
Within one year	35,500	-	9,522	10,919
In two to five years	100,350	121,228	394,995	407,575
In more than five years	141,860	141,860	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	£277,710	£263,088	404,517	£418,494
	<hr/>	<hr/>	<hr/>	<hr/>

NEILSON COBBOLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

**For the period ended 31st December 1996
(continued)**

23. Pension costs

The company operates three defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the funds and amounted to £159,300 (1995 : £77,926).

Contributions totalling £4,001 (1995 : £16,077) were payable to the funds at the year end and are included in creditors.

24. Prior year adjustment

The prior year adjustment represents goodwill on the acquisition of the Corfield Dussartre partnership in June 1995.

In addition the company has changed its accounting policy in respect of client free money which was formerly held on the balance sheet. The current policy is to exclude all client money and to exclude the corresponding amounts due to clients. The 1995 bank and cash and trade creditor balances have been adjusted by £24,076,765 to remove holdings of client free money.

25. Clients' deposits

At 31st December 1996 amounts held by the company on behalf of clients in accordance with the Client Money Rules of the Securities and Futures Authority Limited amounted to £45,064,224 (30th September 1995 : £24,076,765). The company has no beneficial interest in these deposits and accordingly they are not included in the balance sheet.

26. Controlling parties

The company is a subsidiary of Neilson Cobbold Holdings plc, which is registered in England.

The ultimate parent undertaking of the company is Rathbone Brothers Plc, a company registered in England.

Copies of the ultimate parent undertaking financial statements may be obtained from the Company Secretary, Rathbone Brothers Plc, University House, Lower Grosvenor Place, London, SW1W 0EX.

27. Related party transactions

Advantage has been taken of the exemption provided by paragraph 3(c) of Financial Reporting Standard 8 from reporting transactions with group companies, 90 per cent or more of whose voting rights are controlled within the group.

Neilson Cobbold Limited
(Registered Number: 2048889)

Report and Financial Statements
For the period ended 31st December 1996

Fraser Russell
Chartered Accountants