2174139

RIT CAPITAL PARTNERS SECURITIES LIMITED

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 MARCH 2012

RIT CAPITAL PARTNERS SECURITIES LIMITED

REPORT OF THE DIRECTORS

The Directors present their Annual Report and the audited accounts of RIT Capital Partners Securities Limited (the "Company") for the year ended 31 March 2012.

Business Review

The Company is engaged in investment dealing The profit after tax for the year was £14 4 million, (31 March 2011 - Loss £0 2m) In the prior year, gains on forward currency contracts were offset by losses on financial futures leaving the Company in a net loss making position. In the current year the profit was due to gains on financial futures and forward currency contracts

The principal risks and uncertainties facing the business are those arising from future directional movements in forward exchange rates and stock markets generally From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately These risks and uncertainties, which include those of the Company, are as disclosed in note 28 of the Annual Report and accounts of the parent Company RIT Capital Partners plc for the year ended 31 March 2012 Further information on the principal risks and uncertainties facing the Company are disclosed in note 9 of these accounts

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using Key Performance Indicators is not necessary for an understanding of the development, performance or position of the business

Financial Results and Dividends

The income statement of the Company is set out on page 6 The Directors do not recommend the payment of a dividend (31 March 2011 - £Nil)

Future Developments

The Directors expect the current business volumes and composition to decline considerably due to recent changes in legislation removing certain restrictions on the permitted activities of Investment Trusts The Directors anticipate that a proportion of the activities carried out in the year (and in prior years) will continue within the parent Company.

In line with the ultimate parent Company, the Company intends to move to a 31 December year-end This means the next report and accounts will be for the nine month period ending 31 December 2012

Directors

The Directors of the Company who were in office during the period and up to the date of signing the financial statements were:

D W A Budge (Date resigned 24 November 2011)
D J Haysey
Lord Kestenbaum (Date appointed 4 January 2012)
A W Jones
K E Thorpe
C J Wise

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006 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.

Political Contributions and Charitable Donations

During the years ended 31 March 2011 and 31 March 2012, the Company made no charitable donations or political contributions

RIT CAPITAL PARTNERS SECURITIES LIMITED

REPORT OF THE DIRECTORS (continued)

Disclosure of Information to Auditors

In accordance with Section 418, so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all the steps necessary that he/she ought to have taken in their duty as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of the information

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under Section 487(2) of the Companies Act 2006

On Behalf of the Board

A W Jones
Director
5 September 2012

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
RIT CAPITAL PARTNERS SECURITIES LIMITED

We have audited the financial statements of RIT Capital Partners Securities Limited for the year ended 31 March 2012 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Respective Responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on Financial Statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its profit and cash flows for the year then ended,

- have been properly prepared in accordance with IFRSs as adopted by the European Union, and

- have been prepared in accordance with the requirements of the Companies Act 2006

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
RIT CAPITAL PARTNERS SECURITIES LIMITED (continued)

Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on Which we are Required to Report by Exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion·

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Kelvin Laing-Williams (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
6 September 2012

RIT CAPITAL PARTNERS SECURITIES LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2012

	Note	Year ended 31-Mar-12 £ million	Year ended 31-Mar-11 £ million
Revenue			
Gains on derivative financial instruments held at fair value		13 7	0 1
Operating Profit		13 7	0.1
Administrative expenses	3	-	(0 2)
Profit/(loss) before income tax		13 7	(0 1)
Income Tax	4	0 7	(0 1)
Profit/(loss) for the year		14 4	(0 2)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2012

	Year ended 31-Mar-12 £ million	Year ended 31-Mar-11 £ million
Profit/(loss) for the year	14 4	(0 2)
Other comprehensive income	-	-
Total comprehensive income for the year	14 4	(0 2)

RIT CAPITAL PARTNERS SECURITIES LIMITED

BALANCE SHEET AT 31 MARCH 2012

	Note		As at 31-Mar-12 £ million		As at 31-Mar-11 £ million (restated)
Current assets:					
Derivative financial instruments	6	12 3		12 6	
Trade and other receivables	5	134 4		131 6	
Total assets			146 7		144 2
Liabilities:					
Current liabilities:					
Derivative financial instruments	6	(10 8)		(22 7)	
Trade and other payables	7	(3 7)		(3 7)	
Net current assets			(14 5)		(26 4)
Net assets			132 2		117 8
Equity					
Ordinary Shares	8		90 0		90 0
Retained earnings			42 2		27 8
Total Equity			132 2		117 8

The accounts were approved by the Board of Directors and authorised for issue on 5 September 2012
They were signed on the Board's behalf by

Director Andrew W Jones

Company number 2174139

The notes on pages 10 to 25 form part of these accounts

RIT CAPITAL PARTNERS SECURITIES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2012

Year ended 31 March 2012	**Share capital** **£ million**	**Retained earnings** **£ million**	**Total** **£ million**
Balance at 31 March 2011	90 0	27 8	117 8
Profit for the year	-	14 4	14 4
Balance carried forward	90 0	42 2	132 2

Year ended 31 March 2011	**Share capital** **£ million**	**Retained earnings** **£ million**	**Total** **£ million**
Balance at 31 March 2010	90 0	28 0	118 0
(Loss) for the year	-	(0 2)	(0 2)
Balance carried forward	90 0	27 8	117 8

The notes on pages 10 to 25 form part of these accounts

RIT CAPITAL PARTNERS SECURITIES LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2012

	31-Mar-12 £ million	31-Mar-11 £ million (restated)
Cash flows from operating activities:		
Profit/(loss) before tax	13 7	(0 1)
	13 7	(0 1)
(Increase) in receivables	(2 8)	(35 1)
(Decrease) in payables	-	(2 6)
(Increase)/decrease in derivative financial instruments	(11 6)	27 3
Interest paid	-	-
Taxation credit	0 7	-
Net cash outflow from operating activities	-	(10 5)
Net (decrease)/increase in cash and cash equivalents	-	(10 5)
Cash and cash equivalents at beginning of the year	-	10 5
Cash and cash equivalents at the end of the year	-	-

RIT CAPITAL PARTNERS SECURITIES LIMITED

NOTES TO THE ACCOUNTS

1) Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below These policies have been consistently applied to all years presented, unless otherwise stated

(i) Basis of Accounting

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, IFRIC Interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS The Company is domiciled in the United Kingdom

The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting period beginning on or after 1 April 2012 or later periods. The Company has decided not to early adopt them in the current year accounts

Endorsed:
IFRS 7 (Amendment) Financial Instruments: Disclosures on transfers of assets

Not yet endorsed:
IFRS 1 (Amendment) First-time adoption of IFRS
IFRS 7 (Amendment) Financial Instruments Disclosures
IFRS 9 Financial instruments classification and measurement
IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of interests in other entities
IFRS 13 Fair Value measurement
IAS 1 (Amendment) Financial statement presentation
IAS 12 (Amendment) Income taxes
IAS 19 (Amendment) Employee benefits
IAS 27 Separate Financial Statements (revised 2011)
IAS 28 Investments in Associates and Joint Ventures (revised 2011)
IAS 32 (Amendment) Financial instruments: presentation

(i) Basis of Accounting (continued)

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the financial statements in the period of initial application, except for IFRS 9, Financial Instruments. Classification and Measurement. This is the first part of a new standard on classification and measurement of financial instruments that will replace IAS 39 IFRS 9 has three measurements amortised cost, fair value through profit and loss, and fair value through other comprehensive income All equity instruments are still required to be measured at fair value, but fair value movements can be taken to profit or loss or other comprehensive income based on an irrevocable one off instrument by instrument designation A debt instrument is valued at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest, otherwise it is at fair value through profit or loss Accordingly, investments classified as available for sale in the consolidated balance sheet will have to be classified as financial assets at fair value through profit or loss or for equities only at fair value through other comprehensive income IFRS 9 has not yet been endorsed by the European Union. The Company does not believe that the impact of IFRS 10 will be significant, particularly as it intends to take advantage of the Investment Company exemption permitted by IFRS 10.

Other future developments include the International Accounting Standards Board (IASB) undertaking a comprehensive review of existing IFRS The IASB also plans to issue new standards on offsetting, fair value measurement, the presentation of other comprehensive income and revenue recognition The Group will consider the financial impact of these new standards as they are implemented

The financial statements have been prepared on a going concern basis and under the historical cost basis, except for the revaluation of certain financial instruments and investment properties The principal accounting policies adopted are set out below

(ii) Foreign Currencies

Transactions in currencies other than sterling are recorded at the rate of exchange prevailing on the dates of the transactions At each balance sheet date, monetary items and non-monetary assets and liabilities that are fair valued and are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date Gains and losses arising on retranslation are included in net profit or loss for the period in respect of those investments which are classified as fair value through profit or loss. All foreign exchange gains and losses are recognised in the income statement

Items included in the financial statements are measured using Great British Pounds, the currency of the primary economic environment in which the entity operates ('the functional currency') These accounts are presented in Great British Pounds, which is the Company's functional and presentational currency.

(iii) Income

Dividend income from investments is recognised when the shareholders' rights to receive payment has been established and this is normally the ex dividend date Provision is made for any dividends not expected to be received

Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of cash dividend foregone is recognised as income Any excess in the value of shares received over the amount of cash dividend foregone is recognised as a gain in the income statement

UK dividend income is recorded at the amount receivable without any attributable tax credit Overseas dividend income is shown gross of withholding tax

Interest income is accrued on a time basis, by reference to the principal outstanding at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount

(iv) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax The tax currently payable is based on taxable profit for the year Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not subject to tax or are not deductible for tax purposes The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date

The carrying amount of the deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

(v) Derivative Financial Instruments

Current asset investments including futures, options, and other derivative instruments, are stated in the balance sheet at fair value The movements in fair value of trading positions are included in the income statement Securities sold short are valued at their offer prices in accordance with IFRS

(vi) Investments

Investments are recognised and derecognised on the trade date where a purchase or sale is made under a contract whose terms require delivery within the timeframe established by the market concerned and are initially measured at fair value All of the Company's investments are defined by IFRS as investments designated at fair value through profit and loss but are also described in these financial statements as investments held at fair value

All investments are designated upon initial recognition as held at fair value and are measured at subsequent reporting dates at fair value Fair value is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted Investments in hedge funds and long equity funds are valued at the closing price, the bid price or the single price as appropriate, released by the relevant investment manager Changes in the fair value of all investments held at fair value are recognised in the income statement. On disposal, realised gains and losses are also recognised in the income statement Transaction costs, included bid-offer spreads, are included within gains on investments held at fair value Foreign exchange gains and losses arising on investments held at fair value are included within the changes in their fair values

(vii) Cash and Cash Equivalents

Cash at bank in the balance sheet comprises cash balances and deposits held at call and short notice with banks. Bank overdrafts that are repayable on demand and which form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purposes of the cash flow statement

viii) Bank Borrowings

Interest-bearing bank loans and overdrafts are recorded initially at the proceeds received, net of direct issue costs Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

ix) Trade and Other Payables

Other payables are not ınterest-bearıng and are stated at theır nomınal value

x) Trade and Other Receivables

Trade and other receıvables do not carry any ınterest and are short-term in nature and are accordıngly stated at theır nominal value as reduced by appropriate allowances for estimates irrecoverable amounts

xi) Derivative Financial Instruments

The Company's actıvıtıes expose ıt primarıly to the financıal risks of changes ın equıty market prices, foreign currency exchange rates and ınterest rates The Company uses derivative financial ınstruments for tradıng purposes. The Company has adopted trade date accountıng. Accordıngly, derivative financıal ınstruments are recognısed on the date the Company enters ınto the relevant contract and are derecognised on the date whıch it commıts to theır sale

Changes ın the faır value of derıvatıve financıal ınstruments are recognısed ın the ıncome statement as they arıse Derıvatıves embedded ın other financıal ınstruments or non-financıal host contracts are treated as separate derıvatıves when their economıc characterıstics and rısks are not closely related to those of the host contracts and the financıal instrument ıs not classıfied at faır value through profit or loss

2) Directors' and Auditors' Remuneration

Emoluments attrıbutable to Dırectors' servıces to RIT Capital Partners Securıties Limıted in theır role as Dırectors comprıse

Aggregate directors' emoluments	**Year ended 31-Mar-2012**	**Year ended 31-Mar-2011**
	£	**£**
Wages and salarıes	5,000	-
Socıal security costs	690	-
Defined contrıbutıon plans	850	-
	6,540	-

Retirement benefits accrued to 1 (2011:1) director under a defined benefit pensıon scheme and defined contrıbutıon payments were made on behalf of 5 directors (2011 5) 5 dırectors are entıtled to share based payment awards (2011 5)

Audit related assurance fees of £12,600 were borne by the parent Company (2011 £12,000)

3) Administrative Expenses

	Year ended 31-Mar-2012	**Year ended 31-Mar- 2011**
	£ million	**£ mıllion**
Investment management fees	-	0 2

4) Income tax

	Year ended 31-Mar-12 £ million	Year ended 31-Mar-11 £ million
Income tax (credıt)/charge	(0 7)	0 1

The tax charge for the year dıffers from the standard rate of corporatıon tax ın the UK of 26% (31 March 2011 28%) The dıfference ıs explaıned below

	Year ended 31-Mar-12 £ million	Year ended 31-Mar-11 £ million
Profit/(loss) before tax	13 7	(0 1)
Profit/(loss) before tax at the standard rate of 26% (31 March 2011 28%)	3 6	-
Losses not utılısed or surrendered for no consıderatıon	-	-
Utılısatıon of prıor losses	(3 6)	0 1
Prıor year adjustment	(0 7)	-
Tax credıt/charge	(0 7)	0 1

5) Trade and other receivables

	Year ended 31-Mar-12 £ million	Year ended 31-Mar-11 £ million (restated)
Taxatıon	-	1 5
Amounts due from fellow group undertakıngs	0 1	0 1
Amounts due from parent undertakıng	119 5	112 6
Broker Receıvables	1 5	-
Margın Accounts	13 3	17 4
	134 4	131 6

Margın Accounts have been classıfied as receıvables rather than cash and the prıor year comparatıves correspondıngly restated

6) Derivative Financial Instruments

	Year ended 31-Mar-12 £ million	Year ended 31-Mar-11 £ million
Derıvatıve financıal ınstruments	1 5	(10 1)

	1 5	(10 1)

RIT CAPITAL PARTNERS SECURITIES LIMITED

NOTES TO THE ACCOUNTS (contmued)

7) **Trade and other payables**	**Year ended 31-Mar-12 £ million**	**Year ended 31-Mar-11 £ million**
Amounts due to fellow group undertakings	3 7	3.7
	3 7	3.7

8) **Ordinary Shares**	**Year ended 31-Mar-12 £ million**	**Year ended 31-Mar-11 £ million**
Allotted and issued: 90,000,000 (2011 90,000,000) Ordmary Shares of £1 each	90 0	90 0

9) **Financial Instruments**

As an mvestment dealmg Company, financial mstruments make up the vast majority of the Company's financial position and generate its performance The Company holds investments in a variety of financial instruments in order to meet its objective to realise profits via its dealing activities Asset allocation is determined by the Directors The assets and liabilities include the following financial instruments:

- investments including equity and non-equity shares and fixed income securities. The investments are designated at fair value through profit or loss ("FVPL"),
- cash, liquid resources and short-term receivables and payables that arise directly from the Company's dealing activities, and
- derivative transactions

The nature and extent of the financial instruments outstanding at the balance sheet date and the risk management policies employed by the Company (which are integrated with those of the Group) are discussed below

(i) Categories of Financial assets and Financial liabilities

As at 31 March 2012

Financials assets	**Loans & receivables £ million**	**FVPL (held for trading) £ million**	**Non financial assets £ million**	**Total £ million**
Derivative financial instruments	-	12 3	-	12 3
Amounts due from fellow subsidiary undertakings	-	-	0 1	0 1
parent undertaking	-	-	119 5	119 5
Cash and cash equivalents	-	-	-	-
Other receivables	14 8	-	-	14 8
Total assets	14 8	12 3	119 6	146 7

As at 31 March 2011

Financials assets	**Loans & receivables £ million (restated)**	**FVPL (held for trading) £ million (restated)**	**Non financial assets £ million (restated)**	**Total £ million (restated)**
Derivative financial instruments	-	12 6	-	12 6
Amounts due from fellow subsidiary undertakings	-	-	0 1	0 1
parent undertaking	-	-	112 6	112 6
Cash and cash equivalents	-	-	-	-
Other receivables	17 4	-	1 5	18 9
Total assets	17 4	12 6	114 2	144 2

As at 31 March 2012

Financial liabilities	**Amortised cost £ million**	**FVPL (held for trading) £ million**	**Other liabilities £ million**	**Total £ million**
Bank overdraft	-	-	-	-
Derivative financial instruments	-	10 8	-	10 8
Amounts due from fellow subsidiary undertakings	-	-	3 7	3 7
Other payables	-	-	-	-
Total liabilities	-	10 8	3 7	14 5

As at 31 March 2011

Financial liabilities	**Amortised cost £ million**	**FVPL (held for trading) £ million**	**Other liabilities £ million**	**Total £ million**
Bank overdraft	-	-	-	-
Derivative financial instruments	-	22 7	-	22 7
Amounts due fellow subsidiary undertakings	-	-	3 7	3 7
Other payables	-	-	-	-
Total liabilities	-	22 7	3 7	26 4

The Company's policy for determining the fair value of investments is set out on page 13.

In relation to receivables, payables and short-term borrowings the carrying amount is a reasonable approximation of fair value. No financial assets or liabilities were reclassified during 2012 or 2011 by the Company

(ii) Financial Risk Management

The main risks arising from the Company's financial instruments are market risk, credit risk and liquidity risk The identification, mitigation and monitoring of these risks is undertaken by the Directors and is described in more detail below. The objectives, policies and processes for managing risks have not changed since the previous accounting period

a. Market Risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate as a result of changes in market prices This market risk comprises three types of risk:

- Price Risk (b below)

The risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk)

- Interest Rate Risk (c below)

The risk that fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates

- Currency Risk (d below)

The risk that fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates

Management of Market Risk

Management of market risk is fundamental to the Company's dealing objective and the dealing portfolio is continually monitored to ensure an appropriate balance of risk and reward. Exposure to any one entity is monitored by the Directors.

From time to time, the Company may seek to reduce or increase its exposure to stock market by taking positions in index futures and options relating to one or more stock markets These instruments are used to enable increased exposure when deemed appropriate.

b. Price Risk

Price risk (other than caused by interest rate or currency risk) may affect the value of the quoted investments held by the Company.

Management of Price Risk

The Directors continually monitor the Company's exposure to price risk and take appropriate action to mitigate the risk

Exposure to Price Risk

The Company's exposure to pricing risk based on its derivatives exposure and short securities is set out below

	31-Mar- 12 £ million	31-March-11 £ million
Derivatives subject to price risk	-	-
Exposure to price risk	-	-

Price Risk Sensitivity Analysis

The sensitivity of the Company's net assets and profit loss in regard to changes in market prices is illustrated below This is based on an assumed 10% increase in the fair value of the investments and assumes all other variables are held constant A 10% decrease is assumed to produce an equal and opposite effect

	31-Mar-12 Impact on P/L & Net Assets £ million	31-Mar-11 Impact on P/L & Net Assets £ million
Price risk sensitivity	-	-

c. Interest Rate Risk

The Company finances its operations mainly through its share capital and retained profits Changes in interest rates have a direct impact on the fair value or future cash flows of the Company's cash and cash equivalents and overdraft

Management of Interest Rate Risk

The Directors continually monitor the Company's exposure to interest rate fluctuations The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making decisions on investments

Exposure to Interest Rate Risk

The Company's exposure of financial assets and liabilities to floating interest rates (giving cash flow interest rate risk when rates are re-set) and fixed interest rates (giving fair value interest rate risk when rates are re-set) is shown below

	2012			2011		
	Floating £ million	Fixed £ million	Total £ million	Floating £ million	Fixed £ million	Total £ million
Derivative financial instruments	-	0 6	0 6	-	(0 5)	(0 5)
Other receivables	13 3	-	13 3	17 4	-	17 4
Exposure to interest rate risk	13 3	0 6	13 9	17 4	(0 5)	16 9

Exposures vary throughout the year as a consequence of changes in the composition of the net assets of the Company arising out of dealing and risk management processes.

Interest received on cash and cash equivalents is at prevailing market rates.

Interest Rate Risk Sensitivity Analysis

The approximate sensitivity of the Company's net assets and profit and loss in regard to changes in interest rates is illustrated below. This is based on an assumed 200 basis point annualised increase in prevailing interest rates at the balance sheet date applied to the floating rate assets and liabilities and the following assumptions

- the fair values of assets and liabilities is not affected by a change in interest rates
- all other variables are held constant

A 200 basis points decrease is assumed to produce an equal and opposite impact

	31 March 2012 Impact on P/L & Net Assets £ million	31 March 2011 Impact on P/L & Net Assets £ million
Interest rate sensitivity	0 3	0 3

d. Currency Risk

Consistent with its dealing objective, the Company invests in financial instruments and transactions denominated in currencies other than Sterling As such, the Company's profits and net assets could be significantly affected by currency movements.

Management of Currency Risk

The Company enters into forward currency as a means of limiting or increasing its exposure to particular currencies.

Exposure to Currency Risk

The currency exposure of the Company's net assets at the year end is set out below:

Currency Exposure

	31 March 2012 £ million	31 March 2011 £ million
Sterling	(93 5)	7 2
US Dollar	(170 8)	(159 1)
Japanese Yen	(19 2)	(20 7)
Euro	(155 9)	(136 7)
Swiss Franc	-	-
Singapore Dollar	242 1	184 6
Chinese Renminbi	-	125 0
Canadian Dollar	-	-
Other	329 5	117 5
Total	132 2	117 8

Currency Rısk Sensıtıvıty Analysıs

The sensıtıvıty of the Group's net assets and profit and loss ın regard to changes in key currencies ıs ıllustrated below This ıs based on an assumed 10% strengthenıng of Sterlıng relative to the foreıgn currencıes as at 31 March and assumes all other varıables are held constant A 10% weakening is assumed to produce an equal and opposıte effect

The sensıtivıty analysıs ıs based on the net foreıgn currency assets held at the balance sheet dates and takes account of forward exchange contracts that offset the effects of changes in currency exchange rates

Currency	31 March 2012 Impact on P/L and Net Assets £ million	31 March 2011 Impact on P/L and Net Assets £ million
Sterlıng	-	-
US Dollar	15 5	14 5
Japanese Yen	1 7	1 9
Euro	14 2	12 4
Swıss Franc	-	-
Sıngapore Dollar	(22 0)	(16 8)
Chınese Renmınbı	-	(11 4)
Canadıan Dollar	-	-
Other	(30 0)	(10 7)
Total	(20 6)	(10 1)

e. Credit Risk

Counterparty credıt rısk ıs the rısk that a counterparty to a financıal instrument held by the Company wıll faıl to dıscharge an oblıgatıon or commitment that ıt has entered into wıth the Company whıch could result in a loss to the Company

Management of Credıt Rısk

Thıs risk ıs managed as follows

- The vast majorıty of the Company transactıons are settled on a delıvery versus payment basıs
- Usıng a large number of brokers
- Liquid ınvestments (cash and cash equıvalents) are dıvided between a number of dıfferent financıal instıtutions

A credıt exposure could arise ın respect of derıvatıve contracts entered ınto by the Company if the counterparty was unable to fulfill its contractual oblıgatıons

Exposure to Credit Risk

The maximum exposure to credit risk at 31 March was

	31 March 2012	31 March 2011
	£ million	**£ million**
Derivative financial instruments	12 3	12 6
Amounts due from		
Parent undertaking	119 5	112 6
Fellow subsidiary undertakings	0 1	0 1
Other receivables	13 3	17 4
Maximum exposure to credit risk	145 2	142 7

The credit risk associated with these balances is not considered significant

f. Liquidity Risk

Liquidity Risk is the risk that the Company will have difficulty in meeting its obligations in respect of financial liabilities as they fall due

Management of Liquidity Risk

The Company manages it's liquid resources to ensure sufficient cash is available to meet all of its contractual commitments

Exposure to Liquidity Risk

Liquidity risk is not viewed as significant as a substantial proportion of the Company's net assets are in cash or are due from its parent Company In addition, the majority of the Company's liabilities are due to group companies.

(iii) Collateral

Collateral is posted by the Company in relation to derivative transactions. These are transacted under ISDA and may require collateral to be posted from time to time The Company does not hold collateral from other counterparties

Set out below is the amount of financial assets pledged as collateral

	31 March 2012	31 March 2011
	£ million	**£ million**
Cash collateral	13 3	17 4

(iv) Derivative Financial Instruments

The Company holds the following derivative instruments

- Futures and forward contracts relating to foreign currency and market indices
- Options relating to foreign currency, market indices and equities
- Swaps relating to interest rates (cash flow hedge)

As explained above, the Company uses derivatives to selectively increase exposure where desired The notional amount of certain types of financial instruments provides a basis for comparison with instruments recognized on the balance sheet but does not necessarily indicate the amount of future cash flows involved or the current fair value of the derivatives

The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates, indices, security prices or foreign exchange rates relative to their terms The aggregate contractual notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable and thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time

Details of the Company's derivatives unsettled at 31 March are

As at 31 March 2012	**Notional amount £ million**	**Assets (positive fair value) £ million**	**Liabilities (negative fair value) £ million**	**Total fair value £ million**
Forward currency contracts	1,487 5	8 7	(10 8)	(2 1)
Options	2 8	2 8	-	2 8
Government Bond	44 7	0 2	-	0 2
Absolute Return	31 3	0 6	-	0 6
Total		12 3	(10 8)	1 5

As at 31 March 2011	**Notional amount £ million**	**Assets (positive fair value) £ million**	**Liabilities (negative fair value) £ million**	**Total fair value £ million**
Forward currency contracts	979 5	12 3	(21 8)	(9 5)
Index futures	(251 4)	0 3	(0 9)	(0 6)
Total		12 6	(22 7)	(10 1)

RIT CAPITAL PARTNERS SECURITIES LIMITED

NOTES TO THE ACCOUNTS (continued)

(v) Securities Sold Short

No securities were sold short as at 31 March 2012 (31 March 2011 £ Nil) The losses which may be incurred on a short sale are theoretically unlimited, whereas losses from purchases cannot exceed the total amount invested

(vi) Capital Management

The Company's primary objective in relation to the management of capital is to ensure its ability to continue as a going concern

The Company's capital at 31 March comprises

	31 March 2012	31 March 2011
	£ million	£ million
Equity share capital	90 0	90 0
Retained earnings and other reserves	42 2	27 8
Total Capital	132 2	117 8

There have been no significant changes to the Company's capital management objectives, policies and processes in the year, nor has there been any change in what the Company considers to be its capital

10. Parent Undertaking

The Company's ultimate parent undertaking and controlling party is RIT Capital Partners plc ("RITCP"), a Company registered in England and Wales, which is the parent undertaking of the smallest and largest group to consolidate these financial statements.

Copies of the group accounts of RIT Capital Partners plc may be obtained from the Company Secretary, RIT Capital Partners plc, 27 St James's Place, London SW1A 1NR

11. Related Party Transactions

During the year RITCP paid tax and received investment proceeds on behalf of the Company

Amounts due to/from subsidiaries are shown in Note 5 and 7 respectively. Amounts due from RITCP are shown in Note 5 The amounts due to and from other group companies are payable/receivable on demand and are not secured These amounts bear no interest and hence fair value is deemed to equal book cost.