

**RIT CAPITAL PARTNERS SECURITIES LIMITED**

**(English Register Number 2174139)**

**REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 1997**



**RIT CAPITAL PARTNERS SECURITIES LIMITED**

**REPORT OF THE DIRECTORS**

The Directors submit their report and the audited accounts of the Company for the year ended 31 March 1997.

**Activities and Review of Business**

The Company is engaged in investment dealing.

**Financial Results and Dividends**

The profit and loss account of the Company is set out on page 4. The Directors do not recommend the payment of a dividend (1996 - £Nil).

**Share Capital**

On 26 July 1996 the authorised share capital of the Company was increased to 1 million Ordinary Shares of £1 each and the issued share capital of the Company was increased to 200,000 Ordinary Shares of £1 each.

**Directors**

The Directors during the year were:

D W A Budge  
D F Connon  
S R Sanders - Resigned 9 May 1997  
D N Wood

**Directors' Interests**

The Directors have no interest in shares or debentures of the Company. Beneficial interests in shares and debentures of RIT Capital Partners plc, the Company's ultimate parent undertaking, are as follows:

	<u>31 March 1997</u>	<u>1 April 1996</u>
D W A Budge		
Ordinary Shares of £1 each	50,139	50,139
2.5% Convertible		
Unsecured Loan Stock 2000	Nil	Nil
D N Wood		
Ordinary Shares of £1 each	8,477	1,382
2.5% Convertible		
Unsecured Loan Stock 2000	Nil	Nil

**RIT CAPITAL PARTNERS SECURITIES LIMITED**

**REPORT OF THE DIRECTORS (Continued)**

**Statement of 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; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which 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**

Price Waterhouse have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



J Rothschild Capital Management Limited

Secretary

**- 8 DEC 1997**

**REPORT OF THE AUDITORS**

**TO THE MEMBERS OF**

**RIT CAPITAL PARTNERS SECURITIES LIMITED**

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention, and the accounting policies set out on page 6.

**Respective Responsibilities of Directors and Auditors**

As described on page 2 the Company's Directors are responsible for the preparation of the 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 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 the affairs of the Company as at 31 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

Price Waterhouse  
Chartered Accountants  
and Registered Auditors  
Southwark Towers  
32 London Bridge Street  
London  
SE1 9SY

*8 December 1997*

**RIT CAPITAL PARTNERS SECURITIES LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 MARCH 1997**

	<u>Notes</u>	<u>Year Ended</u> <u>31 March 1997</u> £	<u>Year Ended</u> <u>31 March 1996</u> £
Gross dealing profit/(loss)		3,728,359	(317,478)
Investment income	2	190,090	61,771
Other income		<u>129,574</u>	<u>-</u>
		4,048,023	(255,707)
Interest payable	3	(173,875)	(354,570)
Administrative expenses	5	<u>(1,080)</u>	<u>(330)</u>
<b>Profit/(loss) on ordinary activities before taxation - continuing operations</b>		3,873,068	(610,607)
Tax charge on profit/(loss) on ordinary activities	6	<u>(1,210,833)</u>	<u>(473)</u>
<b>Profit/(loss) on ordinary activities after taxation</b>		2,662,235	(611,080)
Retained (loss)/profit brought forward		<u>(22,159)</u>	<u>588,921</u>
<b>Retained profit/(loss) carried forward</b>		<u><u>2,640,076</u></u>	<u><u>(22,159)</u></u>

The Company has no recognised gains or losses other than the profit for the year.

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

**RIT CAPITAL PARTNERS SECURITIES LIMITED**

**BALANCE SHEET AT 31 MARCH 1997**

	<u>Notes</u>	<u>31 March 1997</u>		<u>31 March 1996</u>	
		£	£	£	£
<b>Current Assets:</b>					
Debtors	7	6,199,291		3,436,158	
Dealing investments	8	<u>2,907,404</u>		<u>-</u>	
		9,106,695		3,436,158	
<b>Creditors: Amounts falling due within one year</b>	9	<u>(6,266,619)</u>		<u>(3,458,315)</u>	
<b>Net Current Assets/(Liabilities)</b>			<u>2,840,076</u>		<u>(22,157)</u>
<b>Net Assets/(Liabilities)</b>			<u><u>2,840,076</u></u>		<u><u>(22,157)</u></u>
<b>Capital and Reserves:</b>					
Called up share capital	10	200,000		2	
Profit and loss account		<u>2,640,076</u>		<u>(22,159)</u>	
<b>Equity Shareholders' Funds</b>	11	<u><u>2,840,076</u></u>		<u><u>(22,157)</u></u>	

The accounts were approved by the Board of Directors on **- 8 DEC 1997**  
and are signed on the Board's behalf by:

*David J. Comer*

Director

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

**RIT CAPITAL PARTNERS SECURITIES LIMITED**

**NOTES TO THE ACCOUNTS**

**1) Accounting Policies**

**(i) Accounting Convention**

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

**(ii) Dealing Investments**

Dealing investments are stated in the balance sheet at the lower of cost and market value. Profits and losses on the realisation and revaluation of dealing investments are dealt with in arriving at profit before taxation.

**(iii) Foreign Currencies**

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Gains and losses on translation are dealt with in the profit and loss account.

**2) Investment Income**

	<b>Year Ended 31 March 1997</b>	<b>Year Ended 31 March 1996</b>
	<b>£</b>	<b>£</b>
Interest on UK Treasury stock	184,833	-
Interest receivable from group undertakings	-	61,771
Interest receivable - other	<u>5,257</u>	<u>-</u>
	<u>190,090</u>	<u>61,771</u>

**3) Interest Payable**

	<b>Year Ended 31 March 1997</b>	<b>Year Ended 31 March 1996</b>
	<b>£</b>	<b>£</b>
Interest payable to group undertakings	162,093	315,297
Interest payable - other	<u>11,782</u>	<u>39,273</u>
	<u>173,875</u>	<u>354,570</u>

**RIT CAPITAL PARTNERS SECURITIES LIMITED**

**NOTES TO THE ACCOUNTS**

**4) Directors' and Auditors' Remuneration**

Other than the Directors, the Company has no employees. None of the Directors received any emoluments in respect of their services to the Company during the year (1996 - £Nil).

Auditors' remuneration is borne by the Company's ultimate parent undertaking.

**5) Administrative Expenses**

	<b><u>Year Ended</u></b> <b><u>31 March 1997</u></b>	<b><u>Year Ended</u></b> <b><u>31 March 1996</u></b>
	<b>£</b>	<b>£</b>
Other expenses	<u>1,080</u>	<u>330</u>

**6) Tax Charge on Profit on Ordinary Activities**

	<b><u>Year Ended</u></b> <b><u>31 March 1997</u></b>	<b><u>Year Ended</u></b> <b><u>31 March 1996</u></b>
	<b>£</b>	<b>£</b>
Corporation tax at 33% (1996 - 33%)	1,210,833	-
Foreign tax	<u>-</u>	<u>473</u>
	<u>1,210,833</u>	<u>473</u>

**7) Debtors**

	<b><u>31 March 1997</u></b>	<b><u>31 March 1996</u></b>
	<b>£</b>	<b>£</b>
Amounts due from holding company	4,414,569	2,920,583
Amount due from fellow subsidiary undertakings	-	450,548
Amounts due from brokers	1,784,602	30,855
Taxation	120	-
Interest receivable	-	33,148
Other debtors	<u>-</u>	<u>1,024</u>
	<u>6,199,291</u>	<u>3,436,158</u>



**RIT CAPITAL PARTNERS SECURITIES LIMITED**

**NOTES TO THE ACCOUNTS (Continued)**

**8) Dealing Investments**

	<b><u>31 March 1997</u></b>	<b><u>31 March 1996</u></b>
	£	£
Listed in Australia	169,147	-
Listed in Germany	855,019	-
UK Treasury bill	<u>1,883,238</u>	<u>-</u>
	<u>2,907,404</u>	<u>-</u>
Market Value	<u>3,001,421</u>	<u>-</u>

**9) Creditors: Amounts Falling Due Within One Year**

	<b><u>31 March 1997</u></b>	<b><u>31 March 1996</u></b>
	£	£
Amount due to fellow subsidiary undertakings	3,008,491	3,060,130
Bank overdraft	2,047,980	398,185
Taxation	<u>1,210,148</u>	<u>-</u>
	<u>6,266,619</u>	<u>3,458,315</u>

**10) Share Capital**

	<b><u>31 March 1997</u></b>	<b><u>31 March 1996</u></b>
	£	£
Authorised:		
Ordinary Shares of £1 each	<u>1,000,000</u>	<u>1,000</u>
Allotted, issued and fully paid:		
Ordinary Shares of £1 each	<u>200,000</u>	<u>2</u>

On 26 July 1996 the authorised share capital of the Company was increased to 1,000,000 Ordinary Shares of £1 each and the issued share capital was increased to 200,000 Ordinary Shares of £1 each by the issue of 199,998 Ordinary Shares of £1 each at par to Atlantic and General Investment Trust Limited.

**RIT CAPITAL PARTNERS SECURITIES LIMITED**

**NOTES TO THE ACCOUNTS (Continued)**

**11) Reconciliation of Movements in Shareholders' Funds**

	<b><u>Year Ended</u></b> <b><u>31 March 1997</u></b> <b>£</b>	<b><u>Year Ended</u></b> <b><u>31 March 1996</u></b> <b>£</b>
Opening shareholders' funds	<u>(22,157)</u>	<u>588,923</u>
Profit/(loss) attributable to shareholders for the year	2,662,235	(611,080)
Increase in share capital	199,998	-
Net addition to shareholders' funds	<u>2,862,233</u>	<u>(611,080)</u>
Closing shareholders' funds	<u>2,840,076</u>	<u>(22,157)</u>

**12) Ultimate Parent Undertaking**

The parent undertaking of the smallest and largest group to consolidate the accounts of the Company is RIT Capital Partners plc, a company registered in England and Wales, and which is also the ultimate parent undertaking.

Transactions with other companies within the RITCP group are not disclosed as the Company has taken advantage of the exemption available under Financial Reporting Standard 8 "Related party disclosures", as the consolidated accounts of RIT Capital Partners plc, in which the Company is included, are available at the address noted below.

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.