

**RIT CAPITAL PARTNERS SECURITIES LIMITED**

**(English Register Number 2174139)**

**REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2001**



**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 2001.

**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 (2000 - £Nil).

**Directors**

The Directors during the year were:

D W A Budge  
D F Connon  
D N Wood

**Directors' Interests**

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

	<b><u>31 March 2001</u></b>	<b><u>1 April 2000</u></b>
D N Wood	23,185	19,721

The interests of D W A Budge are disclosed in the accounts of RIT Capital Partners plc.

**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**

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution that they will be reappointed will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



J Rothschild Capital Management Limited

Secretary

16 JUL 2001

**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**

The Directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and the explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

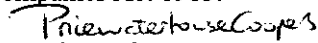
**Basis of Audit Opinion**

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 Company's affairs at 31 March 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
Southwark Towers  
32 London Bridge Street  
London, SE1 9SY

16 July 2001

**RIT CAPITAL PARTNERS SECURITIES LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 MARCH 2001**

	<u>Notes</u>	<u>Year Ended</u> <u>31 March 2001</u> £	<u>Year Ended</u> <u>31 March 2000</u> £
Dealing profit		10,103,877	2,055,492
Investment income	2	1,156,777	320,861
		<hr/>	<hr/>
		11,260,654	2,376,353
Interest payable	3	(77,953)	(25,135)
Administrative expenses	5	<u>(916,902)</u>	<u>(252,645)</u>
<b>Profit on ordinary activities before taxation - continuing operations</b>		10,265,799	2,098,573
Tax charge on profit on ordinary activities	6	<u>(3,077,343)</u>	<u>(7,735)</u>
<b>Profit on ordinary activities after taxation</b>		7,188,456	2,090,838
Retained profit brought forward		<u>3,209,320</u>	<u>1,118,482</u>
<b>Retained profit carried forward</b>		<u><u>10,397,776</u></u>	<u><u>3,209,320</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 2001**

	<u>Notes</u>	<u>31 March 2001</u>	<u>31 March 2000</u>
		£	£
<b>Current Assets:</b>			
Debtors	7	16,086,744	509,451
Dealing investments	8	167,124	17,729,454
Cash at bank		5,484,008	15,067,701
		<u>21,737,876</u>	<u>33,306,606</u>
<b>Creditors: Amounts falling due within one year</b>	9	<u>(11,140,100)</u>	<u>(29,897,286)</u>
<b>Net Current Assets</b>		<u>10,597,776</u>	<u>3,409,320</u>
<b>Net Assets</b>		<u>10,597,776</u>	<u>3,409,320</u>
<b>Capital and Reserves:</b>			
Called up share capital	10	200,000	200,000
Profit and loss account		<u>10,397,776</u>	<u>3,209,320</u>
<b>Equity Shareholders' Funds</b>	11	<u>10,597,776</u>	<u>3,409,320</u>

The accounts were approved by the Board of Directors on **16 JUL 2001**  
and are signed on the Board's behalf by:



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 market value. Profits and losses on the realisation and revaluation of dealing investments are dealt with in arriving at profit before taxation. The Companies Act 1985 requires that such assets be stated at the lower of cost or net realisable value and that, if revalued, certain movements in the fair value of trading positions be taken to the revaluation reserve. In so far as the adopted treatment of trading positions represents a departure from current statutory requirements, the Directors consider this necessary for the financial statements to show a true and fair view. The effects of this departure, which is consistent with the industry practice, are to decrease dealing profits in the profit and loss account by £0.8 million (31 March 2000 - increase of £0.9 million) and to increase net assets in the balance sheet by £0.1 million (31 March 2000 - £0.9 million).

#### **(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><u>Year Ended</u></b> <b><u>31 March 2001</u></b> £	<b><u>Year Ended</u></b> <b><u>31 March 2000</u></b> £
Dividends - listed investments	140,189	(147,967)
Interest receivable	<u>1,016,588</u>	<u>468,828</u>
	<u>1,156,777</u>	<u>320,861</u>

### **3) Interest Payable**

	<b><u>Year Ended</u></b> <b><u>31 March 2001</u></b> £	<b><u>Year Ended</u></b> <b><u>31 March 2000</u></b> £
Bank interest	<u>77,953</u>	<u>25,135</u>

**RIT CAPITAL PARTNERS SECURITIES LIMITED**

**NOTES TO THE ACCOUNTS (Continued)**

**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 (2000 - £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 2001</u></b> £	<b><u>Year Ended</u></b> <b><u>31 March 2000</u></b> £
Investment management fees	653,291	30,855
Other expenses	<u>263,611</u>	<u>221,790</u>
	<u><u>916,902</u></u>	<u><u>252,645</u></u>

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

	<b><u>Year Ended</u></b> <b><u>31 March 2001</u></b> £	<b><u>Year Ended</u></b> <b><u>31 March 2000</u></b> £
Corporation tax at 30% (2000 - 30%)	3,076,491	7,735
Double tax relief	(11,997)	(7,735)
Overseas tax	<u>12,849</u>	<u>7,735</u>
	<u><u>3,077,343</u></u>	<u><u>7,735</u></u>

The tax charge for the year ended 31 March 2000 was reduced as the result of tax losses brought forward from prior years

**7) Debtors**

	<b><u>31 March 2001</u></b> £	<b><u>31 March 2000</u></b> £
Amounts due from brokers	126,590	433,413
Sundry debtors	1,350	-
Prepayments and accrued income	306,830	76,038
Amounts due from ultimate parent undertaking	<u>15,651,974</u>	<u>-</u>
	<u><u>16,086,744</u></u>	<u><u>509,451</u></u>

**RIT CAPITAL PARTNERS SECURITIES LIMITED**

**NOTES TO THE ACCOUNTS (Continued)**

**8) Dealing Investments**

	<b><u>31 March 2001</u></b>	<b><u>31 March 2000</u></b>
	£	£
Listed in the USA	-	16,112,245
Unlisted	<u>167,124</u>	<u>1,617,209</u>
	<u><u>167,124</u></u>	<u><u>17,729,454</u></u>

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

	<b><u>31 March 2001</u></b>	<b><u>31 March 2000</u></b>
	£	£
Investments sold short	-	11,024,620
Amounts due to brokers	118,297	468,665
Amounts due to parent undertaking	2,927,388	2,927,388
Amounts due to ultimate parent undertaking	5,000,000	15,393,036
Amounts due to fellow subsidiary undertaking	21,000	21,000
Other creditors	8,820	15,213
Accruals	101	47,364
Corporation tax	<u>3,064,494</u>	<u>-</u>
	<u><u>11,140,100</u></u>	<u><u>29,897,286</u></u>

**10) Share Capital**

	<b><u>31 March 2001</u></b>	<b><u>31 March 2000</u></b>
	£	£
Authorised:		
Ordinary Shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, issued and fully paid:		
Ordinary Shares of £1 each	<u><u>200,000</u></u>	<u><u>200,000</u></u>

**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 2001</u></b> £	<b><u>Year Ended</u></b> <b><u>31 March 2000</u></b> £
Opening shareholders' funds	3,409,320	1,318,482
Profit attributable to shareholders for the year	<u>7,188,456</u>	<u>2,090,838</u>
Closing shareholders' funds	<u><u>10,597,776</u></u>	<u><u>3,409,320</u></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.