

Company Registration Number: 2924548

**BECKWITH ASSET MANAGEMENT LIMITED**

**Directors' Report and Accounts**  
for the year ended  
30 June 1997



# **BECKWITH ASSET MANAGEMENT LIMITED**

## **DIRECTORS' REPORT**

The directors have pleasure in submitting their report and the audited accounts for the year ended 30 June 1997.

### **Statement of Directors' Responsibilities**

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

- a) Select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) state whether applicable accounting standards have been followed;
- d) prepare 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.

### **Review of the Business and Future Developments**

The Company holds a 95% interest in River & Mercantile Investment Management Limited (RAMIM) which is the manager of a range of unit trust products.

The directors intend to continue the above activities for the foreseeable future.

In the opinion of the directors the financial position of the Company at the Balance Sheet date was satisfactory.

### **Results and Dividend**

The results for the year are detailed on page 4. The Company achieved a loss on ordinary activities before taxation of £(355) (1996 profit - £7,061).

The directors do not recommend the payment of a dividend for the year. The retained profit for the period is £812 (1996 - £4,731) which has been transferred to reserves, giving a retained profit carried forward of £3,662 (1996 -£2,850).

### **Share Capital**

There were no movements in Share Capital during the year.

## BECKWITH ASSET MANAGEMENT LIMITED

### DIRECTORS' REPORT (continued)

#### Directors and their interests

The directors holding office during the year were as follows:

	<i>Date of Appointment</i>	<i>Date of Resignation</i>
J L Beckwith	24 August 1994	
C I C Munro	24 August 1994	

SA Barker was appointed Company Secretary on 3 March 1997.

J L Beckwith does not have any interests in the share capital of the Company other than by virtue of his interests in its ultimate holding company, Pacific Investments Limited, which are disclosed in the accounts of that company. As at 30 June 1997 and 30 June 1996, C I C Munro held 9,000 "B" ordinary shares of 1p and one preference share of 1p.

#### Auditors

On 27 June 1997 Price Waterhouse resigned as auditors of the Company and Moore Stephens were appointed in their place. A resolution to re-appoint them will be passed at the next Annual General Meeting.

By Order of the Board



S A Barker

195 Knightsbridge  
London  
SW7 1RE

31 October 1997

## AUDITOR'S REPORT TO THE SHAREHOLDERS

OF

### BECKWITH ASSET MANAGEMENT LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

#### Respective responsibilities of directors and auditors

As described on page 1 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### Basis of Opinion

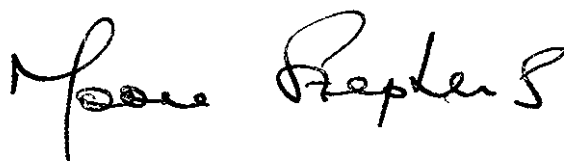
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 as at 30 June 1997 and of the profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Moore Stephens  
Chartered Accountants  
and Registered Auditor  
St. Paul's House  
Warwick Lane  
London  
EC4P 4BN



05 NOV 1997

## BECKWITH ASSET MANAGEMENT LIMITED

### Profit and Loss Account for the year ended 30 June 1997

	Note	1997 £	1996 £
Administrative expenses		(355)	(2,326)
Operating loss	2	<u>(355)</u>	<u>(2,326)</u>
Interest receivable		-	9,387
(Loss)/profit on ordinary activities before taxation		<u>(355)</u>	<u>7,061</u>
Taxation	3	1,167	(2,330)
Profit on ordinary activities after taxation	10	<u><u>812</u></u>	<u><u>4,731</u></u>

An analysis of reserves is given in Note 10.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the period stated above and the historical cost equivalents.

The operating loss derives wholly from continuing operations.

There are no recognised gains or losses other than the profit for the year shown above.

The notes on pages 7 to 10 form an integral part of these accounts.

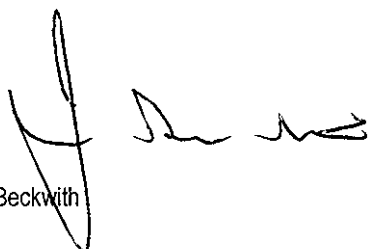
# BECKWITH ASSET MANAGEMENT LIMITED

## Balance Sheet

as at 30 June 1997

	Note	1997 £	1996 £
<b>FIXED ASSETS</b>			
Investments	4	4,414,058	4,414,058
<b>CURRENT ASSETS</b>			
Debtors	5	212	217
Cash		17,133	18,847
		<u>17,345</u>	<u>19,064</u>
<b>CREDITORS</b> amounts falling due within one year	6	(1,301)	(3,831)
<b>NET CURRENT ASSETS</b>		<u>16,044</u>	<u>15,233</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		4,430,101	4,429,291
<b>CREDITORS</b> amounts falling due after more than one year	7	(4,326,441)	(4,326,441)
<b>NET ASSETS</b>		<u>103,660</u>	<u>102,850</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	1,000	1,000
Share premium	9	99,000	99,000
Profit and loss account	10	3,662	2,850
Shareholders' funds including non-equity interests	11	<u>103,662</u>	<u>102,850</u>
Non-equity interest - 1 preference share of 1p		-	-
Equity interests		103,662	102,850
		<u>103,662</u>	<u>102,850</u>

The accounts were approved by the  
Board of Directors on 31 October 1997 and signed on its behalf by

  
J.L. Beckwith

The notes on pages 7 to 10 form an integral part of these accounts.

# BECKWITH ASSET MANAGEMENT LIMITED

## Cash Flow Statement

for the year ended 30 June 1997

	Note	1997 £	1996 £
<b>Net cash (outflow)/inflow from operating activities</b>	12.1	(433)	1,479
<b>Returns on investments and finance</b>			
Interest received		-	9,387
<b>Taxation</b>			
Taxation paid		(1,281)	-
<b>Acquisitions and Disposals</b>			
Purchase of shares in subsidiary/associate		-	(1)
<b>Net cash (outflow)/inflow before financing</b>		<u>(1,714)</u>	<u>10,865</u>
<b>Reconciliation of net cashflow to movement in net debt</b>			
Cash movement in net debt in the period		(1,714)	
Net debt at 1 July 1996		(4,307,594)	
Net debt at 30 June 1997		<u>(4,309,308)</u>	

The notes on pages 7 to 10 form an integral part of these accounts.

# BECKWITH ASSET MANAGEMENT LIMITED

## Notes to the Accounts

for the year ended 30 June 1997

### 1. Accounting Policies

Basis of accounting - The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Investments - Investments are stated at cost less provision for any permanent diminution in value.

Going concern - The accounts have been prepared under the going concern principle as the shareholders, River & Mercantile PLC and CIC Munro, have indicated their willingness to support the company to enable it to continue to meet its liabilities as they fall due.

Group Accounts - The Company is exempt from the requirement to prepare group accounts as it is a parent company included in the accounts of a larger group.

### 2. Operating Loss

The operating loss is stated after charging/(crediting):

	1997 £	1996 £
Auditor's remuneration		
Audit fee	700	500
Other non audit fees	(400)	300

None of the directors received any emoluments from the Company during the period. The Company did not have any employees during the period. The affairs of the Company have been managed by the ultimate holding company, Pacific Investments Limited for which no management fee has been charged.

### 3. Taxation

The taxation charge is analysed as follows:

	1997 £	1996 £
Corporation tax at 33%	-	2,330
Over-provision in prior year	(1,048)	-
Tax credit from group relief transferred	(119)	
	<u>(1,167)</u>	<u>2,330</u>

### 4. Investments

Investments comprise unlisted ordinary shares in the Company's subsidiary undertaking River & Mercantile Investment Management Limited (RAMIM) in which it has a 95% stake. RAMIM is the manager of a range of investment trusts and unit trust products.

As at 30 June 1997, RAMIM has a net asset value of some £1.6 million. The directors have considered the carrying value and believe that there has been no impairment in the value of the investment.

Dividends from investments are accounted for when received.

# BECKWITH ASSET MANAGEMENT LIMITED

## Notes to the Accounts

for the year ended 30 June 1997

(continued)

### 5. Debtors

	1997 £	1996 £
Amounts owed by parent undertaking	<u>212</u>	<u>217</u>

### 6. Creditors amounts falling due within one year

	1997 £	1996 £
Other creditors	1	1
Accruals and deferred income	1,300	1,500
Corporation tax	-	2,330
	<u>1,301</u>	<u>3,831</u>

### 7. Creditors amounts falling due after more than one year

	1997 £	1996 £
Amounts due to parent undertaking	3,937,062	1,937,062
Other unsecured loans	389,379	2,389,379
	<u>4,326,441</u>	<u>4,326,441</u>

On 26 August 1994 the Company entered into an instrument under which up to £5,000,000 of nominal loan notes were issuable at par. The loan notes are interest free and redeemable on demand by the noteholders and by the company on seven days notice. The latest date of redemption is 26 August 2000. Other unsecured loans represent the balance of notes issued under this facility. The notes have been issued to the shareholders and to a director of the company. At the year end £389,379 remained outstanding to CIC Munro.

### 8. Called up Share Capital

As at 30 June 1997 and 1996 the authorised and issued share capital of the Company comprised:

	Authorised Number	£	Issued Number	£
"A" ordinary 1p	91,000	910	91,000	910
"B" ordinary 1p	9,000	90	9,000	90
Preference 1p	1	-	1	-
	<u>100,001</u>	<u>1,000</u>	<u>100,001</u>	<u>1,000</u>

# BECKWITH ASSET MANAGEMENT LIMITED

## Notes to the Accounts

for the year ended 30 June 1997

(continued)

### 8. Called up Share Capital (continued)

The "A" ordinary shares and the "B" ordinary shares carry the right to participate in any distribution pro-rata to the number of shares held until a return of 20% has been achieved. Distributions above this level are allocated as to 16% to the holder of the preference share, 75% to the holders of the "A" ordinary shares and 9% to the holders of the "B" ordinary shares. Any distribution of assets is to be allocated on the same basis.

"A" shareholders have the right to appoint up to three directors and to remove any "A" or "B" directors.

"B" shareholders have the right to appoint 1 director and to remove the "B" director.

"A" directors are entitled to 3 votes collectively for any resolution.

The Preference share does not entitle its holder to receive notice of or to exercise any vote at any general meeting of the Company.

Further details of the rights attaching to the shares are set out in the Articles of Association of the Company.

### 9. Share Premium

£

Balance as at 30 June 1997 and 1996

99,000

### 10. Profit and Loss Account

The profit and loss account is analysed as follows:

£

Balance as at 1 July 1996

2,850

Retained profit for the period

812

Balance as at 30 June 1997

3,662

### 11. Reconciliation of Movement in Shareholders' Funds

1997  
£

1996  
£

Profit for the financial period

812

4,731

Net addition to shareholders' funds

812

4,731

Opening shareholders' funds

102,850

98,119

Shareholders' funds as at 30 June

103,662

102,850

# BECKWITH ASSET MANAGEMENT LIMITED

## Notes to the Accounts

for the year ended 30 June 1997

(continued)

### 12. Cash Flow Statement

#### 12.1 Reconciliation of operating loss to net cash inflow/(outflow) from operating activities

The reconciliation of operating loss to net cash (outflow)/inflow from operating activities is as follows:

	1997 £	1996 £
Operating loss	(355)	(2,326)
Decrease in debtors	122	3,104
(Decrease) / Increase in creditors	(200)	701
	<u>(433)</u>	<u>1,479</u>

#### 12.2 Analysis of net debt

	At 1 July 1996 £	Cashflow £	At 30 June 1997 £
Cash in hand, at bank	18,847	(1,714)	17,133
Debt due after 1 year	(4,326,441)	-	(4,326,441)
Total	<u>(4,307,594)</u>	<u>(1,714)</u>	<u>(4,309,308)</u>

### 13. Holding Company

The Company's holding company is River & Mercantile PLC, a company registered in England and Wales. The Company's ultimate holding company is Pacific Investments Limited, a company registered in England and Wales, which is the smallest and largest group of which the Company is a member and for which group accounts are prepared. The consolidated accounts of that company can be obtained from the Company Secretary at 195 Knightsbridge, London, SW7 1RE.

The directors consider the ultimate controlling party to be JL Beckwith, a director and majority shareholder of the ultimate parent company.

### 14. Related Party Transactions

In June 1997 £2,000,000 of a shareholder loan from JL Beckwith was transferred to River & Mercantile PLC. The repayment conditions remain as specified in Note 7.