

Company Registration Number: 2924548

BECKWITH ASSET MANAGEMENT LIMITED

**Financial Statements
for the year ended
30 June 2006**

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BECKWITH ASSET MANAGEMENT LIMITED

DIRECTORS' REPORT for the year ended 30 June 2006

The directors present their report and the audited financial statements of the company for the year ended 30 June 2006

Principal activities

The principal activity of the company is that of an investment holding company

Review of the business and future developments

The directors intend to continue the above activity for the foreseeable future

In the opinion of the directors both the level of business and the year end financial position were satisfactory

The profit and loss account for the year is set out on page 4

Principal risks and uncertainties

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. Accordingly, the principal risks and uncertainties of the Pacific Investments II group, which include those of the company, are discussed within the "Principal risks and uncertainties" paragraph in the directors' report in the consolidated financial statements of Pacific Investments II Limited, which do not form part of this report

Key performance indicators ("KPIs")

Given the straight forward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

Dividends

A dividend of £8,075,000 was declared and paid during the year (2005 £15,586,000)

Liquidity and interest rate risk

The company has access to funding from its parent company and to cash within subsidiary companies. This is sufficient for current and planned future operations. Interest rate exposure is not considered a risk given the size of the company's operations and the nature of its interest bearing assets and liabilities. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature

Directors and their interests

The directors of the company at 30 June 2006, all of whom have been directors for the whole of the year ended on that date are listed below

JL Beckwith

CIC Munro

SA Holder is Company Secretary

JL Beckwith does not have any interests in the share capital of the company

The interests of JL Beckwith in Pacific Investments II Limited and its other subsidiaries and associates are disclosed in the financial statements of that company

At 30 June 2006, CIC Munro held 9,000 B Ordinary Shares of 1p and one Preference Share of 1p in the company

BECKWITH ASSET MANAGEMENT LIMITED

DIRECTORS' REPORT
for the year ended 30 June 2006 (continued)

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 30 June 2006 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 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.

Statement of disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Through elective resolutions the company has dispensed with the holding of annual general meetings, the laying of financial statements before annual general meetings and the appointment of auditors annually.

By Order of the Board



SA Holder
Secretary

124 Sloane Street
London SW1X 9BW

17 April 2007

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BECKWITH ASSET MANAGEMENT LIMITED**

We have audited the financial statements of Beckwith Asset Management Ltd for the year ended 30 June 2006 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes to the accounts. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 Companies Act 1985. 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 explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed. We read the Directors' Report and consider whether it is consistent with the audited financial statements. We 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 International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2006 and of its profit for the year then ended,
- have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements for the year ended 30 June 2006.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

20 April 2007

BECKWITH ASSET MANAGEMENT LIMITED**Profit and Loss Account
for the year ended 30 June 2006**

	Note	2006 £	2005 £
Administrative expenses		(14,359)	(134,072)
Operating loss	2	(14,359)	(134,072)
Investment income	4	-	1,875,000
Amounts written off fixed asset investments	8	-	(1,249,812)
Interest receivable and similar income	5	1,184,531	1,350,088
Profit on ordinary activities before taxation		1,170,172	1,841,204
Taxation	6	(336,679)	(365,870)
Retained profit for the year		833,493	1,475,334

The operating loss derives wholly from continuing operations

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

The notes on pages 6 to 9 form an integral part of these financial statements

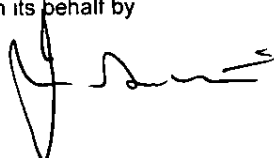
BECKWITH ASSET MANAGEMENT LIMITED

Balance Sheet at 30 June 2006

	Note	2006 £	2005 £
FIXED ASSETS			
Investments	8	<u>3,214,496</u>	<u>3,214,496</u>
CURRENT ASSETS			
Debtors (amounts falling due after more than one year)	9	18,746,476	26,042,149
Cash		<u>197,242</u>	<u>-</u>
		18,943,718	26,042,149
CREDITORS (amounts falling due within one year)	10	(337,983)	(194,907)
NET CURRENT ASSETS		<u>18,605,735</u>	<u>25,847,242</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>21,820,231</u>	<u>29,061,738</u>
NET ASSETS		<u>21,820,231</u>	<u>29,061,738</u>
CAPITAL AND RESERVES			
Called up share capital	11	1,000	1,000
Share premium	12	99,000	99,000
Profit and loss account	13	21,720,231	28,961,738
EQUITY SHAREHOLDERS' FUNDS	14	<u>21,820,231</u>	<u>29,061,738</u>

The financial statements were approved by the Board of Directors on 17 April 2007 and signed on its behalf by

JL Beckwith
Director



The notes on pages 6 to 9 form an integral part of these financial statements

BECKWITH ASSET MANAGEMENT LIMITED

Notes to the Financial Statements for the year ended 30 June 2006

1 Principal accounting policies

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards

The company is a subsidiary of the Pacific Investments II Limited group of companies and is included in the consolidated financial statements of Pacific Investments II Limited, which are publicly available. The company is therefore exempt from preparing its own consolidated financial statements. Over 90% of the voting rights are controlled within the group and consequently the company is exempt under the terms of FRS1 from preparing a cash flow statement. The company is also exempt under the terms of FRS8 from disclosing related party transactions with entities that are part of the Pacific Investments II Limited group of companies or investees of that group.

The principal accounting policies are set out below and these have not changed from the prior year.

Investments - Investments are included in the balance sheet at cost less any provision for permanent diminution in value.

Dividends - Dividends are accounted for when declared.

Deferred taxation - Deferred tax is recognised in respect of all timing differences that have originated, but not reversed, at the balance sheet date that may give rise to an obligation to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise, based on current tax rates and law. Deferred tax assets are recognised only to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2 Operating loss

The operating loss is stated after charging

	2006 £	2005 £
Auditors' remuneration - Audit fee	1,296	1,155

3 Staff costs

	2006 £	2005 £
Wages and salaries	-	45,833
Social security costs	-	5,307
	-	51,140

The average monthly number of employees during the year was zero (2005: 1).

Directors' emoluments (included within staff costs above) amounted to

	2006 £	2005 £
Directors' emoluments	-	45,833

4 Investment income

Investment income represents dividends received from the company's subsidiary undertaking.

BECKWITH ASSET MANAGEMENT LIMITED

Notes to the Financial Statements for the year ended 30 June 2006 (continued)

5 Interest receivable and similar income

	2006 £	2005 £
Bank deposit interest	7,632	336
Interest receivable from parent company	1,170,095	1,346,086
Other interest	6,804	3,666
	<u>1,184,531</u>	<u>1,350,088</u>

6 Taxation

	2006 £	2005 £
UK Corporation tax at 30%	336,679	365,905
Over provision in respect of prior periods	-	(35)
	<u>336,679</u>	<u>365,870</u>

6.1 Reconciliation of tax charge

	2006 £	2005 £
Profit on ordinary activities before taxation	1,170,172	1,841,204
Tax on profit on ordinary activities at 30%	351,052	552,361
Over provision in respect of prior periods	-	(35)
Income not chargeable for tax purposes	(14,624)	(562,500)
Expenses disallowed for tax purposes	251	1,100
Provisions disallowed for tax purposes	-	374,944
	<u>336,679</u>	<u>365,870</u>

No significant factors affecting future tax charges are expected

7 Dividends

On 7 September 2005, the Company declared and paid dividends of £7,575,000 in respect of A Ordinary Shares and £500,000 in respect of B Ordinary Shares

8 Investments

Cost at 30 June 2006 and 30 June 2005	4,464,308
Provisions for diminution in value at 30 June 2006 and 30 June 2005	(1,249,812)
Net Book Value at 30 June 2006 and 30 June 2005	<u>3,214,496</u>

Investments comprise 100 per cent of the ordinary shares in the company's subsidiary undertaking River & Mercantile Investment Management Limited, a company incorporated in England and Wales, whose principal activity is that of a property holding company

BECKWITH ASSET MANAGEMENT LIMITED

Notes to the Financial Statements for the year ended 30 June 2006 (continued)

9 Debtors (amounts falling due after more than one year)

	2006 £	2005 £
Amounts owed by subsidiary undertaking	200,743	700,000
Amounts owed by parent company	18,545,733	25,342,149
	<u>18,746,476</u>	<u>26,042,149</u>

10 Creditors (amounts falling due within one year)

	2006 £	2005 £
Bank overdrafts	-	2,709
Corporation tax	336,687	190,904
Accruals and deferred income	1,296	1,294
	<u>337,983</u>	<u>194,907</u>

11 Called up share capital

At 30 June 2006 and 2005 the authorised and issued share capital of the company comprised

	Authorised		Issued	
	Number	£	Number	£
A' Ordinary Shares of £0.01	91,000	910	91,000	910
B' Ordinary Shares of £0.01	9,000	90	9,000	90
Preference Share of £0.01	1	-	1	-
	<u>100,001</u>	<u>1,000</u>	<u>100,001</u>	<u>1,000</u>

The A Ordinary Shares and the B Ordinary Shares carry the right to participate in any distribution

A shareholders have the right to appoint up to three A directors and to remove any A or B directors
B shareholders have the right to appoint one B director and to remove the B director. A directors are entitled to three votes collectively for any resolution. The B director is entitled to one such vote

The Preference Share does not entitle its holder to receive notice of or to exercise any vote at any general meeting of the company or the right to any income or capital from the company

12 Share premium

	£
Balance as at 30 June 2006 and 2005	<u>99,000</u>

BECKWITH ASSET MANAGEMENT LIMITED

Notes to the Financial Statements for the year ended 30 June 2006 (continued)

13 Profit and loss account

The profit and loss account is analysed as follows

	£
Balance at 1 July 2005	28,961,738
Profit for the year	833,493
Equity dividends paid	(8,075,000)
Balance at 30 June 2006	<u>21,720,231</u>

14 Reconciliation of movement in shareholders' funds

	2006 £	2005 £
Shareholders' funds at 1 July 2005	29,061,738	43,172,404
Profit for the year	833,493	1,475,334
Equity dividends paid	(8,075,000)	(15,586,000)
Shareholders' funds at 30 June 2006	<u>21,820,231</u>	<u>29,061,738</u>

15 Parent company, ultimate parent company and ultimate controlling party

The Company's immediate parent company was River & Mercantile PLC, a company registered in England and Wales

The Company's ultimate parent company was Pacific Investments II Limited, a company registered in England & Wales, which was the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Pacific Investments II Limited's consolidated financial statements can be obtained from Companies House

In the opinion of the directors the ultimate controlling party of the company was JL Beckwith, a director and majority shareholder of the ultimate holding company

16 Related parties

On 27 January 2003, the company made a loan of £31,329 to R Edwards, a director of HED Capital Management Limited, a fellow subsidiary company of Pacific Investments II Limited. A further amount of £10,000 was loaned on 21 August 2003. The balance on the loan, including interest at LIBOR +3%, at 30 June 2006 was £48,715. The company has made full provision against this loan at the balance sheet date.