

Company Registration Number: 2924548

BECKWITH ASSET MANAGEMENT LIMITED

Directors' Report and Accounts
for the year ended
30 June 1998



BECKWITH ASSET MANAGEMENT LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited accounts for the year ended 30 June 1998.

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

At 30 June 1997 the Company held a 95% interest in River & Mercantile Investment Management Limited (RAMIM) which is the manager of a range of unit trust products. On 19 December 1997 the Company acquired a further 5% of the ordinary share capital of RAMIM bringing the Company's holding to 100%.

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 £1,433 (1997 loss - £355).

The directors do not recommend the payment of a dividend for the year. The retained loss for the period is £1,433 (1997 profit - £812) which has been transferred to reserves, giving a retained profit carried forward of £2,229 (1997 profit - £3,662).

Year 2000 and Euro

The directors are continuing to review the risks associated with the Year 2000 problem, both with regard to internal use of computer systems and embedded chips and in connection with relationships with third parties. They are satisfied that these steps will be completed in sufficient time to eliminate any potential problems. The total costs of ensuring Year 2000 compliance have not yet been quantified, but are not expected to be significant.

The directors do not believe that the introduction of the Euro is likely to have a significant impact on the company;

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>
J L Beckwith	24 August 1994
C I C Munro	24 August 1994

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 1998 and 30 June 1997, C I C Munro held 9,000 "B" ordinary shares of 1p and one preference share of 1p.

Auditors

The auditors, Moore Stephens, have expressed their willingness to continue in office. Resolutions re-appointing them as auditors and authorising the directors to fix their remuneration will be proposed at the next Annual General Meeting.

By Order of the Board



S A Barker

124 Sloane Street
London
SW1X 9BW

23 December 1998

**AUDITOR'S REPORT TO THE SHAREHOLDERS
OF**

BECKWITH ASSET MANAGEMENT LIMITED

We have audited the financial statements on pages 4 to 11 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 1998 and of the results 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

A handwritten signature in black ink, appearing to read 'Moore Stephens', is written across the page.

23 December 1998

BECKWITH ASSET MANAGEMENT LIMITED

Profit and Loss Account for the year ended 30 June 1998

	Note	1998 £	1997 £
Administrative expenses		(1,440)	(355)
Operating loss	2	(1,440)	(355)
Interest receivable		7	-
Loss on ordinary activities before taxation		(1,433)	(355)
Taxation	3	-	1,167
(Loss)/profit on ordinary activities after taxation	10	(1,433)	812

An analysis of reserves is given in Note 10.

There is no difference between the loss on ordinary activities before taxation and the retained loss 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 loss for the year shown above.

The notes on pages 7 to 11 form an integral part of these accounts.

BECKWITH ASSET MANAGEMENT LIMITED

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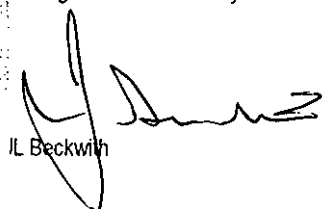
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BECKWITH ASSET MANAGEMENT LIMITED

Balance Sheet as at 30 June 1998

	Note	1998 £	1997 £
FIXED ASSETS			
Investments	4	4,464,308	4,414,058
CURRENT ASSETS			
Debtors	5	358	213
Cash		15,920	17,133
		16,278	17,346
CREDITORS : amounts falling due within one year	6	(1,916)	(1,301)
NET CURRENT ASSETS		14,362	16,045
TOTAL ASSETS LESS CURRENT LIABILITIES		4,478,670	4,430,103
CREDITORS : amounts falling due after more than one year	7	(4,376,441)	(4,326,441)
NET ASSETS		102,229	103,662
CAPITAL AND RESERVES			
Called up share capital	8	1,000	1,000
Share premium	9	99,000	99,000
Profit and loss account	10	2,229	3,662
Shareholders' funds including non-equity interests	11	102,229	103,662
Non-equity interest - 1 preference share of 1p		-	-
Equity interests		102,229	103,662
		102,229	103,662

The accounts were approved by the
Board of Directors on 23 December 1998
and signed on its behalf by


J.L. Beckwith

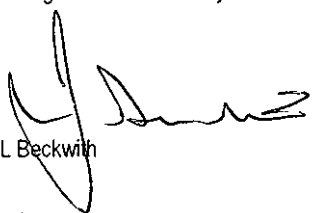
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J.L. Beckwith

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BECKWITH ASSET MANAGEMENT LIMITED

Cash Flow Statement

for the year ended 30 June 1998

	Note	1998 £	1997 £
Net cash outflow from operating activities	12.1	(970)	(433)
Returns on investments and finance			
Interest received		7	-
Taxation			
Taxation paid		-	(1,281)
Capital expenditure and financial investments			
Purchase of shares in subsidiary/associate		(50,250)	-
Net cash outflow before financing		(51,213)	(1,714)
Financing			
Debt due beyond one year: Shareholder loans		(50,000)	-
Net cash inflow from financing		(50,000)	-
Decrease in cash in the period		(1,213)	(1,714)
		(51,213)	(1,714)
Reconciliation of net cashflow to movement in net debt			
Cash movement in net debt in the period		(51,213)	(1,714)
Net debt at 1 July 1997		(4,309,308)	(4,307,594)
Net debt at 30 June 1998		(4,360,521)	(4,309,308)

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

BECKWITH ASSET MANAGEMENT LIMITED

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BECKWITH ASSET MANAGEMENT LIMITED

Notes to the Accounts

for the year ended 30 June 1998

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):

	1998 £	1997 £
Auditor's remuneration		
Audit fee	784	700
Other non audit fees	600	(400)

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:

	1998 £	1997 £
Over-provision in prior year	-	(1,048)
Tax credit from group relief transferred	-	(119)
	-	(1,167)

4. Investments

Cost at 1 July 1998	4,414,058
Additions	50,250
Cost at 30 June 1998	4,464,308

BECKWITH ASSET MANAGEMENT LIMITED

Notes to the Accounts

for the year ended 30 June 1998

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Additions	50,250
Cost at 30 June 1998	4,464,308

BECKWITH ASSET MANAGEMENT LIMITED

Notes to the Accounts

for the year ended 30 June 1998 (continued)

4. Investments (continued)

Investments comprise unlisted ordinary shares in the Company's subsidiary undertaking River & Mercantile Investment Management Limited (RAMIM). On 19 December 1997 the Company acquired a further 5% of RAMIM bringing its total stake to 100%. RAMIM is the manager of a range of investment trusts and unit trust products. As at 30 June 1998, RAMIM has a net asset value of some £4.453 million. The directors have considered the carrying value and believe that there has been no impairment in the value of the investment.

RAMIM holds a 75% interest in the ordinary shares and a 100% interest in the redeemable preference shares of River and Mercantile Asset Management Limited (RAMAM) whose principal activity is a holding company. RAMAM has a 100% interest in the ordinary shares of River & Mercantile Investment Funds Limited (RAMIF), whose principal activity is the management of unit trust schemes, and a 100% interest in the share capital of River and Mercantile Investment Services Limited (RAMIS), whose principal activity is the management of an investment trust, segregated investment accounts and Personal Equity Plans, and has a 100% interest in the ordinary shares of River & Mercantile International Limited, a company incorporated in Guernsey, whose principal activity is investment management.

Dividends from investments are accounted for when received.

5. Debtors

	1998 £	1997 £
Amounts owed by parent undertaking	358	213

6. Creditors amounts falling due within one year

	1998 £	1997 £
Other creditors	16	1
Accruals and deferred income	1,900	1,300
	1,916	1,301

BECKWITH ASSET MANAGEMENT LIMITED

Notes to the Accounts

for the year ended 30 June 1998 (continued)

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	1,916	1,301

BECKWITH ASSET MANAGEMENT LIMITED

Notes to the Accounts

for the year ended 30 June 1998 (continued)

7. Creditors amounts falling due after more than one year

	1998 £	1997 £
Amounts due to parent undertaking	3,982,562	3,937,062
Other unsecured loans	393,879	389,379
	4,376,441	4,326,441

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 £393,879 remained outstanding to CIC Munro.

8. Called up Share Capital

As at 30 June 1998 and 1997 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	-
	100,001	1,000	100,001	1,000

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.

BECKWITH ASSET MANAGEMENT LIMITED

Notes to the Accounts

for the year ended 30 June 1998 (continued)

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"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.

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BECKWITH ASSET MANAGEMENT LIMITED

Notes to the Accounts

for the year ended 30 June 1998 (continued)

9. Share Premium

	£
Balance as at 30 June 1998 and 1997	99,000

10. Profit and Loss Account

The profit and loss account is analysed as follows:

	£
Balance as at 1 July 1997	3,662
Retained loss for the period	(1,433)
Balance as at 30 June 1998	2,229

11. Reconciliation of Movement in Shareholders' Funds

	1998 £	1997 £
(Loss)/profit for the financial period	(1,433)	812
Net (decrease)/increase in shareholders' funds	(1,433)	812
Opening shareholders' funds	103,662	102,850
Shareholders' funds as at 30 June	102,229	103,662

12. Cash Flow Statement

12.1 Reconciliation of operating loss to net cash outflow from operating activities

The reconciliation of operating loss to net cash outflow from operating activities is as follows:

	1998 £	1997 £
Operating loss	(1,440)	(355)
(Increase)/Decrease in debtors	(145)	122
Increase/(decrease) in creditors	615	(200)
	(970)	(433)

BECKWITH ASSET MANAGEMENT LIMITED

Notes to the Accounts

for the year ended 30 June 1998 (continued)

9. Share Premium

£

Balance as at 30 June 1998 and 1997

99,000

10. Profit and Loss Account

The profit and loss account is analysed as follows:

£

Balance as at 1 July 1997

3,662

Retained loss for the period

(1,433)

Balance as at 30 June 1998

2,229

11. Reconciliation of Movement in Shareholders' Funds

1998

1997

£

£

(Loss)/profit for the financial period

(1,433)

812

Net (decrease)/increase in shareholders' funds

(1,433)

812

Opening shareholders' funds

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Shareholders' funds as at 30 June

102,229

103,662

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(145)

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Increase/(decrease) in creditors

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(200)

(970)

(433)

BECKWITH ASSET MANAGEMENT LIMITED

Notes to the Accounts

for the year ended 30 June 1998 (continued)

12. Cash Flow Statement (continued)

12.2 Analysis of net debt

	At 1 July 1997 £	Cashflow £	At 30 June 1998 £
Cash in hand, at bank	17,133	(1,213)	15,920
Debt due after 1 year	(4,326,441)	(50,000)	(4,376,441)
Total	(4,309,308)	(51,213)	(4,360,521)

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 124 Sloane Street, London, SW1X 9BW.

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

14. Related Parties

The company has taken advantage of the exemption under FRS8 not to disclose any transactions with other group companies on the basis that more than 90% of the voting rights are controlled within the group and consolidated financial statements are publicly available.

BECKWITH ASSET MANAGEMENT LIMITED

Notes to the Accounts

for the year ended 30 June 1998 (continued)

12. Cash Flow Statement (continued)

12.2 Analysis of net debt

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