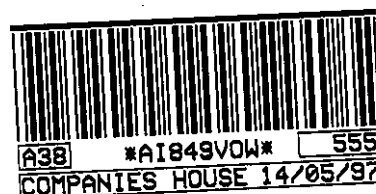


**Rathbone Trust Company Limited**  
(Company Number 1688454)

**Report and Financial Statements**  
31st December 1996



**Fraser Russell**  
Chartered Accountants

**RATHBONE TRUST COMPANY LIMITED**

**31ST DECEMBER 1996**

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# RATHBONE TRUST COMPANY LIMITED

## REPORT OF THE DIRECTORS

### DIRECTORS:

O.D. Stanley (Non-Executive Chairman)

J.E. Tuck (Managing Director)

I.P. Harvey

J.M. Keeton

E.R. Duret

P.I. Taylor

R.A. Morris

Lord Cowdray

R.C.B. Salt

### SECRETARY:

P.J. Pickford

The directors submit their report and the audited financial statements of the company for the year ended 31st December 1996.

#### 1. Review of the business

The principal activities of the company during the year were those relating to undertaking the duties and rights of a trust corporation and the provision of advisory services to companies, individuals and trusts. These include financial and tax consultancy, pension consultancy and life insurance broking.

On 31st March 1996, the business of the company was transferred to a fellow subsidiary undertaking, Rathbone Bros & Co Limited. The company remains as a trustee and undertook the duties of a trust corporation.

The results for the year are summarised as follows:

	1996	1995
Turnover	£ 828,546	£ 1,861,741
Profit before taxation	135,442	71,292
Taxation	43,815	23,525
Profit after taxation	91,627	47,767
Dividend paid	601,370	-
Transferred to reserves	£ (509,743)	£ 47,767

# RATHBONE TRUST COMPANY LIMITED

## REPORT OF THE DIRECTORS (continued)

### 2. Dividends

An interim dividend amounting to £601,370 (1995 : Nil) was paid during the year.

### 3. Directors and their interests

The directors during the year were as follows:

O.D. Stanley  
M.S. Bryant (resigned 31.01.97)  
J.E. Tuck  
I.P. Harvey  
J.M. Keeton  
E.R. Duret  
M.J.A. Inness (resigned 22.3.96)  
P.I. Taylor  
R.A. Morris  
Lord Cowdray (appointed 17.06.96)  
R.C.B. Salt (appointed 28.02.96)

No director had any interest in the shares of the company during the year.

The interests of directors at the end of the year in the shares of the parent company, Rathbone Brothers plc, are disclosed below.

	At 1st January 1996 or date of appointment		At 31st December 1996	
	5p Ordinary Shares		5p Ordinary Shares	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
O.D. Stanley	1,451,550	-	1,451,550	-
M.S. Bryant	291,034	2,000	287,034	2,000
J.E. Tuck	161,000	-	156,400	-
I.P. Harvey	202,000	-	202,000	-
J.M. Keeton	40,800	-	40,800	-
E.R. Duret	-	-	-	-
P.I. Taylor	3,000	-	3,000	-
R.A. Morris	363,260	5,000	357,260	5,000
Lord Cowdray	22,600	-	22,600	-
R.C.B. Salt	2,925	-	2,925	-

The parent company has granted options to the following directors to subscribe for 5p Ordinary shares under the terms of the C.F.S. Employee Share Option Scheme 1985 and the Rathbone Employee Share Option Scheme 1993, at various times up to 28th June 2000 and 1st November 2003 respectively, as indicated:

	Number of options		Average exercise price	Date from which exercisable	Expiry date
	At 1st January 1996	At 31st December 1996			
I.P. Harvey	22,000	-	82.5p	15.07.89	15.07.96
I.P. Harvey	20,400	20,400	86p	25.06.90	25.07.97
P.I. Taylor	20,000	20,000	217.3p	14.05.94	02.11.03

**RATHBONE TRUST COMPANY LIMITED**

**REPORT OF THE DIRECTORS (continued)**

**Options exercised during the year**

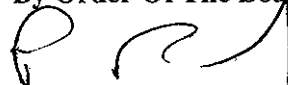
	<b>Date</b>	<b>Number</b>	<b>Cost</b>	<b>Market Value</b>
I.P. Harvey	01.05.96	22,000	£18,150	£68,420

The market price of shares in Rathbone Brothers plc was 307.5p at 31st December 1996. The range in the year to 31st December 1996 was 302.5p to 335p.

**5. Auditors**

In accordance with the Companies Act 1985 a resolution proposing the re-appointment of Messrs. Fraser Russell as auditors of the company will be put to the Annual General Meeting.

**By Order Of The Board**



P.J. Pickford  
Secretary

**Registered Office:**

University House,  
Lower Grosvenor Place,  
London  
SW1W OEX

26th March 1997

## **RATHBONE TRUST COMPANY LIMITED**

### **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:

- 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.
- 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 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.

**REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF  
RATHBONE TRUST COMPANY LIMITED**

We have audited the financial statements on pages 6 to 11 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

**Respective responsibilities of directors and auditors**

As described on page 4 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.

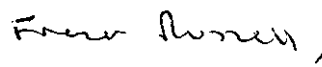
**Basis of opinion**

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 company's affairs as at 31st December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**FRASER RUSSELL**

Chartered Accountants  
Registered Auditors

4 London Wall Buildings  
Blomfield Street  
London  
EC2M 5NT

26th March 1997

**RATHBONE TRUST COMPANY LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31ST DECEMBER 1996**

		1996 Discontinued operations	1995
	Note		
<b>Turnover</b>	1	828,546	1,861,741
Change in work in progress		(249,388)	60,202
		<hr/>	<hr/>
		579,158	1,921,943
Staff costs	3	-	(12,120)
Other operating charges		(442,318)	(1,838,519)
		<hr/>	<hr/>
<b>Operating profit</b>	4	136,840	71,304
Interest payable	5	(1,398)	(12)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		135,442	71,292
Tax on profit on ordinary activities	6	(43,815)	(23,525)
		<hr/>	<hr/>
<b>Profit for the financial year</b>	10	91,627	47,767
Dividend paid	10	(601,370)	-
		<hr/>	<hr/>
<b>Transferred to reserves</b>		£(509,743)	£47,767
		<hr/>	<hr/>

**Continuing activities**

The company ceased trading on 31st March 1996 following the transfer of its activities to a fellow subsidiary undertaking.

**Total recognised gains and losses**

The company has no recognised gains or losses other than the profit for the above two financial years.

*The notes on pages 8 to 11 form part of these financial statements*



# RATHBONE TRUST COMPANY LIMITED

## BALANCE SHEET 31ST DECEMBER 1996

	Note	1996	1995
<b>Fixed assets</b>			
Investment	7	-	10
<b>Current assets</b>			
Work in progress		-	249,388
Debtors	8	250,000	886,345
Cash at bank and in hand		-	26,761
		<hr/>	<hr/>
		250,000	1,162,494
<b>Creditors: amounts falling due within one year</b>	9	-	(402,761)
		<hr/>	<hr/>
<b>Net current assets</b>		250,000	759,733
		<hr/>	<hr/>
<b>Net assets</b>		£ 250,000	£ 759,743
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	10	250,000	250,000
Profit and loss account	10	-	509,743
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>		£ 250,000	£ 759,743
		<hr/>	<hr/>

Approved by the Board and signed on  
its behalf on 26th March 1997

O.D. Stanley

I.P. Harvey

)  
)  
) Directors  
)  
)

*The notes on pages 8 to 11 form part of these financial statements*

**RATHBONE TRUST COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
31ST DECEMBER 1996**

**1. Accounting policies**

**i) Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 1985. No cash flow statement is presented as allowed by FRS1. A group statement is included in the financial statements of the parent company.

**ii) Goodwill**

Goodwill arising on acquisitions is written off to reserves.

**iii) Work in progress**

Work in progress is valued at the lower of cost and net realisable value.

**iv) Foreign currency**

Normal trading activities denominated in foreign currencies are recorded in sterling at actual exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rate of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transactions is reflected in the profit and loss account.

**v) Taxation**

The charge to taxation is based on the profit for the year and includes deferred taxation on the liability method on all short term timing differences. Provision is also made for long term timing differences except for those which are not expected to reverse in future.

**vi) Turnover**

Turnover represents the amounts derived from the provision of services which fall within the company's ordinary activities, stated net of value added tax.

**2. Controlling party**

The company is a wholly owned subsidiary of Rathbone Brothers plc, a company registered in England. Copies of the accounts of the parent company are available from the company's registered office which is:

University House,  
Lower Grosvenor Place  
London SW1W 0EX

# RATHBONE TRUST COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) 31ST DECEMBER 1996

### 3. Staff costs

The average weekly number of employees during the year was made up as follows:

	1996 No.	1995 No.
Directors	11	9
Staff costs during the year amounted to:		
Directors' Fees	£ 8,320	£ 12,120
Emoluments of the chairman (excluding pension contributions)	£ Nil	£ Nil
Emolument of the highest paid director (excluding pension contributions)	£ 8,320	£ 12,120
Other Directors	No.	No.
£0-£5,000	9	7

A management charge of £423,850 (1995 : £1,757,052) in respect of administration costs has been made by Rathbone Brothers plc, the company's parent company which includes emoluments of one director amounting to £17,256 (1995 : £65,116) inclusive of pension contributions and benefits. It also includes amounts in respect of the remaining directors which it is not possible to identify separately.

### 4. Operating profit

This is stated after charging:

	1996	1995
Auditors' remuneration	£ 2,500	£ 5,000

### 5. Interest payable

On amounts wholly repayable within five years

£ 1,398	£ 12
---------	------

### 6. Tax on profit on ordinary activities

U.K. corporation tax at 33% (1995 : 33%)

44,696	23,525
--------	--------

Underprovision in prior year

(881)	-
-------	---

£ 43,815	£ 23,525
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# RATHBONE TRUST COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) 31ST DECEMBER 1996

### 7. Investment

#### Shares in subsidiary undertaking

At 1st January 1996	10
Transfer to group undertaking	(10)
	<hr/>
At 31st December 1996	£ -
	<hr/>

### 8. Debtors

	1996	1995
Fees receivable	-	588,392
Amounts owed by group undertakings	250,000	-
Prepayments and accrued income	-	297,953
	<hr/>	<hr/>
	£ 250,000	£ 886,345
	<hr/>	<hr/>

### 9. Creditors: amounts falling due within one year

Amounts owed to group undertaking	-	362,302
Corporation tax	-	23,526
Other creditors	-	364
Accruals and deferred income	-	16,569
	<hr/>	<hr/>
	£ -	£ 402,761
	<hr/>	<hr/>

# RATHBONE TRUST COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) 31ST DECEMBER 1996

### 10. Reconciliation of movements in shareholders' funds

	Issued share capital	Profit and loss account	Total
At 1st January 1995	250,000	461,976	711,976
Profit for the year	-	47,767	47,767
	<hr/>	<hr/>	<hr/>
At 31st December 1995	250,000	509,743	759,743
Profit for the year	-	91,627	91,627
Dividend paid	-	(601,370)	(601,370)
	<hr/>	<hr/>	<hr/>
At 31st December 1996	£ 250,000	£ -	£ 250,000
	<hr/>	<hr/>	<hr/>

The authorised share capital comprises 250,000 ordinary shares of £1 each. (1995:250,000). All the issued share capital is allotted, called up and fully paid.

Cumulative goodwill on acquisitions written off to reserves amounts to £150,000 (1995 : £150,000).

### 11. Client monies

Cash held on behalf of clients at 31st December 1996 amounted to £Nil (1995 : £Nil).

### 12. Related party Transactions

The company is exempted by paragraph 3(c) of Financial Reporting Standard 8 from reporting transactions with group companies, 90% or more of whose voting rights are controlled within the group.

**RATHBONE TRUST COMPANY LIMITED**  
**DETAILED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31ST DECEMBER 1996**

	1996	1995
<b>Turnover</b>		
Fees receivable	799,502	1,760,820
Commission receivable	29,044	100,921
	<hr/>	<hr/>
	828,546	1,861,741
<b>Change in work in progress</b>		
Closing work in progress	-	249,388
Less: opening work in progress	(249,388)	(189,186)
	<hr/>	<hr/>
	(249,388)	60,202
	<hr/>	<hr/>
	579,158	1,921,943
<b>Staff costs</b>		
Directors' fees	-	12,120
<b>Other operating charges</b>		
Commission payable	3,282	17,755
Intra group management charges	423,850	1,757,052
Professional fees	7,972	13,988
Subscriptions	4,304	12,213
Auditors' remuneration	2,500	5,000
Bank charges	168	867
Bad debts	242	25,263
Sundry costs	-	6,381
	<hr/>	<hr/>
	442,318	1,838,519
	<hr/>	<hr/>
	442,318	1,850,639
	<hr/>	<hr/>
<b>Operating profit</b>	136,840	71,304
Interest payable	(1,398)	(12)
	<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	£ 135,442	£ 71,292
	<hr/>	<hr/>