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RATHBONE BROTHERS PLC

ANNUAL REPORT AND ACCOUNTS

For the year ending
31st December 1992

CONTENTS

Group Statistics

Five year financial summary:	1992	1991	1990	1989	1988
	£'000	£'000	£'000	£'000	£'000
Turnover:	14,969	11,921	10,270	6,720	4,811
Profit before taxation:	4,082	3,117	2,555	2,295	1,507
Taxation:	1,327	1,041	908	837	496
Profit after taxation:	2,755	2,076	1,647	1,458	1,011
Extraordinary items:	—	—	—	250	—
Dividends:	1,108	792	602	464	354
Retained profit for the year:	1,647	1,284	1,045	1,244	657
Earnings per share (in pence):	16.07	13.31	11.05	10.38	7.85
Net dividends per share (in pence):	6.0	5.0	4.0	3.3	2.8
Shareholders' funds:	9,200	5,667	4,136	3,411	2,307

The prior year turnover figures have been adjusted to reflect the change in accounting policy with regard to interest and commissions and the prior year earnings per share and net dividends per share figures have been adjusted to reflect the capitalisation issue in 1992.

Group Offices

If you would like further information about any of the services offered by the Rathbone Group of Companies, please telephone Michael Bryant on (071) 630 5611 or Graham Thelwall Jones on (051) 236 8674, or write to:

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Lower Grosvenor Place
London SW1W 0EX
Telephone (071) 630 5611
Telex 262257
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Rathbone Bros. & Co. Limited
Port of Liverpool Building
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Liverpool L3 1NW
Telephone (051) 236 8674
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Rathbone Trust Company SA
5 Quai de l'Ile
PO Box 2049
1211 Geneva 1
Switzerland
Telephone (010) 41 22 312 1560
Telex 412341
Fax (010) 41 22 312 1827

Rathbone Trust Company (BVI) Limited
P O Box 986
Mill Mall
Wickhams Cay
Road Town, Tortola
British Virgin Islands
Telephone (010) 1 809 494 6544
Fax (010) 1 809 494 6532

Rathbone Bros. & Co. Limited is an Authorised Institution under the Banking Act 1987.

Rathbone Bros. & Co. Limited and Rathbone Trust Company Limited are members of the Financial Intermediaries, Managers and Brokers Regulatory Association.

Directors

O.D. STANLEY, M.A., BARRISTER,
(Chairman)

S.D. RATHBONE, M.A., F.C.A.*
(Deputy Chairman)

M.L. INGALL,
(Chief Executive)

I.P. HARVEY, B.A., F.C.A.,
(Finance Director)

M.S. BRYANT

J.E. TUCK, A.C.I.B.,

J.R. LEIGH, M.A. A.T.I.I.

R.A. MORRIS

J.G. RUFFER, M.A., BARRISTER

S.P. McKIE, M.A., A.C.A., F.T.I.I., M.S.F.A.

C.W. KINLOCH.*

J.N. ENTWISTLE, D.L.*

* Non-Executive

Corporate Information

PRINCIPAL BANKERS

BANK OF ENGLAND
Threadneedle Street, London EC2R 8AH

BARCLAYS BANK PLC,
155 Brompton Road, London SW3 1QW
4 Water Street, Liverpool L69 2DU

COUTTS & CO.,
440 Strand, London WC2R OQS

THE ROYAL BANK OF SCOTLAND PLC,
67 Lombard Street, London EC3P 3DL

STOCKBROKERS

JAMES CAPEL & CO. LIMITED,
Thames Exchange, 10 Queen Street Place,
London EC4R 1BL

SOLICITORS

SIMMONDS CHURCH SMILES,
13 Bedford Row, London WC1R 4BU

SECRETARY AND REGISTERED OFFICE

J.E. TUCK A.C.I.B.
University House, Lower Grosvenor Place
London SW1W OEX

AUDITORS

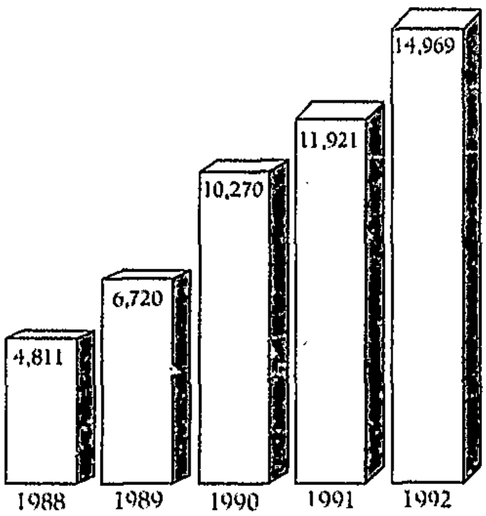
COMINS & CO.,
Chartered Accountants,
22 St. Andrew Street, London EC4A 3AN

REGISTRARS AND TRANSFER OFFICE

BANK OF SCOTLAND,
Registrar Department,
26A York Place, Edinburgh EH1 3EY

The results presented in this Report reflect the success of your Company's policies and systems during 1992, and the staff skill and commitment throughout the year. Profit on ordinary activities before taxation rose above the £4m mark for the first time, showing an increase of 31%. Earnings per share increased by 21% and the total turnover was £14.9m by comparison with £11.9m for 1991. In isolation, these increases were very satisfactory indeed. But, in order to evaluate their importance, it is necessary to examine the five year financial summary shown on page 3, which records performance over the years since 1988. Earnings per share have more than doubled during the last five years. That is the true measure of your Company's sustained and continuing progress.

Turnover

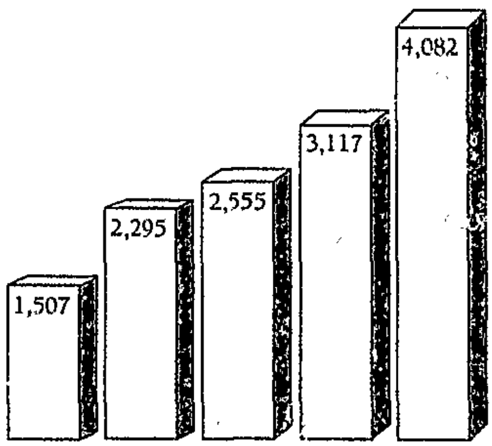


1992 was the 250th anniversary year of Rathbones, celebrated in both London and Liverpool. Also in 1992, Rathbone Brothers Plc made a number of significant changes to its capital structure and constitution, all approved at an Extraordinary General Meeting on 4th June. The financial detail of these changes may be found in the Balance Sheet and Notes to the Accounts. In addition, the Company obtained an introduction and admission to the Official List of the London Stock Exchange of the Company's ordinary shares.

As explained last year, the objective of these various changes was to bring the constitution into line with your Company's current status and I can report that this has been achieved. The decision to transfer to the Official List has proved to have been a sound one since, at the present time, the future of the Unlisted Securities Market is at best uncertain.

Another remarkably influential event in 1992, hardly one of our own making, was the September monetary crisis, bringing the sudden release of Sterling from the constraints of the E.R.M., and the benefits in Sterling terms for those invested in foreign currencies and securities. Our client portfolios have profited both directly and indirectly, and there has been a valuable consequential effect on our Group, both in the fund management and trust departments.

Profit on ordinary activities before taxation



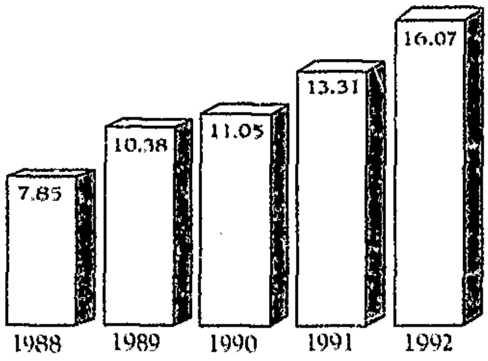
We congratulate the Albany Investment Trust plc, for which management services are provided by Rathbone Bros. & Co. Limited in Liverpool, on being awarded First Place in the Micropal One-Year Investment Trust U.K.

Sector, and Second Place in the Ten Year Smaller Group category

The Balance Sheet of Rathbone Bros. & Co. Limited, our banking subsidiary, is shown on page 30. You will observe that this balance sheet has been strengthened by retained profits increasing its capital base by 32%. There are no provisions for bad or doubtful banking debts, and our banking activities continue to be profitable.

In general, 1992 was a year during which new colleagues and clients have been progressively integrated into the organisation. Taking account of these acquisitions and the growth of clients' portfolios, the total of funds under management is approaching the £1 billion mark. Whilst this may represent an important critical mass it is worth repeating that we do not seek growth solely for its own sake and all potential acquisitions need to pass our principal test: will they be beneficial in terms of earnings per share?

Earnings per share (pence)



In line with the Cadbury Committee recommendations, we have, since the year end, constituted two Board Committees; a Remuneration Committee, whose terms of reference are to consider senior management remuneration and terms of service; and an Audit Committee of non-executive directors chaired by Sebastian Rathbone, to monitor the internal audit function throughout the Group, and to liaise with the external auditors.

During the year, one of our longest serving directors, Lord Manners, retired on reaching the age of 70 years I am happy to record his most valuable contribution to your Company throughout the last twenty years. We welcome to the Board John Entwistle D.L. a practising solicitor, who is well known in the Liverpool community, and who adds to the skills of your Board.

The current year has begun well. Stock markets have been active despite the World economic recession. We are confident that your Company's steady growth trend of past years will continue in 1993.

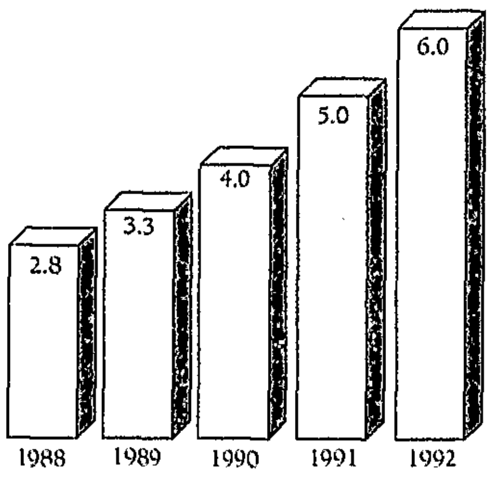
Oliver Stanley
Chairman
21st April 1993

The Directors present their report and the audited accounts of Rathbone Brothers Plc for the year ended 31st December 1992.

RESULTS AND DIVIDENDS

The Group profit for the financial year after taxation amounted to £2,755,000 (1991:£2,076,000). The Directors do not recommend a final dividend following the second interim dividend of 4.5p (1991:final dividend of 3.75p adjusted) paid on 2nd April 1993. The second interim dividend together with the first interim dividend of 1.5p (1991:1.25p adjusted) results in total dividends of 6p (1991:5p adjusted) per ordinary share for the year. These dividends amount to £1,108,000 (1991:792,000) leaving a retained profit for the financial year of £1,647,000 (1991:1,284,000) which has been transferred to reserves.

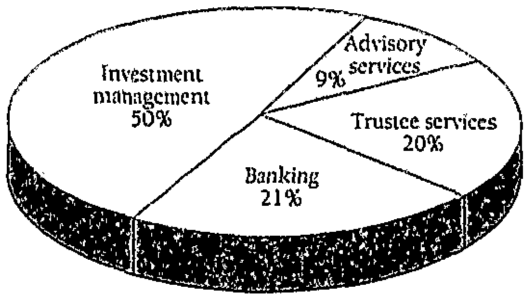
Net dividends per share (pence)



REVIEW OF THE BUSINESS

The Group is engaged in private banking within which the principal activity is discretionary portfolio investment management. In addition financial and tax advisory services supplied to companies and individuals, and trustee and corporate services in the UK and overseas, make a significant contribution to the Group's income. There has been substantial growth in the investment management activity including the addition of seven senior managers, three in the London office and four in the Liverpool office following the acquisition of their businesses to which reference is made below. Also, there has been a further increase in revenue and profits from trustee services as a result of improved facilities in Switzerland and the British Virgin Islands.

Turnover 1992



During the year the additional office premises in both London and Liverpool have been refurbished so that the Group has the space to expand as opportunities occur; computer facilities are the subject of continuous enhancement in, and between, the business locations to improve services in a cost effective manner.

The investment management business is expected to continue its growth as a result of the efforts of management and staff to develop the larger business created by the acquisitions in 1992. Recent reductions in interest rates are resulting in the receipt of additional investment funds from existing and new clients. Also, it is anticipated that the trustee and advisory businesses will make further progress during 1993.

SHARE CAPITAL

On 10th January 1992, 444,913 new ordinary shares of 5p each were issued as consideration for the acquisition of a business from Framlington Investment Management Limited in accordance with an agreement dated 1st November 1991.

DIRECTORS' REPORT

On 4th June 1992, 8,300,167 new ordinary shares of 5p each were issued to existing shareholders on the basis of one new ordinary share for every ordinary share held by capitalisation of reserves.

On 17th August 1992, 846,029 new ordinary shares of 5p each were issued as consideration for the acquisition of the whole of the share capital of Laclan Associates Limited in accordance with an agreement of that date.

On 9th September 1992, 683,212 new ordinary shares of 5p each were issued as consideration for the acquisition of the whole of the share capital of Hilbre Investment Management Limited in accordance with an agreement of that date.

options in accordance with the terms of the CFS Employee Share Option Scheme 1985.

Since 31st December 1992, further new ordinary shares of 5p each have been issued on 4th January and 12th January of 40,000 and 159,200 ordinary shares respectively for cash at subscription prices from 82.5p to 101.5p per share to employees upon the exercise of options in accordance with the terms of the CFS Employee Share Option Scheme 1985.

DIRECTORS AND THEIR INTERESTS

The Directors during the year and their interests in the share capital of the Company are shown below.

	At 31st December 1992		At 1st January 1992 (or subsequent date of appointment)	
	5p ordinary shares		5p ordinary shares	
	beneficial	non-beneficial	beneficial	non-beneficial
O D Stanley	1,766,666	—	888,333	—
S D Rathbone	1,296,458	25,600	649,629	12,800
M L Ingall	639,200	59,000	324,600	29,500
I P Harvey	202,000	20,000	105,000	10,000
M S Bryant	411,034	22,000	210,517	11,000
J E Tuck	170,000	—	88,000	—
J R Leigh	690,000	19,000	350,000	9,500
R A Morris	418,260	5,000	220,451	2,500
J G Ruffer	293,194	143,000	169,597	53,500
S P McKie	—	—	—	—
The Lord Manners	5,000	—	2,500	—
C W Kinloch	564,106	20,000	287,053	10,000
J N Entwistle	800	—	800	—

On 19th November 1992, 79,213 new ordinary shares of 5p each were issued as consideration for the acquisition of the whole of the share capital of Deanlawn Associates Limited in accordance with an agreement of that date.

On 10th April, 26th June, 4th November, 11th and 16th December 1992 respectively, 9,550, 4,000, 56,000, 61,000 and 44,000 new ordinary shares of 5p each were issued for cash subscription prices ranging from 86.5p to 193p per share to employees upon the exercise of

The Company's Articles of Association do not require a director to hold shares in the Company.

As regards non-beneficial interests at 31st December 1992 the holdings are increased by a total of 23,000 shares in excess of the shares in issue due to duplication of interests of Directors as joint trustees.

From 31st December 1992 to 5th April 1993, there have been the following changes in the Interests in shares of Directors.

Directors' Report

Mr S D Rathbone gifted 6,000 5p ordinary shares reducing his beneficial interest to 1,290,458 5p ordinary shares. Mr M S Bryant sold 10,000 5p ordinary shares reducing his beneficial interest to 401,034 5p ordinary shares. Mr J R Leigh sold 45,000 5p ordinary shares reducing his beneficial interest to 645,000 5p ordinary shares. Mr R A Morris sold 5,000 5p ordinary shares reducing his beneficial interest to 413,260 5p ordinary shares. Mr J G Ruffer sold 17,700, personally, and 14,000, as trustee, 5p ordinary shares reducing his beneficial interest to 275,494 and his non beneficial interest to 129,000 5p ordinary shares. Mr S P McKie purchased 159,200 5p ordinary shares and sold 75,000 ordinary shares resulting in a beneficial interest of 84,200 5p ordinary shares. Mr C W Kinloch sold 20,000 5p ordinary shares reducing his beneficial interest to 544,106 5p ordinary shares.

The Company has granted options to certain Directors to subscribe for 5p ordinary shares under the terms of the CFS Employee Share Option Scheme 1985 at various times up to 28th June 2000 as indicated below.

Having attained the age of 70, the Lord Manners has resigned his Directorship from the end of 1992 in order to reduce his business commitments and devote more time to his personal interests.

Mr J N Entwistle who was appointed on 8th October 1992 retires at the next Annual General Meeting by virtue of the Articles of Association and, being eligible, offers himself for re-election.

Mr O D Stanley, Mr M S Bryant, Mr J E Tuck and Mr C W Kinloch retire by rotation at the next Annual General Meeting and, being eligible, offer themselves for re-election.

Mr O D Stanley, Mr M S Bryant and Mr J E Tuck have service contracts with the Company which expire on the giving of 12 months notice.

The Directors with non-executive responsibilities are Mr S D Rathbone, Mr C W Kinloch and Mr J N Entwistle.

Mr S D Rathbone was an executive director and a full time senior portfolio investment manager

	At 31st December 1992		At 1st January 1992	
	Number of shares	Exercise price range	Number of shares	Exercise price range
I P Harvey	58,400	56.5p/86p	29,200	113p/172p
J E Tuck	142,400	82.5p/101.5p	71,200	165p/203p
M L Ingall	22,000	82.5p	11,000	165p
J G Ruffer	122,000	82.5p/101.5p	61,000	165p/203p
S P McKie	179,200	82.5p/101.5p	89,600	165p/203p

Additionally, Mr I P Harvey has been granted an option under similar terms on 200,000 5p ordinary shares exercisable at a price of 101.5p before 26th September 1998.

Since 31st December 1992, as mentioned in changes in beneficial shareholdings, Mr S P McKie has exercised options upon and acquired 159,200 5p ordinary shares in accordance with the Employee Share Option Scheme at prices ranging from 82.5p to 101.5p.

until his retirement from executive duties on 30th September 1992 in order to devote more time to his personal interests. He remains as a non-executive Director and Deputy Chairman.

Qualifying as a chartered accountant in 1957, Mr Rathbone worked in the profession for a short time until he joined the Rathbone business in 1959 to manage private client investment funds. Until his retirement, he was the senior executive director of Rathbone Bros. & Co.

Limited, the main trading subsidiary in the Group, and consequently has much experience of Group activities. His external interests include the senior position of a Vice Chairman of Merseyside Improved Houses, a charitable housing association.

Mr C W Kinloch was a full time executive with the Group between 1973 and 1989 being Managing Director from 1980. He specialised in life assurance and financial planning for individuals as well as undertaking his senior management responsibilities for the Group. Following Mr Kinloch's resignation from his executive duties in 1989, he has continued as a non-executive Director. His external activities include being a director of Regional Property Services Limited, a property auction house in the south east of England.

Mr J N Entwistle qualified as a solicitor in 1963 and practised with a professional firm in Liverpool until 1991 when he retired as a senior partner. He continues to act as a solicitor in a consultancy capacity. Mr Entwistle has been a Regional Director of the former Midshires Building Society and a General Commissioner for Income Tax. Presently, he is Chairman of the Liverpool Chamber of Commerce and Industry, a trustee of the National Museum and Galleries on Merseyside and a part time Chairman of the Social Security Appeal Tribunals. Mr Entwistle brings a wealth of business and professional experience to his current appointment as a non-executive Director and his special connections with the north west of England are particularly helpful to the Liverpool office.

SUBSTANTIAL SHAREHOLDINGS

Glyn Mills Nominees (Lombard Street) Limited is interested in 1,673,980 ordinary shares as nominee of certain Directors and other persons. Of this holding, 1,087,694 ordinary shares are included in the above references to interests of the Directors.

Edinburgh Fund Managers Plc is interested in 2,400,040 ordinary shares wholly on behalf of investment management clients. Of this holding 720,000 ordinary shares are beneficially owned by BS Pension Fund Trustee Limited and 1,300,040 ordinary shares are beneficially owned by the British Coal Pension Funds.

Mr A W Furse is interested in 1,072,644 ordinary shares.

No other person, other than Directors of the Company, has reported an interest of 3% or more in the ordinary shares.

As far as the Directors are aware the Company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

SPECIAL BUSINESS AT THE ANNUAL GENERAL MEETING

Shareholders will see from the notice of the annual general meeting on page 31 that they are asked to consider, and if thought fit, pass two resolutions as special business.

AUDITORS

A resolution to reappoint as auditors Messrs. Comins & Co will be put to the members at the Annual General Meeting.

By Order of the Board 16th April 1993

J E Tuck
Secretary

Registered Office:

University House
Lower Grosvenor Place
London SWIW 0EX

Group Profit and Loss Account

Year ended 31st December 1992

	Notes		1992 £'000		1991 £'000
Turnover	1		14,969		11,921
Interest receivable:					
– interest receivable and similar income arising from debt securities			3,481		2,248
– other interest receivable and similar income			1,231		2,293
Less: interest payable to clients			(2,564)		(2,524)
Net interest income			2,148		2,017
Fees and commissions receivable			10,257		7,380
Less: fees and commissions payable			(513)		(438)
Dealing (losses)/profits			(17)		9
Other operating income			151		192
Operating income			12,026		9,160
Administrative expenses	2	7,329		5,680	
Depreciation and amortisation	4	615		363	
			7,944		6,043
Profit on ordinary activities before taxation	4		4,082		3,117
Tax on profit on ordinary activities	5		1,327		1,041
Profit for the financial year			2,755		2,076
Dividends	6		1,108		792
Retained profit for the year	20		1,647		1,284
Earnings per ordinary share	7		16.07p		13.31p

Group Balance Sheet

At 31st December 1992

	Notes	1992 £'000	1991 £'000
Assets			
Cash and balances at central banks		—	77
Loans and advances to banks	8	3,092	14,997
Loans and advances to customers	9	4,081	4,176
Debt securities	10	37,441	15,006
Equity shares	11	7	22
Intangible fixed assets	13	1,938	247
Tangible fixed assets	14	3,161	2,564
Other assets	15	680	507
Prepayments and accrued income		1,637	1,787
Total assets	22	52,037	39,383
Liabilities			
Customer accounts	16	38,404	29,939
Other liabilities	17	4,102	3,624
Accruals and deferred income		181	81
Provisions for liabilities and charges	18		
– deferred taxation		150	72
		42,837	33,716
Called up share capital	19	919	392
Share premium account	20	1,920	616
Other reserve	20	—	4
Profit and loss account	20	6,361	4,655
Shareholders' funds		9,200	5,667
Total liabilities	22	52,037	39,383

Signed on behalf of the Board on 16th April 1993

O. D. Stanley } Directors
I. P. Harvey

Company Balance Sheet

At 31st December 1992

	Notes	1992 £'000	1991 £'000
Fixed assets			
Intangible assets	13	1,938	247
Tangible assets	14	2,863	2,365
Investments	12	3,815	697
		8,616	3,309
Current assets			
Debtors	24	1,904	1,941
Cash at bank		5	1
		1,909	1,942
Creditors: amounts falling due within one year	25	(2,558)	(2,059)
Net current liabilities		(649)	(117)
Total assets less current liabilities		7,967	3,192
Creditors: amounts falling due after more than one year	26	(1,000)	(1,000)
Provision for liabilities and charges	18	—	(31)
Net assets		6,967	2,161
Called up share capital	19	919	392
Share premium account	20	1,920	616
Other reserve	20	3,419	343
Profit and loss account	20	709	810
Shareholders' funds		6,967	2,161

Signed on behalf of the Board on 16th April 1993

O. D. Stanley } Directors
I. P. Harvey

Group Cash Flow Statement

Year ended 31st December 1992

	Notes	1992 £'000	1991 £'000
Net cash inflow from operating activities	27	15,176	1,179
Returns on investments and servicing of finance			
– ordinary dividends paid		(862)	(664)
Net cash outflows from returns on investments and servicing of finance		(862)	(664)
Taxation			
– United Kingdom corporation tax paid		(986)	(1,048)
– overseas tax paid		(42)	(73)
Total tax paid		(1,028)	(1,121)
Investing activities			
– purchase of intangible fixed asset	23	(203)	(137)
– purchase of tangible fixed assets		(1,095)	(1,094)
– sale of tangible fixed assets		85	48
– purchase of subsidiary undertakings (net of cash and cash equivalents acquired)	23	(26)	(17)
Net cash outflow from investing activities		(1,239)	(1,200)
Net cash inflow/(outflow) before financing		12,047	(1,806)
Financing			
– increase in bank loans		—	500
– issue of share capital		160	117
Net cash inflow from financing		160	617
Increase/(decrease) in cash and cash equivalents	27	12,207	(1,189)

Accounting Policies

BASIS OF PREPARATION
The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards. The group accounts are prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to banking groups and those of the company in accordance with Schedule 4 to that Act. As permitted by the Act no profit and loss account is presented for the company itself.

BASIS OF CONSOLIDATION
The group accounts consolidate the accounts of Rathbone Brothers Plc and all its subsidiary undertakings made up to 31st December each year. The group profit and loss account includes the results of subsidiary undertakings acquired during the year from the effective date of acquisition.

ACQUISITIONS AND GOODWILL
Goodwill arising on acquisitions is either amortised on a straight line basis over its expected useful economic life of 20 years or eliminated against reserves depending on the nature of the acquisition.

DEPRECIATION
Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Leasehold land and buildings	over the lease term
Furniture, fixtures and equipment	5 years
Motor vehicles	4 years

INVESTMENTS
Listed investments are stated at the lower of cost and market value.

TAXATION
The charge for taxation is based upon the profit for the year and includes deferred taxation on the basis of the liability method on all timing differences to the extent that they are likely to crystallise in the foreseeable future.

FOREIGN CURRENCY
Normal trading activities denominated in foreign currencies are recorded in sterling at the actual exchange rates as of 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 transaction is reflected in the profit and loss account.

For the purposes of consolidation, the closing rate is used, under which translation gains or losses are shown as a movement on reserves. Profit and loss accounts are translated at the closing exchange rate.

Notes to the Accounts

at 31st December 1992

1. SEGMENTAL INFORMATION

	Turnover		Profit before taxation		Net assets	
	1992	1991	1992	1991	1992	1991
	£'000	£'000	£'000	£'000	£'000	£'000
By class of business:						
Advisory services	1,402	1,399	(63)	34	746	623
Investment management	7,463	5,124	2,629	1,932	2,754	1,194
Banking	3,180	3,088	554	482	3,546	2,613
Trustee services	2,924	2,310	962	669	2,154	1,237
	14,969	11,921	4,082	3,117	9,200	5,667
By geographical segment:						
United Kingdom	12,337	10,166	3,564	2,479	7,456	4,483
Switzerland	1,767	1,226	231	355	646	438
Other European Countries	168	109	20	21	261	259
The Americas	697	420	267	262	837	487
	14,969	11,921	4,082	3,117	9,200	5,667

Income by geographical segment arises as follows:

	Interest receivable		Fees and commissions receivable		Other income	
United Kingdom	4,695	4,508	7,642	5,658	108	182
Switzerland	6	5	1,761	1,221	11	19
Other European Countries	5	5	163	104	8	—
The Americas	6	23	691	397	7	—
	4,712	4,541	10,257	7,380	134	201

It is the opinion of the Directors that there is no material difference between the sales origin and destination of turnover with regard to geographical segment.

2. ADMINISTRATIVE EXPENSES

	1992	1991
	£'000	£'000
Staff costs		
– wages and salaries	3,552	2,779
– social security costs	381	268
– pension costs	317	248
	4,250	3,295
Other administrative expenses	3,079	2,385
	7,329	5,680
The average weekly number of employees during the year was as follows:		
Management	54	43
Clerical Staff	58	48
Others	38	33
	150	124

3. EMOLUMENTS OF DIRECTORS

The total emoluments of the Directors including pension contributions were £789,516 (1991: £674,490). The emoluments, excluding pension contributions, of the Chairman and highest paid Director for the period were £106,118 (1991: £72,672).

The following table shows the number of Directors whose emoluments, excluding pension contributions, fall into the ranges shown:

	1992	1991
£0 - £5,000	2	2
£5,001 - £10,000	1	—
£40,001 - £45,000	1	—
£45,001 - £50,000	—	1
£50,001 - £55,000	1	2
£55,001 - £60,000	1	1
£60,001 - £65,000	—	2
£65,001 - £70,000	1	3
£70,001 - £75,000	2	1
£75,001 - £80,000	3	—
£105,001 - £110,000	1	—
	13	12

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1992	1991
This is stated after charging:	*£'000*	*£'000*
Auditors' remuneration – group	55	42
– company	25	20
Depreciation	512	350
Amortisation of goodwill	103	13

The auditors' remuneration for non-audit work from Rathbone Brothers PLC was £42,000.

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1992	1991
	£'000	£'000
U.K. corporation tax at 33% (1991: 33.25%)	1,202	1,224
Overseas taxation	49	66
Double tax relief	—	(7)
Deferred taxation	78	(238)
Overprovision in prior year	(2)	(4)
	1,327	1,041

6. DIVIDENDS

	1992 £'000	1991 £'000
Dividend paid in respect of 1991 final dividend at 7.5p on 9,550 additional shares issued. (1991: 6p on 118,000 additional shares)	1	7
Interim dividend of 1.5p per share on 18,133,575 shares (1991: 1.25p per share on 15,691,408 shares adjusted to reflect capitalisation issue)	272	196
Second interim dividend of 4.5p per share on 18,572,988 shares (1991: 3.75p per share final dividend on 15,691,408 shares adjusted to reflect capitalisation issue)	835	589
	1,108	792

7. EARNINGS PER SHARE

Earnings per share have been calculated by dividing the profit for the financial year of £2,755,455 (1991: £2,075,814) by the weighted average number of shares in issue throughout the year of 17,150,272 (1991: 15,599,774 adjusted to reflect capitalisation issue).

No material dilution of earnings per share would arise if all outstanding share options were exercised.

8. LOANS AND ADVANCES TO BANKS

	1992 £'000	1991 £'000
Repayable on demand	1,061	4,121
Other loans and advances repayable in three months or less	2,031	10,876
	3,092	14,997

The amounts repayable on demand of £1,061,000 (1991: £4,121,000) comprise bank balances of £1,595,000 (1991: £4,039,000) less cheques in the course of settlement of £534,000 (1991: (£82,000)).

9. LOANS AND ADVANCES TO CUSTOMERS

	1992	1991
Remaining maturity	£'000	£'000
– 3 months or less	4,081	4,176
	4,081	4,176
Of which repayable on demand or at short notice	1,863	710
Loans and advances to customers comprise:		
Bank loans and advances to clients	1,768	710
Amounts owed by brokers	799	2,196
Other client balances	1,514	1,270
	4,081	4,176

10. DEBT SECURITIES

	1992 £'000	1991 £'000
Issued by public bodies		
Investment securities		
– government securities	16	—
Issued by other issuers		
Investment securities		
– bank and building society certificates of deposit	37,425	15,006
	37,441	15,006
Due within one year	35,425	15,006
Due one year and over	2,016	—
	37,441	15,006

11. EQUITY SHARES

	1992 £'000		1991 £'000	
Held as Current Assets	Cost	Market Value	Cost	Market Value
Investment securities				
– listed on a recognised stock exchange	7	7	22	22

12. SHARES IN GROUP UNDERTAKINGS

	Shares in subsidiary undertakings
Company	
At 1st January 1992	697
Additions	3,181
Amount written off investment	(63)
At 31st December 1992	3,815

On 17th August 1992, the Company acquired the whole of the issued share capital of Laclan Associates Limited at a cost of £1,679,472.

On 9th September 1992, the Company acquired the whole of the issued share capital of Hilbre Investment Management Limited at a cost of £1,322,788

On 19th November 1992, the Company acquired the whole of the issued share capital of Deanlawn Associates Limited at a cost of £179,177.

Notes to the Accounts

at 31st December 1992

The group holds more than 10 % of the equity of the following principal operating companies which have all been consolidated:

	Country of Incorporation and Operation	Holding	Proportion Held
Rathbone Bros. & Co. Limited	Great Britain	Ordinary Shares	100%
Rathbone Trust Company Limited	Great Britain	Ordinary Shares	100%
Rathbone Trust Company B.V.	The Netherlands	Ordinary Shares	100%
Laclan Associates Limited	Great Britain	Ordinary Shares	100%
Hilbre Investment Management Limited	Great Britain	Ordinary Shares	100%
Deanlawn Associates Limited	Great Britain	Ordinary Shares	100%
*Rathbone Nominees Limited	Great Britain	Ordinary Shares	100%
*Rathbone Trust Company S.A.	Switzerland	Ordinary Shares	100%
* Itcos SA	Switzerland	Ordinary Shares	100%
*Rathbone Trust Company (BVI) Limited	British Virgin Islands	Ordinary Shares	100%
*Rathbone Management Company (Jersey) Limited	Jersey	Ordinary Shares	100%

* held by subsidiary undertaking.

All those companies which are incorporated in Great Britain are registered in England.

13. INTANGIBLE FIXED ASSETS
Group and Company

	Goodwill £'000
Cost:	
At 1st January 1992	260
Addition (Note 23)	1,794
At 31st December 1992	2,054
Amortisation:	
At 1st January 1992	13
Provided during the year	103
At 31st December 1992	116
Net book value at 31st December 1992	1,938
Net book value at 1st January 1992	247

14. TANGIBLE FIXED ASSETS

Group	Long term leasehold property £'000	Furniture Fixtures Motor vehicles Equipment £'000	Total £'000
Cost at 1st January 1992	1,794	1,931	3,725
Exchange adjustments	—	22	22
Additions	263	832	1,095
Disposals	—	(472)	(472)
Cost at 31st December 1992	2,057	2,313	4,370
Depreciation at 1st January 1992	79	1,082	1,161
Exchange adjustments	—	5	5
Charge for the year	29	483	512
Disposals	—	(469)	(469)
Depreciation at 31st December 1992	108	1,101	1,209
Net book value at 31st December 1992	1,949	1,212	3,161
Net book value at 1st January 1992	1,715	849	2,564

Company	£'000	£'000	£'000
Cost at 1st January 1992	1,794	1,782	3,576
Additions	160	786	946
Disposals	—	(472)	(472)
Cost at 31st December 1992	1,954	2,096	4,050
Depreciation at *1st January 1992*	79	1,132	1,211
Charge for the year	20	425	445
Disposals	—	(469)	(469)
Depreciation at 31st December 1992	99	1,088	1,187
Net book value at 31st December 1992	1,855	1,008	2,863
Net book value at 1st January 1992	1,715	650	2,365

Capital expenditure authorised and contracted for at 31st December 1992 but not provided in the accounts amounted to £55,000 (1991: £19,000)

Capital expenditure authorised but not contracted for at 31st December 1992 amounted to £6,000 (1991: £107,000).

15. OTHER ASSETS

	1992	1991
	£'000	£'000
Advance corporation tax recoverable	366	261
Other debtors	314	246
	680	507
Due within one year	405	311
Due one year and over	275	196
	680	507

16. CUSTOMER ACCOUNTS

	1992	1991
	£'000	£'000
With agreed maturity dates or periods of notice, by remaining maturity:		
3 months or less but not repayable on demand	2,104	2,245
Repayable on demand	36,300	27,694
	38,404	29,939
Customer accounts comprise:		
Client balances	37,605	27,743
Amounts owed to brokers	799	2,196
	38,404	29,939

17. OTHER LIABILITIES

	1992	1991
	£'000	£'000
Bank loans	1,000	1,000
Bank overdrafts	337	135
Trade creditors	122	163
Taxation	1,540	1,319
Dividend payable	835	589
Other creditors	268	418
	4,102	3,624

The bank loans are wholly repayable within five years and are secured on long term leasehold properties.

The bank overdrafts comprise bank balances repayable on demand of £1,361,663 (1991: £134,769) less cheques in the course of settlement of £1,698,249 (1991: £Nil).

18. PROVISION FOR LIABILITIES AND CHARGES

Deferred Taxation

The provision which represents the full potential liability consists of:

	Group		Company	
	1992	1991	1992	1991
	£'000	£'000	£'000	£'000
Depreciation in advance of capital allowances	(66)	(56)	—	(97)
Dividends from overseas subsidiary undertakings	216	128	—	128
	150	72	—	31

Taxation which will arise on the remittance of overseas profits has been provided for where the Directors intend to make any such remittance.

The movements during the year on the deferred taxation account were as follows:

	Group	Company
Provision:	£'000	£'000
At 1st January 1992	72	31
Debited/(credited) to profit and loss account	78	(31)
At 31st December 1992	150	—

19. SHARE CAPITAL

	Shares	£
Authorised:		
Ordinary shares of 5p each		
1st January 1992	10,000,000	500,000
4th June – increase by ordinary resolution	90,000,000	4,500,000
31st December 1992	100,000,000	5,000,000
Allotted, called up and fully paid:		
Ordinary shares of 5p each	Shares	£
1st January 1992	7,845,704	392,285
4th June – capitalisation issue	8,300,167	415,008
Issued for acquisitions noted below	2,053,367	102,668
Exercise of options noted below	174,550	8,728
31st December 1992	18,373,788	918,689

(a) Share issues

On 10th January 1992, 444,913 new ordinary shares of 5p each were issued as consideration for the acquisition of a business from Framlington Investment Management Limited in accordance with an agreement dated 1st November 1991.

On 17th August 1992, 846,029 new ordinary shares of 5p each were issued as consideration for the acquisition of the whole of the share capital of Laclan Associates Limited in accordance with an agreement of that date.

On 9th September 1992, 683,212 new ordinary shares of 5p each were issued as consideration for the acquisition of the whole of the share capital of Hilbre Investment Management Limited in accordance with an agreement of that date.

On 19th November 1992, 79,213 new ordinary shares of 5p each were issued as consideration for the acquisition of the whole of the share capital of Deanlawn Associates Limited in accordance with an agreement of that date.

On 10th April, 26th June, 4th November, 11th and 16th December 1992 respectively 9,550, 4,000, 56,000, 61,000 and 44,000 new ordinary shares of 5p each were issued for cash at subscription prices ranging from 86.5p to 193p per share to employees upon the exercise of options in accordance with the terms of the CFS Employee Share Option Scheme 1985.

(b) Share options

In accordance with the rules of the Share Option Scheme, options have been granted to employees, which remain available to be exercised, to subscribe for a total of 1,210,900 ordinary shares of 5p each at prices ranging from 56.5p to 223.75p per share at various times up to 22nd April 2002. Additionally, an option over 200,000 ordinary shares has been granted to a Director exercisable at a price of 101.5p up to 25th September 1998.

20. RESERVES

Group	Share premium £'000	Merger reserve £'000	Profit and loss account £'000
At 1st January 1992	616	4	4,655
Retained profit for the year	—	—	1,647
Exchange adjustments	—	—	123
Capitalisation issue	(415)	—	—
Premium on shares issued	1,719	3,076	—
Goodwill written off	—	(3,080)	(64)
At 31st December 1992	1,920	—	6,361

Cumulative goodwill written off amounts to £3,535,000.

The Profit and Loss Account includes £910,000 which is non-distributable.

Company	Share premium £'000	Merger reserve £'000	Profit and loss account £'000
At 1st January 1992	616	343	810
Deficit for the year	—	—	(101)
Capitalisation issue	(415)	—	—
Premium on shares issued	1,719	3,076	—
At 31st December 1992	1,920	3,419	709

21. PENSION SCHEMES

The Company operates a pension scheme providing benefits based on final pensionable pay for executive directors and staff. The assets of the scheme are held separately from those of the Company being invested on a discretionary basis with professional fund managers. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was as at 31st December 1990. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase on salaries. It was assumed that the investment returns would be 9% per annum and that salary increases would average 7% per annum.

The pension charge to the Group of the above scheme for the year was £268,000 (1991: £214,000).

The most recent actuarial valuation showed that the market value of the scheme's assets was £1,097,000 and that the actuarial value of those assets represented 97% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contributions of the Company and employees are 13.2% and 5% of earnings respectively.

In addition, the Group operates a defined contribution scheme for certain Directors. The total contribution to this scheme was £18,000 (1991: £17,000).

22. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY

	1992	1991
	£'000	£'000
Denominated in sterling	48,656	36,791
Denominated in currencies other than sterling	3,381	2,592
Total Assets	52,037	39,383
Denominated in sterling	48,656	36,791
Denominated in currencies other than sterling	3,381	2,592
Total Liabilities	52,037	39,383

23. ACQUISITIONS

a) Laclan Associates Limited

	Book value	Fair value to the group
	£'000	£'000
Current assets:		
Debtors	24	24
Net assets	24	24
Goodwill		1,656
Consideration paid		1,680

The consideration paid consists of:	
Issue of shares	1,667
Acquisition costs	13
	1,680

The effective date of the acquisition of Laclan Associates Limited, which has been accounted for using the acquisition method, was 17th August 1992. Its profit after tax for the period 1st January 1992 to 17th August was £23,000 (1991: £Nil).

b) Hilbre Investment Management Limited

	Book value £'000	Fair value to the group £'000
Current assets:		
Debtors	11	11
Net assets	11	11
Goodwill		1,312
Consideration paid		1,323

The consideration paid consists of:	
Issue of shares	1,312
Acquisition costs	11
	1,323

The effective date of the acquisition of Hilbre Investment Management Limited, which has been accounted for using the acquisition method, was 9th September 1992. Its profit after tax for the period 25th June 1991 to 9th September 1992 was £10,000 (1991: £Nil).

c) Deanlawn Associates Limited

	Book value £'000	Fair value to the group £'000
Current assets.		
Debtors	3	3
Net assets	3	3
Goodwill		176
Consideration paid		179

The consideration paid consists of:	
Issue of shares	177
Acquisition costs	2
	179

The effective date of the acquisition of Deanlawn Associates Limited, which has been accounted for using the acquisition method, was 19th November 1992. Its profit after tax for the period 1st January 1992 to 19th November 1992 was £3,000 (1991: £Nil).

The goodwill arising on the above acquisitions has been offset against reserves (note 20).

d) Other acquisition:

During the year the company acquired the private client business of Framlington Investment Management Limited for £1,794,000 being the value of the goodwill. The purchase was discharged by the issue of share capital as set out in note 19, acquisition costs of £39,000 and a cash balance of £164,000.

The goodwill arising is being carried forward as an intangible asset and is being amortised over its expected useful economic life of 20 years.

24. DEBTORS – COMPANY

	1992	1991
	£'000	£'000
Amounts owed by subsidiary undertakings	1,284	1,406
Advance corporation tax recoverable	366	261
Other debtors	148	169
Prepayments and accrued income	106	105
	1,904	1,941

Advance corporation tax of £275,000 (1991: £196,000) is recoverable after more than one year.

25. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR – COMPANY

	1992	1991
	£'000	£'000
Bank overdraft	—	49
Amounts owed to subsidiary undertakings	717	458
Corporate taxation	660	559
Other taxes and social security costs	156	53
Other creditors	71	328
Accruals and deferred income	119	23
Proposed dividend	835	589
	2,558	2,059

26. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR – COMPANY

	1992	1991
	£'000	£'000
Bank loans	1,000	1,000

The loans are wholly repayable within five years and are secured on long term leasehold property.

27. GROUP CASH FLOW STATEMENT

(i) Reconciliation of Group profit on ordinary activities before tax to net cash inflow from operating activities	1992 £'000	1991 £'000
Group profit on ordinary activities before tax	4,082	3,117
Decrease/(increase) in prepayments and accrued income	150	(192)
Increase/(decrease) in accruals and deferred income	100	(78)
Depreciation and amortisation	615	363
Profit on sale of tangible fixed assets	(83)	(36)
Increase in other assets	(173)	(276)
(Decrease)/increase in other liabilities	(191)	126
Amounts written off equity shares	15	24
Net cash flow from trading activities	4,515	3,048
Net increase/(decrease) in customer accounts	8,465	(2,459)
Net decrease/(increase) in loans and advances to customers	133	(407)
Decrease in debt securities over three months maturity	1,985	997
Exchange adjustments	78	—
Net cash inflow from operating activities	15,176	1,179

(ii) Analysis of changes in cash and cash equivalents during the year	£'000	£'000
At 1st January	23,944	25,134
Net cash inflow/(outflow) before adjustments for the effect of foreign exchange rate changes	12,207	(1,189)
Effect of foreign exchange rate changes	29	(1)
At 31st December	36,180	23,944

(iii) Analysis of the balances of cash and cash equivalents as shown in the balance sheet	1992 £'000	1991 £'000	Change in year
Cash and balances at central banks	—	77	(77)
Loans and advances to banks	3,092	14,997	(11,905)
Short term debt securities	33,425	9,005	24,420
Bank overdrafts	(337)	(135)	(202)
	36,180	23,944	12,236

28. OPERATING LEASE COMMITMENTS

Land and Buildings	1992 £'000	1991 £'000
The following payments are committed to be paid in 1993 under operating leases		
Leases expiring after five years	102	47

Bank Balance Sheet

Rathbone Bros. & Co. Limited and Subsidiary Undertakings
Consolidated Balance Sheet at 31st December 1992

Rathbone Bros. & Co. Limited is an Authorised Institution under the Banking Act 1987 and the consolidated balance sheet comprises the assets utilised in the banking and investment management businesses financed by the shareholders' funds, client accounts and other liabilities.

	1992	1991
	£'000	£'000
Assets		
Cash and balances at central banks	—	77
Loans and advances to banks	2,841	14,766
Amounts owed by brokers	799	2,196
Loans and advances to customers	1,768	710
Debt securities	37,425	15,006
Equity shares	6	23
Tangible fixed assets	82	—
Other assets	67	93
Prepayments and accrued income	1,022	1,174
Total Assets	44,010	34,045
Liabilities		
Amounts owed to brokers	799	1,610
Customer accounts	37,732	28,368
Other liabilities	781	500
Accruals and deferred income	12	22
Capital and Reserves		
Called up share capital	1,200	1,200
Share premium account	10	10
Profit and loss account	3,476	2,335
Shareholders' funds	4,686	3,545
Total Liabilities	44,010	34,045

Report of the Auditors

We have audited the accounts on pages 12 to 30 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group at 31st December 1992 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

London

Comins & Co.
Chartered Accountants
Registered Auditor

16th April 1993

Notice of Meeting

NOTICE IS HEREBY GIVEN that the TWENTY SECOND ANNUAL GENERAL MEETING of the Company will be held at the Goring Hotel, Beeston Place, London SW1 on Thursday 20th May 1993 at 2.30pm for the following purposes: -

As Ordinary Business		Resolution on Proxy Form
1.	To adopt the report of the Directors and the audited accounts for the year ended 31st December, 1992.	Resolution No 1
2.	To re-elect Mr O.D. Stanley as a Director of the Company.	Resolution No 2
3.	To re-elect Mr M.S. Bryant as a Director of the Company.	Resolution No 3
4.	To re-elect Mr J.E. Tuck as a Director of the Company.	Resolution No 4
5.	To re-elect Mr C.W. Kinloch as a Director of the Company.	Resolution No 5
6.	To re-elect Mr J.N. Entwistle as a Director of the Company.	Resolution No 6
7.	To re-appoint Comins & Co.as auditors and to authorise the Directors to fix their remuneration.	Resolution No 7
As Special Business		
8.	To consider and if thought fit, to pass the following resolution which will be proposed as a Special Resolution:	Resolution No 8

THAT:

(A) The Directors be and they are hereby generally and unconditionally authorised pursuant to and in accordance with Section 80 of the Companies Act 1985 ("the Act") to exercise all the powers of the Company to allot relevant securities up to an aggregate nominal amount of £309,000 provided that this authority shall expire as regards allotments in respect of securities payment for which is to be wholly in cash 15 months after the passing of this Resolution or if earlier the date of the next Annual General Meeting after the passing of this Resolution and as regards other allotments the day before the fifth anniversary of the due passing of this Resolution, and

(B) The Directors be and they are hereby empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94 of the Act) wholly for cash during the period of 15 months from the date of the passing of this Resolution, or the date of the next Annual General Meeting of the Company whichever is the earlier, pursuant to the said authority, as if Section 89(1) of the Act did not apply to any such allotment PROVIDED THAT this power shall be limited: -

i) to the allotment of equity securities in connection with a rights issue in favour of Ordinary shareholders and,

ii) to the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal value of £46,250

(C) For the purposes of this Resolution:

i) the said authority and the said power shall allow and nable the Directors to make offers or agreements which would or might require the making of allotments after the expiry of the said periods; and

ii) "rights issue" means an offer of equity securities open for acceptance for a period fixed by the Directors to holders of Ordinary shares on the register on a fixed record date in proportion to their then holdings of such shares (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory); and

iii) words and expressions defined in or for the purposes of the Act shall bear the same meaning,

and all previous authorities and powers to Directors to allot securities be and are hereby withdrawn.

9. To consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution: Resolution No 9

THAT:-

(A) the Rathbone Employee Share Option Scheme 1993 ("the 1993 Scheme") constituted by Rules in the form available for inspection at this meeting, incorporating the terms set out in the circular to shareholders dated 21st April 1993, be approved and adopted;

(B) the Directors be authorised to do all acts and things which they consider necessary or expedient to carry the 1993 Scheme into effect and the Directors be authorised to make such amendments to the Rules of the 1993 Scheme as may be necessary to obtain approval of the scheme by the Board of Inland Revenue in accordance with the provisions relating to approved share option schemes contained in Schedule 9 to the Income and Corporation Taxes Act 1988;

(C) the Directors be authorised to vote as Directors on any matter connected with the 1993 Scheme, notwithstanding that they may be interested in the same, and the prohibition on interested Directors voting contained in the Articles of Association of the Company be suspended to that extent.

University House
Lower Grosvenor Place
London SW1W OEX

BY ORDER OF THE BOARD
J.E. Tuck Secretary
21st April, 1993

NOTES:

1. Members entitled to attend and vote are entitled, if they so wish, to appoint one or more proxies to attend and, on a poll, vote in their stead A proxy need not be a member.

2. A memorandum of the terms of all contracts of service of more than one year's duration between Directors and the Company (or any of its subsidiaries) is available for inspection at the Registered Office during business hours on any weekday (public holidays excluded) until the date of the Annual General Meeting. The Memorandum will also be available for inspection at the place of the meeting for 15 minutes prior to the meeting, and during the meeting