

Investec Investment Trust PLC

Report and Financial Statements
31 March 2012

Investec Investment Trust PLC

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DIRECTORATE AND CORPORATE INFORMATION

BOARD OF DIRECTORS

A J Barnes
S M Burgess
T Chanter

SECRETARY

K Cong

AUDITORS

Ernst & Young LLP
1 More London Place
London SE1 2AF

REGISTRARS

Computershare Investor Services PLC
P O Box 82
The Pavilions
Bridgewater Road
Bristol BS99 7NH

COMPANY REGISTRATION

Registration Number 328206
Registered Office:
2 Gresham Street
London EC2V 7QP

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 March 2012.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The company is ultimately a wholly owned subsidiary of Investec plc. Its principal activity is that of an investment holding company and it will continue to operate in this capacity for the foreseeable future. The company's 3.5 per cent and 5 per cent cumulative preference stocks are listed on the London Stock Exchange.

Investec Group Investments (UK) Limited own all of the ordinary shares, £266,586 nominal 3.5 per cent cumulative preference stock and £96,612 nominal 5 per cent cumulative preference stock of the company.

The preference shares are classified as a liability and not equity.

The company's principal activity is to source funds from the financial market for group activities. The financial risks are managed at the Group level. Surplus liquidity arising from time to time was loaned by the company during the year in which it arose on an interest free basis to its immediate parent company. The loan is repayable upon demand and the company has the right, at any time and at its sole discretion, to charge interest thereon at a commercial rate. Preference dividend payments are funded from the loan.

The financial risks are managed at the Investec plc Group level. The company's exposure to financial risks is further discussed in note 12.

RESULTS FOR THE YEAR

The results for the year show a loss before tax of £63k compared to a loss before tax of £63k in the prior year (see page 6).

At 31 March 2012 the company had net assets of £26,083k (31 March 2011: £26,146k).

The directors do not recommend the payment of a final dividend on the ordinary shares for the year (2011: £nil). Dividends paid on the preference stocks in the year amounted to £62,772 (2011: £62,772).

DIRECTORS AND THEIR INTERESTS

The current directors of the company and those in position during the year are listed on page 1. According to the register of directors' interests, no director holding office at 31 March 2012 had any beneficial interest in the shares of the company during the year.

DISCLOSURE OF INFORMATION TO THE AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the company's auditor in connection with preparing its report, of which the company's auditor is unaware. Having made enquiries of fellow directors, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The directors confirm that, to the best of each person's knowledge:

- (a) the financial statements in this report, which have been prepared in accordance with UK GAAP and the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and loss of the company; and
- (b) the directors' report includes a fair review of the development and performance of the business and the position of the company together with a description of the principal risks and uncertainties that they face.

DIRECTORS' INDEMNITY AND DIRECTORS' & OFFICERS' LIABILITY INSURANCE

The company maintains a Directors' and Officers' Liability Insurance policy. In accordance with the Company's Articles of Association, the board may also indemnify a director from the assets of the company against any costs or liability incurred as a result of their office, to the extent permitted by law. Neither the insurance policy nor any indemnities that may be provided by the company provide cover for fraudulent or dishonest actions by the directors. However, costs may be advanced to directors for their defence in investigations or legal actions.

CORPORATE GOVERNANCE

As the company has only preference shares listed on the London Stock Exchange, detailed disclosures as required under section 7.2.1 of the Disclosure and Transparency Rules are made in the ultimate parent company, Investec plc, financial statements and are publicly available at www.investec.com.

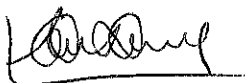
GOING CONCERN

On the basis of current financial projections the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and accordingly the going concern basis is adopted in the preparation of the annual financial statements.

ANNUAL GENERAL MEETING AND AUDITORS

The company has elected not to make annual appointments of auditors. Accordingly Ernst & Young LLP are deemed to be reappointed in accordance with section 487 of the Companies Act 2006.

by order of the board



K Cong
Secretary
24 July 2012

DIRECTORS' RESPONSIBILITIES STATEMENT

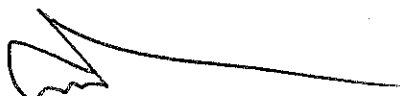
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

Signed on behalf of the board



S M Burgess
Director

24 July 2012

Independent auditors' report to the member of Investec Investment Trust PLC

We have audited the financial statements of Investec Investment Trust PLC for the year ended 31 March 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to it 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement as set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Michael-John Albert (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

25 July 2012

Investec Investment Trust PLC

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2012

		31 March 2012 £000	31 March 2011 £000
	Notes		
Interest payable	5	(63)	(63)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(63)	(63)
Taxation	4	-	(203)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(63)	(266)
RETAINED LOSS FOR THE FINANCIAL YEAR	10	(63)	(266)

The above activities are continuing.

There are no recognised gains or losses in either year other than those reflected through the profit and loss account.

There is no material difference between the results disclosed in the profit and loss account for current or prior year and the results on an unmodified historical cost basis.

The accompanying notes form an integral part of these financial statements.

Investec Investment Trust PLC

BALANCE SHEET

as at 31 March 2012

		31 March 2012 £000	31 March 2011 £000
CURRENT ASSETS			
Receivable from parent undertaking	6	28,865	28,946
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	7	(1,137)	(1,155)
NET CURRENT ASSETS		27,728	27,791
CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	8	(1,645)	(1,645)
NET ASSETS		26,083	26,146
CAPITAL AND RESERVES			
Called up share capital	9	14,436	14,436
Profit and loss account	10	11,647	11,710
TOTAL EQUITY SHAREHOLDER'S FUNDS	11	26,083	26,146

The accompanying notes form an integral part of these financial statements.

The financial statements on pages 6 to 11 were approved by the board on 24 July 2012 and signed on its behalf by:



S M Burgess
Director

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2012

1. ACCOUNTING POLICIES

Basis of presentation

The financial statements have been prepared in accordance with applicable United Kingdom law and Generally Accepted Accounting Practice and on a going concern basis. The financial statements have been prepared under the historical cost convention.

Cash flow statement

The company is exempt from the requirements to prepare a cash flow statement under Financial Reporting Standard 1(revised), because a consolidated cash flow statement is included in the publicly available consolidated financial statements of its ultimate parent undertaking, Investec plc.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit and loss or available for sale. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in the profit and loss account when the receivables are derecognised or impaired, as well as through the amortisation process. Impairment in value is considered annually in line with relevant accounting standards.

Classification of shares as debt

The preference shares issued by the company create a financial liability as defined by Financial Reporting Standard 25 and are therefore presented as a liability in the balance sheet. Shares classified as debt are initially measured at fair value net of transaction costs and thereafter at amortised cost until extinguished on redemption. The corresponding dividends relating to the liability are charged as interest expense in the profit and loss account on an accruals basis.

Disclosure of financial instruments

The directors have taken advantage of the disclosure exemptions available to subsidiary undertakings in Financial Reporting Standard 29.

Taxation

Corporation tax is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be sustainable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements, which are capable of reversal in one or more subsequent periods.

Deferred tax is measured at a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Related party transactions

The directors have taken advantage of the exemptions available in Financial Reporting Standard 8 from disclosing transactions with related parties which are wholly owned members of the Investec plc group.

2. AUDITORS' REMUNERATION

In the years to both 31 March 2011 and 2012, auditors' remuneration for audit work was borne by a fellow group company. The audit fee in the year to 31 March 2012 was £13,320 (2011: £4,870).

3. EMOLUMENTS OF DIRECTORS

The directors were employed and remunerated as directors or executives of Investec plc and its subsidiaries ("the Group") in respect of their services to the Group as a whole and their remuneration has been paid by other Group companies. It is estimated that the remuneration for their services to the company in the year totalled £10,890 (2011 £10,890). The company had no employees (2011: nil).

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2012

4. TAX ON LOSS ON ORDINARY ACTIVITIES

	31 March 2012 £000	31 March 2011 £000
Taxation	-	(203)

The effective tax rate for the year is different from the standard rate of UK Corporation Tax, due to the following reconciling items:

	2012 £000	2011 £000
Tax credit on loss on ordinary activities at 26% (2011 – 28%)	(16)	(18)
Non deductible expenses	16	18
UK to UK transfer pricing adjustment	-	203
	-	203

5. INTEREST PAYABLE

The interest payable represents the dividend paid and accrued on the cumulative preference shares classified as financial liabilities and comprises the following:

	31 March 2012 £000	31 March 2011 £000
Dividends paid		
Three.Five% Cumulative preference shares 1 June	7	7
Three.Five% Cumulative preference shares 1 December	23	23
Five% Cumulative preference shares 15 May	2	2
Five% Cumulative preference shares 15 November	9	9
Dividends payable		
Three.Five% Cumulative preference shares	15	15
Five% Cumulative preference shares	7	7
	63	63

6. RECEIVABLE FROM PARENT UNDERTAKING

The amount represents a loan to the parent company, Investec Group Investments (UK) Limited on an interest free basis. The loan is repayable upon demand and the company has the right, at any time and at its sole discretion, to charge interest thereon at a commercial rate.

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2012 £000	31 March 2011 £000
Amounts owed to parent and fellow subsidiary undertakings	-	18
Other creditors	55	55
Provision for tax – payable to a group company	1,082	1,082
	1,137	1,155

Investec Investment Trust PLC

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2012

8. CREDITORS: AMOUNTS FALLING DUE OVER ONE YEAR

	31 March 2012 £000	31 March 2011 £000
1,300,000 3.5% cumulative preference shares of £1 each (1.75p each dividend) authorised, issued, allotted and fully paid up	1,300	1,300
345,438 5% cumulative preference shares of £1 each (2.5p each dividend) authorised, issued, allotted and fully paid up	345	345
	<u>1,645</u>	<u>1,645</u>

The 3.5% cumulative preference stock and the 5% cumulative preference stock carry the following rights:

- holders are entitled to fixed cumulative preferential dividends at the rates of 3.5% and 5% per annum respectively. Payment of such dividends is due on 1 June and 1 December each year in the case of the 3.5% preference stock and 15 May and 15 November each year in the case of the 5% preference stock.
- holders are entitled to the amounts paid up on the preference stocks together with all arrears of the respective cumulative preferential dividends on a winding up of the company, in priority to the Ordinary shareholders.
- holders are not entitled to attend or vote at general meetings of the company, save in specified circumstances, principally where the business to be transacted affects their rights as preference stockholders.
- there is no prescribed redemption or repayment date for either class of preference stock.

9. CALLED UP SHARE CAPITAL

	31 March 2012 £000	31 March 2011 £000
Authorised		
60,000,000 (2011: 60,000,000) ordinary shares of 25p each	<u>15,000</u>	<u>15,000</u>
Issued, allotted and fully paid		
57,744,387 (2011: 57,744,387) ordinary shares of 25p each	<u>14,436</u>	<u>14,436</u>

10. RESERVES

	Profit and loss account £000
Balance at the beginning of the year	11,710
Retained loss for the financial year	<u>(63)</u>
Balance at the end of the year	<u>11,647</u>

11. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS

	31 March 2012 £000	31 March 2011 £000
Opening equity shareholder's funds	26,146	26,412
Loss for the financial year	<u>(63)</u>	<u>(266)</u>
Closing equity shareholder's funds	<u>26,083</u>	<u>26,146</u>

NOTES TO THE FINANCIAL STATEMENTS

hyat 31 March 2012

12. RISK MANAGEMENT

As a wholly-owned subsidiary of Investec plc, the company falls under the Investec Group's Risk Management Framework which is set out in the combined Investec plc and Investec Limited 2012 financial statements, Risk Management and Corporate Governance report.

Credit risk

The company has no exposure to credit risk other than on the loan advanced to the parent undertaking.

Liquidity risk

The company's only financial obligations in the foreseeable future are payment of dividend on the preference shares and administrative expenses. The company is able to recall the loan to the parent undertaking (or part thereof) at any time and therefore does not foresee any risk of being unable to meet its financial commitments.

Interest rate risk

The company has a fixed interest obligation in respect of the dividend on the preference shares and is therefore not exposed to fluctuation in interest rates. The loan to the parent is interest free. However, the company has the right at any time and at its sole discretion to charge interest thereon at a commercial rate.

Capital Management

The company manages and monitors its capital on an ongoing basis and with consideration for the ongoing commitments of the entity. The company is not regulated and therefore it is not subject to any capital adequacy requirements.

13. ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is Investec Group Investments (UK) Limited.

The company's ultimate parent undertaking and controlling party is Investec plc, a company incorporated in the United Kingdom and registered in England and Wales. Investec Bank plc is the smallest group and Investec plc is the largest group in which the results of the company are consolidated. The consolidated financial statements of Investec plc and Investec Bank plc are available to the public and may be obtained from Investec plc at 2 Gresham Street, London, EC2V 7QP.