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SCHRODER INTERNATIONAL HOLDINGS LIMITED

ACCOUNTS - 31ST DECEMBER 1976

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SCHRODER INTERNATIONAL HOLDINGS LIMITED

REPORT OF THE DIRECTORS

Principal Activity

1. Schroder International Holdings Limited is an investment holding company.

Results

2. The revenue for the year and the appropriation thereof are shown in the revenue account on page 2.

Dividends

3. The directors recommend the payment of a dividend of £277,637.

Directors

4. During 1976, the directors of the company were:-

John C. Bayley
Michael J. Verey
James D. Wolfensohn

Mr. James D. Wolfensohn resigned as a director on 31st January 1977. The Earl of Airlie, Mr. John Hull and Mr. Mark J. Maged (U.S.A.) were appointed directors on 17th March 1977. On the same date Mr. John C. Bayley was appointed Chairman of the company.

Directors' Interests

5. At 31st December directors of the company had the following interests in the ordinary shares of £1 each in the capital of Schroders Limited:

	<u>1976</u>			<u>1975</u>		
	<u>Number of shares</u>			<u>Number of shares</u>		
	<u>Beneficially</u>	<u>Otherwise</u>		<u>Beneficially</u>	<u>Otherwise</u>	
	<u>held</u>	<u>held</u>		<u>held</u>	<u>held</u>	
	<u>Fully</u>	<u>2p</u>	<u>Fully</u>	<u>Fully</u>	<u>2p</u>	<u>Fully</u>
	<u>paid</u>	<u>paid</u>	<u>paid</u>	<u>paid</u>	<u>paid</u>	<u>paid</u>
John C. Bayley	18,460	2,540	-	15,210	2,540	-
Michael J. Verey	17,425	4,575	-	17,425		-
James D. Wolfensohn	1,200	-	-	1,200	-	-

Mr. James D. Wolfensohn owned beneficially by way of director's qualification ten common shares of US \$100 each of Schroder Trust Company.

During 1976, no director had any other interests in shares in or debentures of either Schroders Limited or any of its subsidiary companies.



Subsidiaries

6. During the year additional subscriptions were made to the share capital of Schroders (Bermuda) Limited to enable that company to finance further investments in associated companies.

Auditors

7. The auditors, Coopers & Lybrand, will continue in office in accordance with Section 159(2) of the Companies Act 1948.

BY ORDER OF THE BOARD

R. BADROCK

Secretary

31st March 1977.

The above Directors' Report and the Balance Sheet, ~~Consolidated Balance Sheet~~ and Accounts, and the Auditors' Report thereon, appended hereto, are hereby certified to be true copies.



Director.

Secretary.

SCHRODER INTERNATIONAL HOLDINGS LIMITED

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1976

	£	1975 £
INCOME FROM INVESTMENTS		
Dividends		
Subsidiary companies	348,104	277,759
Associated companies	188,611	118,499
Other unquoted investments	14,236	9,439
Quoted investments	4,110	3,352
Other income	17,802	386
	<u>572,863</u>	<u>409,435</u>
<u>Less:</u>		
TAXATION on the revenue of the year (Note 2)		
Overseas taxes	217,710	166,773
Group relief payable	9,465	5,431
Deferred taxation	63,368	45,871
	<u>290,543</u>	<u>218,075</u>
Adjustment in respect of prior years	4,683	2,251
	<u>295,226</u>	<u>220,326</u>
REVENUE AFTER TAXATION	277,637	189,109
RETAINED REVENUE BROUGHT FORWARD	60,000	57,629
REVENUE AVAILABLE FOR APPROPRIATION	<u>337,637</u>	<u>246,738</u>
<u>Less:</u>		
PROPOSED DIVIDEND	277,637	186,738
RETAINED REVENUE	<u>£60,000</u>	<u>£60,000</u>

Notes to the accounts - pages 6 to 9.

Auditors' report - page 4.

Notes to the accounts - pages 6 to 9.

SECRET OF THE IDENTITY OF THE PERSONS

In our opinion the accounts set out on pages 3 to 9 give a true and fair view of the state of the company's affairs at 31st December 1976 and of the net revenue and source and application of funds for the year ended on that date, according to the historical cost convention, and comply with the Companies Acts 1948 and 1987.

COPIERS & INTERLAND

Chartered Accountants

LONDON, 31st March, 1977.

SCHRODER INTERNATIONAL HOLDINGS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31ST DECEMBER 1976

		1975
	£	£
SOURCE OF FUNDS		
FUNDS GENERATED FROM OPERATIONS		
Profit before taxation	572,863	409,435
Adjustment for item not involving the movement of funds:		
Tax credit on foreign investment income	(217,710)	(166,773)
	355,153	242,662
FUNDS FROM OTHER SOURCES		
Increase in loans from group companies	3,352,018	589,805
Realisation of investments:		
Unquoted investments	587,152	166,186
Associated companies	-	109,637
	3,939,170	865,628
	4,294,323	1,108,290
APPLICATION OF FUNDS		
Increase in investments:		
Subsidiary companies	2,980,233	13,549
Associated companies	420,675	-
Exchange adjustments	426,026	31,357
Payment of dividend	186,738	540,765
Payment of group taxation relief	218,186	12,803
	4,231,858	598,474
	£62,465	£509,816
INCREASE (DECREASE) IN WORKING CAPITAL		
Movement in inter-group balances, excluding proposed dividends and provision for group taxation relief	217,001	364,270
(Decrease) increase in debtors	(154,536)	145,546
	£62,465	£509,816

Auditors' report - page 4.

SCHRODER INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Accounting Policies

- 1(a) Profit or loss on realisation of investments (net of any taxation liability) is taken to capital reserve and is not available for distribution to shareholders by way of dividend.
- (b) Investments are stated in the accounts at cost; any depreciation in the estimated realisable value of an investment below its cost is not recognised unless such depreciation is considered to be permanent.
- (c) Dividends from subsidiary companies are credited to revenue account if they are paid or accrued payable by subsidiaries during the period covered by the revenue account. Otherwise income from investments is credited to revenue account when the dividend or interest is due and payable. Income from overseas investments is grossed up for overseas taxes where the tax is eligible for credit against United Kingdom corporation tax. The overseas tax is then shown as part of the taxation charge for the year.
- (d) Foreign currencies have been translated at the rates ruling at 31st December 1976. In respect of investments acquired with foreign currencies, sterling equivalents are calculated using the following rates of exchange:

Cost	Rate ruling on date of acquisition (including the dollar premium where applicable)
Market value and directors' valuation	Rate ruling at 31st December 1976 (including where applicable, 75% of the dollar premium of 45% (1975: 62%))

Taxation

2. The charge for group relief, and the charge for deferred taxation, which relates to income accrued at 31st December 1976 but which is not taxable until it is payable, have been calculated by reference to corporation tax at 52%. As in 1975, there is no charge for United Kingdom corporation tax on the revenue of the year by reason of group relief and relief from double taxation.

The charge for United Kingdom corporation tax on the revenue of the year including group relief and deferred taxation would have been £177,334 (1975: £125,983) but for relief from double taxation.

Directors' Emoluments

3. The directors did not receive any emoluments in respect of their services to the company.

Auditors' Remuneration

4. The auditors' remuneration for the year was £650 (1975: £550).

SCHRODER INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (contd.)

Capital Reserve

5. Movements during the year on the capital reserve were as follows:

	£
Balance at 1st January 1976	676,588
Exchange adjustments	(426,025)
Profit on sale of investments after a group relief payment of £49,300	115,792
Balance at 31st December 1976	<u>£366,355</u>

Loans from Group Companies

6. The loans from group companies, which have no repayment date, comprise:

	<u>1976</u>	<u>1975</u>
	£	£
Loans from ultimate holding company	17,220,309	15,221,312
Loans from a fellow subsidiary	1,353,021	-
	<u>£18,573,330</u>	<u>£15,221,312</u>

Subsidiary Companies

- 7(a) The following information is given in respect of subsidiary companies. To avoid particulars of excessive length the list does not include those subsidiaries which, in the opinion of the directors, do not principally affect the amount of the profit or loss of the company and its subsidiaries or the amount of the assets of the company and its subsidiaries. The subsidiary companies listed are all wholly owned apart from those where the percentage interest is indicated. Issued share capital of subsidiaries comprises equity shares except where indicated otherwise.

SCHRODER INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (contd.)

Subsidiary Companies (contd.)

7. Incorporated in the United States of America

Schroders Incorporated
J. Henry Schroder Banking Corporation*
Schroder Trust Company* (99.5%)
Schroder Capital Corporation*
Schroder Leasing Corporation*
Schroder Real Estate Corporation*
Schroder Oil Financing and Investment Company Incorporated* (80%)

Incorporated in Canada

J. Henry Schroder & Co. Limited

Incorporated in Lebanon

J. Henry Schroder & Co. S.A.L.*
(65%)

* shares in companies marked with an asterisk are held by subsidiaries of Schroder International Holdings Limited.

- (b) Group accounts have not been prepared because the company is the wholly owned subsidiary of another company incorporated in England.
- (c) In the opinion of the directors the aggregate value of the investment in subsidiaries at 31st December 1976 is not less than book value.

Associated Companies

8(a) The names of the associated companies are as follows:

	<u>Total Issued Share Capital</u>	<u>% owned</u>
<u>Incorporated in Australia</u>		
Schroder, Darling and Company Holdings Limited	527,498 A\$2 Shares (A\$1.25 paid) 172,502 A\$2 Shares	50.0%

A payment of A\$0.20 per share in advance of a call has been made by the company on its holding of partly paid shares of Schroder, Darling and Company Holdings Limited.

Incorporated in France

Societe Privée de Gestion Financière S.A.	162,500 FF.100 Shares	13.9%
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SCHRODER INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS (contd.)

Associated Companies (contd.)

- 8(b) The company's share of the profits of the associated companies has not been incorporated in these accounts because the company is a wholly owned subsidiary of another company incorporated in England.

Contingent Liability

9. There is a contingent liability in respect of uncalled capital on shares held of £123,397 (1975: £119,676).

If investments had been realised, other than those in subsidiary companies, at the directors' valuation at 31st December 1976, a liability for taxation would have arisen amounting to £284,319 (1975: £365,074).

Ultimate Holding Company

10. The company's ultimate holding company is Schroders Limited, which is incorporated in England.