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COPY

TARGET HOLDINGS LIMITED
AND SUBSIDIARY COMPANIES

FINANCIAL STATEMENTS

31 MARCH 1983



TARGET MOWINGS LIMITED

I N D E X

	<u>PAGE</u>
DIRECTORS AND MANAGEMENT	1
REPORT OF THE DIRECTORS	2 and 3
REPORT OF THE AUDITORS	4
CONSOLIDATED PROFIT AND LOSS ACCOUNT	5
BALANCE SHEETS	6
CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS	7 and 8
ACCOUNTING POLICIES	9
NOTES TO THE FINANCIAL STATEMENTS	10 - 16
PRINCIPAL SUBSIDIARIES	17
DIRECTORS' INTERESTS	18

DIRECTORS' AND MANAGEMENT

Directors: Hon N C J Rothschild
Hon D C S Montagu
F J-P. Mayer
J K Stone
B L Sack
P A Finkel
E B G Clowes (appointed 30 April 1982)
P Oppenheimer (appointed 30 April 1982)
D J Wood (resigned 29 April 1982)
A V Langfield (Mrs) (resigned 29 April 1982)

Secretary: B E Weston, FCCA

Registered office: Target House,
Gatehouse Road,
Aylesbury,
Bucks HP19 3EB

Auditors: Thomson McLintock & Co

Bankers: Williams & Glyn's Bank Plc

Solicitors: S J Berwin & Co
Bischoff & Co

TARGET HOLDINGS LIMITEDREPORT OF THE DIRECTORS

The directors have pleasure in submitting to the members their report together with the financial statements of the company and the group for the year ended 31 March 1983, which were approved by the board on 31 August 1983.

Activities

The company started trading as an investment holding company and during the year acquired the entire issued share capitals of Target Trust Managers Limited and Target Life Assurance Company Limited in exchange for shares. Details of these acquisitions are given below.

Results

The results of the group are detailed in the consolidated profit and loss account. As noted in the accounting policies on page 9, the results of Target Life Assurance Company Limited have not been consolidated.

An interim dividend of £108,500 was paid on 31 March 1983. The directors do not recommend the payment of a final dividend.

Directors

The directors are shown on page 1.

The interests of the directors in group companies are set out on page 18.

Share capital

The company was incorporated on 15 October 1979 with an authorised share capital of 100 ordinary shares of £1 each, two of which were issued at par for cash.

On 18 August 1982 the authorised share capital was increased to £14,000,000 by the creation of 13,999,900 ordinary shares of £1 each.

On 27 January 1983 the authorised share capital was further increased to 14,001,001 shares of £1 each as follows:

Conversion of all existing ordinary shares to	14,000,000 'A' Shares
Creation of	1,000 'B' Shares (non voting)
Creation of	<u>1 'C' Share (non voting)</u>
	14,001,001
	=====

The holders of the 'B' shares and the 'C' share are not entitled to receive any dividend.

TARGET HOLDINGS LIMITEDREPORT OF THE DIRECTORS' (continued)Share capital (continued)

On 18 August 1982 the 14,000,000 shares in issue at that date were issued at par in consideration for the purchase of the entire issued share capitals of Target Life Assurance Company Limited and Target Trust Managers Limited.

On 27 January 1983 the 'B' and 'C' shares were issued at par for cash.

Current cost accounts

The directors are of the opinion that current cost accounts do not provide a meaningful current indication of the group's trading performance and accordingly they do not propose to issue current cost statements.

UK employees

The average number of employees of the company and its subsidiaries, excluding Target Life Assurance Company Limited, during the year ended 31 March 1983 was 73; their aggregate remuneration for the year was £656,000.

Disabled persons

It is the policy of the group to offer equal opportunity to disabled persons applying for employment having due regard to their aptitudes and abilities in relation to the jobs available.

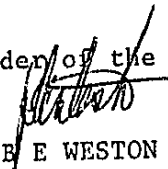
If any existing employee becomes disabled, every effort is made to ensure that continuity of employment and appropriate training are given.

The same opportunities are available to disabled persons as to other employees within the limitations of each individuals abilities.

Auditors

The auditors, Thomson McIntock & Co, are willing to continue in office and a resolution concerning their reappointment and remuneration will be submitted to the annual general meeting.

By order of the board


B. E. WESTON

Secretary

Target House,
Gatehouse Road,
Aylesbury,
Bucks HP19 3EB.

AUDITED BY THOMSON McINTOCK & CO. CHARTERED ACCOUNTANTS
 TARGET HOLDINGS LIMITED
 MEMBERS OF

LONDON. 31 August 1983. We have audited the financial statements of Target Holdings Limited on pages 5 to 17 in accordance with approved auditing standards. These, together with the attached audited financial statements of Target Life Assurance Company Limited for the year ended 31 December 1982 form the group accounts of Target Holdings Limited.

In our opinion the financial statements of Target Holdings Limited and the group accounts presented in this form, which have been prepared under the historical cost convention, give a true and fair view of the state of affairs of the company at 31 March 1983 and of the state of affairs, result and source and application of funds of the group, and comply with the Companies Acts 1948 to 1981.

The financial statements do not include current cost statements as required by Statement of Standard Accounting Practice No.16. for the reasons given in the directors' report.

THOMSON McINTOCK & CO

Chartered Accountants

CONSOLIDATED PROFIT AND LOSS ACCOUNT


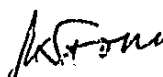
	<u>Note</u>	<u>1983</u> <u>£'000's</u>
TURNOVER		41,194 =====
PROFIT BEFORE TAXATION	1 and 2	520
TAXATION	3	<u>199</u>
PROFIT AFTER TAXATION		321
EXTRAORDINARY CHARGE	4	<u>55</u>
PROFIT AFTER TAXATION AND EXTRAORDINARY CHARGE		266
DIVIDEND PAID	5	<u>108</u>
RETAINED PROFIT FOR THE YEAR	13	<u>158</u> =====
Retained by:		
Holding company		(5)
Subsidiary companies		<u>163</u>
		158 =====

Note: The company did not trade in the year ended
31 March 1982. Accordingly no comparative
figures are given.

TARGET HOLDINGS LIMITED

AS AT 31 MARCH 1983

BALANCE SHEETS

1982 <u>(Company only)</u>	<u>Note</u>	<u>Group</u>	<u>Company</u>
<u>£</u>		<u>£'000's</u>	<u>£'000's</u>
-	6	44	-
FIXED ASSETS			
-	7	2,975	-
GOODWILL			
-	8	11,053	14,000
INVESTMENTS			
-		14,072	14,000
NET CURRENT ASSETS	10	429	(4)
2		14,501	13,996
2			
DEFERRED LIABILITY	11	(28)	-
-		14,473	13,996
2		=====	=====
Represented by:			
SHARE CAPITAL	12	14,001	14,001
2			
RESERVES	13	472	(5)
-			
D C S MONTAGU		Director	
J K STONE		Director	
2		14,473	13,996
=====		=====	=====

D C S MONTAGU

Director

J K STONE

Director

TARGET HOLDINGS LIMITED
AND SUBSIDIARY COMPANIES

YEAR ENDED 31 MARCH 1981

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	<u>£'000's</u>	<u>£'000's</u>
SOURCE OF FUNDS		
Profit before tax		520
Adjustment for items not involving the movement of funds:		
Depreciation and profit on fixed asset disposals		<u>23</u>
Total generated by operations		543
OTHER SOURCES		
Issue of share capital	14,001	
Sale of fixed assets	34	
Amount deposited with group companies	<u>1,075</u>	
		<u>15,110</u>
		15,653
APPLICATION OF FUNDS		
Purchase of subsidiaries	14,000	
Purchase of unlisted investment	25	
Purchase of fixed assets	27	
Dividend paid	108	
Closure costs of subsidiary company	<u>112</u>	
		<u>14,272</u>
		1,381
		=====
INCREASE/(DECREASE) IN WORKING CAPITAL		
Stock of units		728
Debtors		2,023
Creditors		(1,902)
Proposed dividend of subsidiary		175
Group companies		(6)
		1,018
Movement in net liquid funds:		
Bank balances and cash		477
Overdraft		(114)
		<u>1,381</u>
		=====

TARGET HOLDINGS LIMITED
AND SUBSIDIARY COMPANIES

YEAR ENDED 31 MARCH 1983

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS (continued)

Analysis of the effects of acquisitions of subsidiaries

Net assets acquired:

Discharged by:

	<u>£'000's</u>		<u>£'000's</u>
Fixed assets	74	Issue of shares	14,000
Investments	11,028	Goodwill acquired	(2,975)
Stock of units	311	Reserves of	314
Debtors	739	Target Trust Managers	
Amount deposited with		limited accounted	
group company	1,075	for on merger basis	
Bank balances and		(note 13)	
cash	<u>222</u>		
	13,449		
<u>Less: Creditors</u>	(1,081)		
Group relief payable	(458)		
Group companies	(368)		
Proposed dividend	(175)		
Deferred liability	<u>(28)</u>		
	11,339		
	=====		
			11,339
			=====

TARGET HOLDINGS LIMITED
AND SUBSIDIARY COMPANIES

31 MARCH 1983

ACCOUNTING POLICIES

Basis of consolidation and financial statements

The results of Target Life Assurance Company Limited ('TLA') and its subsidiary have been excluded from the consolidated financial statements because of the dissimilar nature of the activities of those companies.

Accordingly group accounts are prepared in the form of consolidated financial statements for the company and its subsidiaries, excluding TLA and its subsidiary, together with separate consolidated financial statements for that company.

The consolidated financial statements, which were approved by the board on 31 August 1983, are based on the historical cost convention and in accordance with s149A and s152A, of, and Schedule 8A to, the Companies Act 1948.

TLA prepares its financial statements annually to 31 December, as is normal practice for insurance companies.

The acquisition of Target Trust Managers Limited has been accounted for as a merger. Accordingly as the nominal value of the shares issued (which represents the fair value of the company acquired) is greater than the nominal value of the shares received in exchange the difference, which represents an unrealised debit balance on reserves, has been shown as goodwill (see note 7). The terms of the acquisition comply with the Companies Acts 1948 to 1981.

Depreciation of fixed assets

Depreciation is provided on a straight line basis on all fixed assets over their effective lives.

The annual rates used for this purpose are:

Equipment	-	20%
Motor vehicles	-	25%

Stocks

Stocks of units held in respect of each unit trust at the balance sheet date are valued at the lower of cost and bid value.

Turnover

Turnover comprises sales of units, income from trading stock of units, fees receivable for the administration of unit trust management companies and fees for financial advisory services.

Franked investment income

Franked investment income arising from manager's intermediate holdings is included gross of the relevant tax credits.

TARGET HOLDINGS LIMITED
AND SUBSIDIARY COMPANIES

31 MARCH 1983

NOTES(forming part of the financial statements)

1 PROFIT BEFORE TAXATION

1983
£'000's

The profit is stated after charging:

Directors' emoluments	26
Depreciation of fixed assets	24
Auditors' remuneration	24
Interest payable	8
	===

and after crediting:

Interest receivable	138
Income from investments in unit trusts	3
Profit on disposal of fixed assets	1
	===

2 DIRECTORS' EMOLUMENTS

£'000's

Fees	2
Management remuneration	5
Pension contributions	19
	26
	===

The chairman received £nil (excluding pension contributions) and the highest paid director £5,000.

The number of other directors whose emoluments, excluding pension contributions, fell in each £5,000 bracket was:

£0 - £5,000	8
	===

In addition further remuneration was paid to directors of the company by Target Life Assurance Company Limited, details of which are shown in the attached financial statements of that company.

TARGET HOLDINGS LIMITED
AND SUBSIDIARY COMPANIES

31 MARCH 1983

NOTES (continued)

3 TAXATION

	<u>1983</u> <u>£'000's</u>
Group relief payable/(receivable) at 52%:	
Current year	197
Prior years	(55)
	142
Tax credits on franked investment income	<u>57</u>
	199
	===

No tax charge arises on the profits for the year because of losses surrendered by other group companies for which a group relief payment at the rate of 52% has been provided in these financial statements.

4 EXTRAORDINARY CHARGE

	<u>1983</u> <u>£'000's</u>
Closure costs of a subsidiary	112
Tax relief at 52%	<u>57</u>
	55
	===

5 DIVIDEND PAID

	<u>1983</u> <u>£'000's</u>
Interim dividend paid on 31 March 1983	
'A' Shares	108
	===

TARGET HOLDINGS LIMITED
AND SUBSIDIARY COMPANIES

31 MARCH 1983

NOTES (continued)6 FIXED ASSETS

<u>Group</u>	<u>Fixtures, fittings and equipment</u>	<u>Motor vehicles</u>	<u>TOTAL</u>
<u>Cost</u>	<u>£'000's</u>	<u>£'000's</u>	<u>£'000's</u>
On acquisition	28	86	114
Additions	2	25	27
Transfers to group companies	-	(7)	(7)
Disposals	(12)	(45)	(57)
At 31 March 1983	18 ===	59 ===	77 ===
<u>Depreciation</u>			
On acquisition	18	22	40
Charge for year	4	20	24
Transfer to group companies	-	(1)	(1)
Disposals	(11)	(19)	(30)
At 31 March 1983	11 ===	22 ===	33 ===
<u>Net book value</u>			
At 31 March 1983	7 ===	37 ===	44 ===

Company

The company owns no fixed assets.

7 GOODWILL

<u>Group</u>	<u>1983</u> <u>£'000's</u>
Nominal value of shares issued to acquire Target Trust Managers Limited ('TTM')	3,000
Share capital of TTM	(25)
Effect on reserves of the merger shown as goodwill	2,975 =====

TARGET HOLDINGS LIMITED
AND SUBSIDIARY COMPANIES

31 MARCH 1983

NOTES (continued)

8 INVESTMENTS

<u>Group</u>	<u>1983</u> <u>£'000's</u>
Investment in Target Life Assurance Company Limited	11,090
Investments in unit trusts at cost (market value £50,831) (note 11)	28
Investment in unlisted company	<u>25</u>
	<u>11,053</u> <u>=====</u>

During the year Target Trust Managers Limited acquired a fifty per cent interest in the issued share capital of FFI and Target Fund Managers Limited, an unlisted company. This company is incorporated in Great Britain and at the date of acquisition was acting as a management company, managing a new unit trust. The investment has not been treated as an associated company as defined by Statement of Standard Accounting Practice No.1 because Target Trust Managers Limited is unable to exert significant influence over the operations of FFI and Target Fund Managers Limited. The directors consider that the investment, which is included in the consolidated balance sheet at cost, is worth not less than the value shown.

<u>Company</u>	<u>1983</u> <u>£'000's</u>	<u>1982</u> <u>£'000's</u>
Investment in subsidiaries at cost	14,000 <u>=====</u>	- <u>=====</u>

9 SUBSIDIARY COMPANIES

The company's investments in the shares of its subsidiary companies which were acquired during the year in exchange for shares in Target Holdings Limited are stated at the nominal value of the shares so issued.

Principal subsidiaries are shown on page 17.

TARGET HOLDINGS LIMITED
AND SUBSIDIARY COMPANIES

31 MARCH 1983

NOTES (continued)

9 SUBSIDIARY COMPANIES (continued)

As stated on page 9 under Accounting Policies, the consolidated accounts do not include the results of Target Life Assurance Company Limited. In the opinion of the directors the investment in TLA is worth not less than the balance sheet value.

On 22 July 1983 100,000 £1 non cumulative participating 10% preference shares of TLA were issued to the following companies:

	<u>Shares</u> <u>'000's</u>
Target Holdings Limited	70
J Rothschild & Co Limited	18
Reliance Services Inc.	<u>12</u>
	100
	===

10 NET CURRENT ASSETS

	<u>1983</u> <u>£'000's</u>
<u>Group</u>	
Current assets	1,039
Stock of units	2,762
Debtors	<u>699</u>
Bank balances and cash	<u>4,500</u>
	2,983
Current liabilities	378
Creditors	596
Group relief payable	<u>114</u>
Due to group companies	<u>4,071</u>
Overdraft	429
	=====
Net current assets	

<u>1983</u>	<u>1982</u>
<u>£'000's</u>	<u>£</u>

Company

Amounts due (to)/from group companies

(4)

===

2

===

TARGET HOLDINGS LIMITED
AND SUBSIDIARY COMPANIES

31 MARCH 1983

NOTES (continued)

11 DEFERRED LIABILITY

	<u>£'000's</u>
<u>Group</u>	
Provision for future management expenses	28
	==

This provision represents investments in unit trusts at cost (note 8) which have been deposited with trustees of certain unit trusts managed by the group to secure provision for future expenses.

12 SHARE CAPITAL

	<u>1983</u>	<u>1982</u>
Authorised		
Ordinary shares of £1 each*	£ -	£ 100
'A' ordinary shares of £1 each	14,000,000	-
'B' ordinary shares of £1 each	1,000	-
'C' ordinary shares of £1 each	<u>1</u>	<u>-</u>
	£ 14,001,001	£ 100
	=====	=====
Issued and fully paid		
Ordinary shares of £1 each*	£ -	£ 2
'A' ordinary shares of £1 each	14,000,000	-
'B' ordinary shares of £1 each	1,000	-
'C' ordinary shares of £1 each	<u>1</u>	<u>-</u>
	£ 14,001,001	£ 2
	=====	=====

*Became part of the authorised 'A' ordinary shares.

The authorised share capital was increased to £14,000,000 on 18 August 1982. The balance of the shares not then issued were so issued at par in consideration for the entire issued share capitals of Target Life Assurance Company Limited and Target Trust Managers Limited.

On 27 January 1983 1,000 'B' £1 ordinary shares and 1 'C' £1 ordinary share were created and subsequently issued at par for cash.

TARGET HOLDINGS LIMITED
AND SUBSIDIARY COMPANIES

31 MARCH 1983

NOTES (continued)

13 RESERVES

	<u>Group</u> <u>£'000's</u>	<u>Company</u> <u>£'000's</u>
Reserves of Target Trust Managers Limited at 1 April 1982	314	-
Retained profit/(loss) for the year	<u>158</u>	(5)
Distributable reserves of Target Holdings Limited at 31 March 1983	472 ===	(5) ===

As the acquisition of Target Trust Managers Limited ('TTM') has been accounted for using merger accounting the accumulated consolidated reserves of TTM at 1 April 1982 have been credited direct to consolidated reserves and the full year's trading results reflected in the profit and loss account on page 5.

14 SHAREHOLDERS AND ULTIMATE HOLDING COMPANY

The company's shareholders at 31 March 1983 were as follows:

	<u>Equity</u> <u>holding</u>
Reliance Services Inc.	40%
RIT and Northern p.l.c.	60%

The company's ultimate holding company is RIT and Northern p.l.c., which is incorporated in Great Britain.

TARGET HOLDINGS LIMITED
AND SUBSIDIARY COMPANIES

31 MARCH 1983

PRINCIPAL SUBSIDIARIES

<u>Company</u>	<u>Equity holding</u>	<u>Activity</u>
Target Life Assurance Company Limited	100%	Life Assurance
Target Annuities Limited*	100%	Reassurance of annuity policies
Target Trust Managers Limited	100%	Unit trust management
Unit Trust Services Limited*	100%	Unit trust administrative services
Target Trust Managers (Scotland) Limited*	100%	Unit trust management
Carlisle Investment Management Limited*	100%	Portfolio management

*Owned indirectly

The registered office of all principal subsidiaries is:

Target House,
 Gatehouse Road
 Aylesbury,
 Bucks HP19 3EB

Details of the acquisition of these companies during the year are given in the directors' report and note 9 to the financial statements.

All the above companies are wholly owned and are incorporated in Great Britain. Details of an issue of preference shares by TLA after the balance sheet date are given in note 9 to the financial statements.

TARGET HOLDINGS LIMITED31 MARCH 1983DIRECTORS' INTERESTS

None of the directors had any interest in the shares of the company during the year.

The interests of the directors in group companies at 31 March 1983 are as follows:

<u>Director</u>	<u>Company</u>	<u>Nature of interest</u>
Hon N C J Rothschild	RIT and Northern p.l.c.	996,358 ordinary 25p shares (beneficial) 7,258 ordinary 25p shares (as trustee) 629,626 ordinary 25p share warrants (beneficial) 725 ordinary 25p share warrants (as trustee) 87,800 ordinary 25p share warrants
Hon D C S Montagu	RIT and Northern p.l.c.	130,000 ordinary 25p share warrants
F J-P. Mayer	RIT and Northern p.l.c.	7,500 ordinary 25p shares 80,000 ordinary 25p share warrants 200,100 ordinary 25p share options
J K Stone	Target Consultants Limited	15,700 ordinary 1p shares
B L Sack	Aurit Services Limited	5,000 ordinary f1 shares
	RIT and Northern p.l.c.	1,080 ordinary 25p shares
	RIT and Northern p.l.c.	38 ordinary 25p share warrants

Messrs P A Finkel, E B G Clowes and P Oppenheimer had no interest in the shares of group companies during the year.