

JUPITER ASSET MANAGEMENT LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED
31 DECEMBER 1996

Company Registration No. 2036243



JUPITER ASSET MANAGEMENT LIMITED

DIRECTORS

a. Directors who are also directors of the parent undertaking, Jupiter International Group PLC:

J L Duffield (Chairman)	M R L Astor
C W Crowther (Vice Chairman)	R O Bernays (appointed 3.4.96, resigned 12.11.96)
M F Heathcoat Amory (Managing Director)	J H D Carey
L S Licht (Deputy Chairman, resigned 30.4.96)	J N Robinson (resigned 24.1.97)
P T R Adderson	

b. Other directors:

R M A Allison	J Hamilton
J C R D'Albiac	J M G Hamilton-Sharp
S J D Baker	E Howard Boyd (appointed 1.5.96)
R E M Bland	P J Hulse
E H Bonham Carter	W J Littlewood
P A Butt	A J R Miller
J F R Campbell	A G Nutt (appointed 11.1.96)
T A Campbell (appointed 1.5.96)	R P Pease
L Cannon	T C Pilkington
C Chisholm (appointed 11.1.96)	K Pritchard
K S Cliff	P R Withers Green
M Fone	

SECRETARY

R H Ridout

AUDITORS

Ernst & Young
Rolls House
7 Rolls Building
Fetter Lane
London EC4A 1NH.

BANKERS

Royal Bank of Scotland PLC
5-10 Great Tower Street
London EC3P 3HX.

Cater Allen Limited
29/33 Princess Victoria Street
Clifton
Bristol BS8 4BY.

REGISTERED OFFICE

Knightsbridge House
197 Knightsbridge
London SW7 1RB.

JUPITER ASSET MANAGEMENT LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1996

The directors present their report and accounts for the year ended 31 December 1996.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS DEVELOPMENTS

The company continues to act as investment managers and is regulated by the Investment Management Regulatory Organisation Limited. No significant change in the business of the company is envisaged at present.

In 1995 Commerz Asset Management (UK) plc ("CAM(UK)"), a subsidiary of Commerzbank AG, acquired the entire share capital of the parent undertaking, Jupiter International Group PLC, the previous ultimate holding company.

During the year the company acquired the management contracts of a new investment trust.

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 6.

A dividend of £1,000,000 was paid during the year (1995-nil) which leaves retained profits for the year of £4,854,641.

DIRECTORS AND THEIR INTERESTS

The directors of the company at the date of this report are shown on page 2.

No director had any interest in the shares of the company. The interests of the directors of the company who are also directors of Jupiter International Group PLC, in the shares of CAM(UK) are disclosed in the accounts of Jupiter International Group PLC. The remaining directors' interests are shown in note 16.

During the year, the company has maintained liability insurance for directors in accordance with Section 310 of the Companies Act 1985.

CHARITABLE DONATIONS

The company made charitable donations during the year of £18,100 (1995: £45,160).

SUPPLIER POLICY

It is the company's payment policy to obtain the best terms for all business and therefore there is no consistent policy as to the terms used. In general, the company agrees with its suppliers the terms on which business will take place and it is our policy to abide by these terms.


JUPITER ASSET MANAGEMENT LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1996

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the Annual General Meeting.

By order of the board



Secretary
R H Ridout

29 April 1997

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are required under company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

The directors consider that in preparing the financial statements, appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been applied and that applicable accounting standards have been followed. The financial statements have been prepared on a going concern basis.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent fraud and other irregularities.

JUPITER ASSET MANAGEMENT LIMITED

REPORT OF THE AUDITORS

To the members of Jupiter Asset Management Limited

We have audited the financial statements on pages 6 to 15 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

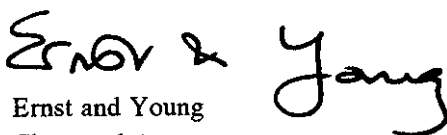
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 1996 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst and Young
Chartered Accountants
Registered Auditor

London

Date: 29 April 1997

JUPITER ASSET MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1996

	Notes	1996 £	1995 £
TURNOVER	2	16,070,375	11,692,691
Other operating income		802,748	575,544
Dividend received from subsidiary undertaking		1,000,000	-
Administrative expenses	3	<u>(11,389,175)</u>	<u>(9,087,504)</u>
OPERATING PROFIT		6,483,948	3,180,731
Interest receivable		<u>136,419</u>	<u>172,488</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION AND EXCEPTIONAL COSTS		6,620,367	3,353,219
Exceptional costs	3	-	(8,585,202)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>6,620,367</u>	<u>(5,231,983)</u>
Taxation	6	<u>(765,726)</u>	<u>(128,442)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		5,854,641	(5,360,425)
Dividends paid		<u>(1,000,000)</u>	<u>-</u>
RETAINED PROFIT/(LOSS) FOR THE YEAR		4,854,641	(5,360,425)
RETAINED PROFIT/(LOSS) BROUGHT FORWARD		<u>(1,758,513)</u>	<u>3,601,912</u>
RETAINED PROFIT/(LOSS) CARRIED FORWARD		<u>3,096,128</u>	<u>(1,758,513)</u>

All items dealt with in arriving at operating profits for 1996 and 1995 relate to continuing activities.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £5,854,641 (1995: loss of £5,360,425).

JUPITER ASSET MANAGEMENT LIMITED

BALANCE SHEET AT 31 DECEMBER 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Intangible fixed assets	7	9,115,422	9,256,437
Tangible fixed assets	8	458,488	333,469
Investments	9	5,764,678	312,909
Investment in subsidiaries	10	904,759	904,759
		<u>16,243,347</u>	<u>10,807,574</u>
CURRENT ASSETS			
Debtors	11	6,930,863	7,855,434
Current asset investments	12	480,150	1,484,705
Cash at bank and in hand		<u>1,552,149</u>	<u>3,350,186</u>
		8,963,162	12,690,325
CREDITORS: amounts falling due within one year	13	<u>2,363,567</u>	<u>5,509,598</u>
NET CURRENT ASSETS		<u>6,599,595</u>	<u>7,180,727</u>
		<u>22,842,942</u>	<u>17,988,301</u>
CAPITAL AND RESERVES			
Share capital	14	19,000,000	19,000,000
Share premium account		316,665	316,665
Profit and loss account		3,096,128	(1,758,513)
Other reserves		430,149	430,149
EQUITY SHAREHOLDERS' FUNDS		<u>22,842,942</u>	<u>17,988,301</u>

The financial statements were approved by the board on 29 April 1997

Director



JUPITER ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996

1. ACCOUNTING POLICIES

a. Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

b. Intangible fixed assets

Intangible fixed assets represent the excess of the purchase consideration over the fair value of the assets purchased and are being amortised on a straight line basis over a maximum of 20 years.

c. Tangible fixed assets

Tangible fixed assets are depreciated on a straight line basis calculated to write off the cost of such assets over their anticipated useful lives. The following depreciation rates are applied:

Short leasehold property	- over the period of the lease
Furniture	- 5 years
Motor vehicles	- 4 years
Computer equipment	- 3 years to 5 years

d. Foreign currencies

Foreign currency transactions are translated at the rates of exchange applicable at the dates of the transactions. Foreign currency balances outstanding at the balance sheet date are translated at the rates of exchange ruling on that date. Realised gains and losses are reflected in the profit and loss account.

e. Pension scheme

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

f. Deferred taxation

The company makes provision for deferred taxation on the liability basis to the extent that there is reasonable probability that such deferred taxation may be payable in the foreseeable future.

g. Investments

Fixed asset investments

Fixed asset investments are held at cost unless there has been a permanent diminution in value, in which case they are shown at net realisable value.

Current asset investments

Unlisted investments are stated at the lower of cost and directors' valuation. Listed investments are valued at the lower of cost and market valuations.

Investments are valued by the directors on the basis of all information, such as the financial position and operating results relating to these investments, that is available to them at the time of the valuation.

JUPITER ASSET MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1996

2. TURNOVER

Turnover is stated exclusive of value added tax and represents fees receivable in respect of investment management and secretarial services, commission receivable and profit on the sale of securities.

Turnover and profit before taxation relate to one class of business activity, namely investment management. In the opinion of the directors it is neither practicable nor in the best interest of the company to analyse turnover and attributable profits between earnings from UK and overseas clients.

Turnover includes management fees receivable from group undertakings of £865,155 (1995: £930,942).

3. ADMINISTRATIVE EXPENSES AND EXCEPTIONAL COSTS

In 1995 the exceptional costs represent shadow option scheme and loyalty bonus payments paid in anticipation of the acquisition of Jupiter International Group PLC by CAM(UK).

	1996	1995
	£	£
Administrative expenses include:		
Amortisation of goodwill	646,567	467,196
Depreciation	198,866	132,085
Auditor's remuneration - audit	25,000	24,000
Auditors' remuneration - other services	15,000	23,749
Operating lease rentals - motor vehicles	24,094	70,260

4. EMPLOYEE INFORMATION

a. Employee information

	1996	1995
	£	£
Employment costs, including directors:		
Wages and salaries	5,944,648	4,772,260
Social security costs	614,140	489,788
Employers' pension contributions	620,371	582,555
	<u>7,179,159</u>	<u>5,844,603</u>

b. The average number of persons employed by the company during the year, including directors

1996	1995
<u>112</u>	<u>90</u>

c. Pension arrangements

The company contributes to a defined contribution pension scheme for the benefit of its employees. The contributions are made at the rate of 15% of gross salary into the Jupiter Tyndall Merlin Pension Scheme, whose accounts are available from the trustees at the registered office of the company.

No liability is included in the balance sheet as no obligations were outstanding at the balance sheet date.

JUPITER ASSET MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1996

5. DIRECTORS' EMOLUMENTS

a. Directors' emoluments

The emoluments of the Chairman and other directors who are also directors of Jupiter International Group PLC are disclosed in the accounts of that company. Other directors' emoluments, including pension contributions, are as follows:

	1996 £	1995 £
Fees	142,842	98,134
Other emoluments	2,795,260	2,493,293
	<u>2,938,102</u>	<u>2,591,427</u>

b. Highest paid director (excluding pension contributions)

432,374	312,531
<u>432,374</u>	<u>312,531</u>

c. Number of directors whose emoluments, excluding pension contributions, were within the ranges:

	1996	1995
Less than £5,000	1	-
£5,001 - £10,000	1	1
£10,001 - £15,000	1	-
£25,001 - £30,000	1	-
£35,001 - £40,000	1	-
£40,001 - £45,000	1	-
£45,001 - £50,000	1	2
£55,001 - £60,000	-	1
£60,001 - £65,000	1	3
£65,001 - £70,000	1	-
£80,001 - £85,000	-	1
£85,001 - £90,000	1	1
£95,001 - £100,000	1	1
£105,001 - £110,000	1	3
£110,001 - £115,000	1	1
£115,001 - £120,000	2	1
£120,001 - £125,000	1	-
£135,001 - £140,000	1	1
£140,001 - £145,000	-	1
£145,001 - £150,000	1	-
£150,001 - £155,000	1	-
£165,000 - £170,000	-	1
£170,001 - £175,000	1	-
£190,001 - £195,000	1	-
£225,001 - £230,000	-	1
£240,001 - £245,000	-	1
£245,001 - £250,000	1	-
£275,001 - £280,000	-	-
£310,001 - £315,000	-	1
£430,001 - £435,000	<u>1</u>	<u>-</u>

JUPITER ASSET MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1996

6. TAXATION

	1996 £	1995 £
UK Corporation tax @ 33%	765,726	-
Prior year adjustments	-	128,442
	<u>765,726</u>	<u>128,442</u>

The taxation charge in the current year has been reduced by losses brought forward.
The effect of the exceptional costs in 1995 was to reduce the tax charge by £1,259,000.

7. INTANGIBLE FIXED ASSETS

Additions during the year represent the purchase of a management contract of an investment trust and payment of deferred consideration for a prior acquisition.

	Cost £	Amortisation £
Balance brought forward	9,918,298	661,861
Additions/amortisation for the year	<u>505,552</u>	<u>646,567</u>
Balance carried forward	<u>10,423,850</u>	<u>1,308,428</u>
Net book value - 31 December 1996	<u>9,115,422</u>	
Net book value - 31 December 1995	<u>9,256,437</u>	

8. TANGIBLE FIXED ASSETS

	Short leasehold property £	Furniture £	Computer equipment £	Motor vehicles £	Total £
Cost:					
Brought forward	44,775	87,406	358,674	310,543	801,398
Additions	-	-	104,130	296,818	400,948
Disposals	-	-	-	(116,829)	(116,829)
Carried forward	<u>44,775</u>	<u>87,406</u>	<u>462,804</u>	<u>490,532</u>	<u>1,085,517</u>
Depreciation:					
Brought forward	44,775	82,183	215,434	125,537	467,929
Charge for the year	-	1,457	96,371	101,038	198,866
Disposals	-	-	-	(39,766)	(39,766)
Carried forward	<u>44,775</u>	<u>83,640</u>	<u>311,805</u>	<u>186,809</u>	<u>627,029</u>
Net book value:					
At 31 December 1996	<u>-</u>	<u>3,766</u>	<u>150,999</u>	<u>303,723</u>	<u>458,488</u>
At 31 December 1995	<u>-</u>	<u>5,223</u>	<u>143,240</u>	<u>185,006</u>	<u>333,469</u>

JUPITER ASSET MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1996

9. FIXED ASSET INVESTMENTS

Movement in investments:

	Listed £
At 1 January 1996	312,909
Purchases	<u>5,451,769</u>
At 31 December 1996	<u>5,764,678</u>

The market value of the listed investments as at 31 December 1996 was £5,280,666.

10. INVESTMENT IN SUBSIDIARIES

Investment in subsidiary undertakings are stated at cost. In the opinion of the directors, the aggregate value of the investment in subsidiary undertakings is not less than the amount at which they are stated in the financial statements.

The principal operating wholly owned subsidiary is Jupiter Unit Trust Managers Limited, which is incorporated in England and Wales and operates as a unit trust management company.

11. DEBTORS

	1996 £	1995 £
Amounts falling due within one year:		
Trade debtors	4,333,305	2,473,991
Other debtors	284,002	1,133,725
Prepayments and accrued income	383,306	232,900
Taxation	606,779	606,779
Amount due from parent undertaking	958,588	3,404,073
Amounts due from fellow subsidiary undertakings	252,077	3,966
Amount due from subsidiary undertaking	<u>112,806</u>	<u>-</u>
	<u>6,930,863</u>	<u>7,855,434</u>

12. CURRENT ASSET INVESTMENTS

Current asset investments are listed in the UK with a market value as at 31 December 1996 of £480,312.

JUPITER ASSET MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1996

13. CREDITORS

	1996 £	1995 £
Amounts falling due within one year:		
Trade creditors	27,181	1,545,334
Amounts due to subsidiary undertakings	262,600	262,600
Amounts due to fellow subsidiary undertakings	-	182,971
Corporation tax payable	767,000	7,624
Other creditors	746,534	355,367
Accruals and deferred income	560,252	715,702
Deferred consideration payable	-	2,440,000
	<u>2,363,567</u>	<u>5,509,598</u>

14. CALLED UP SHARE CAPITAL

	1996 £	1995 £
Authorised, allotted, called up and fully paid:		
Ordinary shares of £1 each	<u>19,000,000</u>	<u>19,000,000</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995 £	1994 £
Profit/(loss) after taxation	5,854,641	(5,360,425)
Share capital taken up	-	9,000,000
Net addition to shareholders' funds	5,854,641	3,639,575
Shareholders' funds brought forward	<u>17,988,301</u>	<u>14,348,726</u>
Shareholders' funds carried forward	<u>23,842,942</u>	<u>17,988,301</u>

JUPITER ASSET MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1996

16. DIRECTORS' INTERESTS

The beneficial interest of the directors, who were not directors of Jupiter International Group PLC, as defined by the Companies Act 1985 in the share capital of CAM(UK) were as follows:

	Ordinary Shares	
	1996	1995 or subsequent date of appointment
R M A Allison	25,000	25,000
S J D Baker	20,000	20,000
R E M Bland	13,000	13,000
E H Bonham Carter	65,000	65,000
T A Campbell	8,400	8,400
L Cannon	16,000	16,000
C Chisholm	25,000	25,000
K S Cliff	16,000	16,000
J Hamilton	10,000	10,000
J M G Hamilton-Sharp	15,000	15,000
E Howard Boyd	9,000	9,000
P J Hulse	25,000	25,000
W J Littlewood	80,000	80,000
A J R Miller	50,000	50,000
R P Pease	65,000	65,000
K Pritchard	25,000	25,000

17. FINANCIAL COMMITMENTS

The commitment in respect of operating leases due in the next year is as follows:

	Motor Vehicles £
Date of lease termination	
Within one year	-
Between two and five years	17,604
After five years	-
	<u>17,604</u>

JUPITER ASSET MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1996

18. INVESTMENT MANAGEMENT ARRANGEMENTS

The company manages a number of investment trusts and funds. The company receives a management fee from these entities for managing the assets, and in some instances a performance fee. The precise fee arrangements for the different entities are disclosed within the accounts of each entity or within other information which is publicly available.

Included within listed investments in note 9 are investments in investment trusts and funds managed by the company.

The majority of the directors of these trusts are independent of the company.

19. ULTIMATE HOLDING COMPANY

The company's financial statements present information about the company as a whole and not about its group. The company has taken advantage of the exemption under Section 228 of the Companies Act 1985 not to prepare group accounts.

The ultimate holding company is Commerzbank AG, which is incorporated in Germany. A subsidiary of Commerzbank AG, CAM(UK) acquired the entire share capital of Jupiter International Group PLC in 1995. The results of the company have been included in the consolidated accounts of Jupiter International Group PLC which are available from the Secretary, R H Ridout, Knightsbridge House, 197 Knightsbridge, London SW7 1RB.