ANNUAL REPORT & ACCOUNTS
31 MARCH 2011

RIT Capital Partners plc

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Company Registration Number 2129188

CORPORATE OBJECTIVE

to deliver long-term capital growth, while preserving shareholders' capital;

to invest without the constraints of a formal benchmark, but to deliver for shareholders increases in capital value in excess of the relevant indices over time.

INVESTMENT POLICY

to invest in a widely diversified, international portfolio across a range of asset classes, both quoted and unquoted;

to allocate part of the portfolio to exceptional managers in order to ensure access to the best external talent available.

Further information relating to the Company's investment policies, including asset allocation, risk diversification and gearing, are contained in the Directors' Report on page 22.

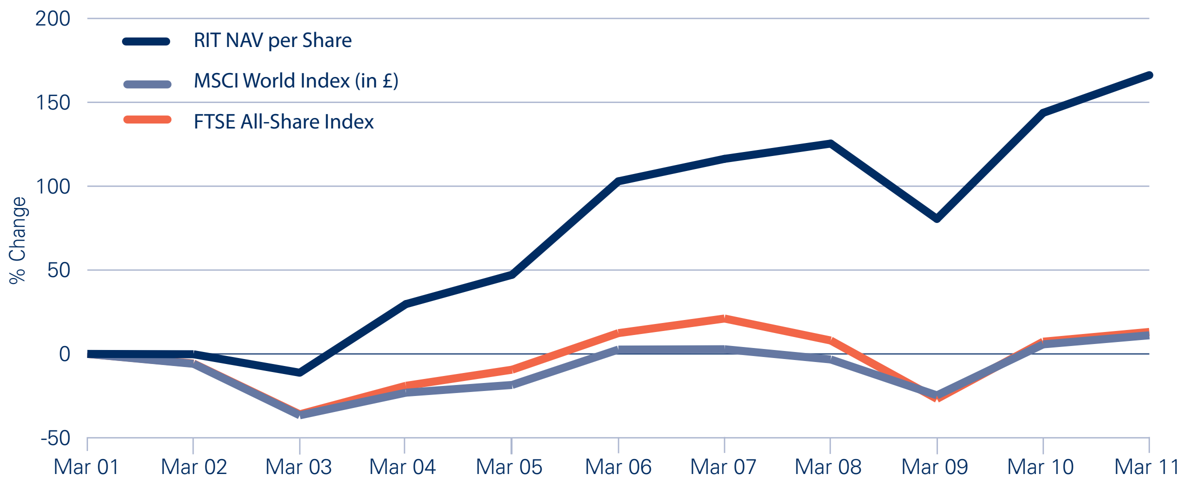
FINANCIAL HIGHLIGHTS

	31 March 2011	31 March 2010	Change
Total Net Assets (£ million)	1,984.0	1,815.7	9.3%
Net Asset Value per Share	1,289.4p	1,180.1p	9.3%
Share Price	1,307.0p	1,082.0p	20.8%
Premium/(Discount)	1.4%	(8.3)%	

PERFORMANCE

	1 Year	5 Years	10 Years
RIT Capital Partners plc (NAV per Share)	9.3%	31.2%	166.2%
MSCI World Index (in £)	5.2%	8.2%	11.1%
FTSE All-Share Index	5.4%	0.6%	13.1%

PERFORMANCE AGAINST RELEVANT INDICES OVER 10 YEARS



CHAIRMAN'S STATEMENT

Lord Rothschild
Chairman

It is an old market adage: bull markets climb a wall of worry. The past year certainly saw a bull market develop once early 2010 market weakness was overcome. But it just as certainly, also, reinforced a wall of worry.

In the year to 31 March 2011, your Company's net asset value per share ("NAV") appreciated by 9.3% to 1,289.4p, marking a new high NAV level. The MSCI World Index in Sterling, the most relevant benchmark, rose by 5.2% and the FTSE All-Share Index rose by 5.4% over this period.

Our focus remains unchanged: to deliver longer term gains while preserving shareholders' capital. Over the past 5 and 10 years our returns now stand at 31.2% and 166.2% as compared with MSCI World Index returns in Sterling of 8.2% and 11.1%.

The latest available NAV, at 20 May, was 1,265.4p.

The dominant investment development this past year has been the rise in commodity prices accompanied by a decline in the value of the US Dollar against most currencies. The Thomson Reuters/Jefferies CRB Index of commodities appreciated by over 30%, with gold and oil rising by almost 29% and 25% respectively, while the trade-weighted Dollar declined by more than 6%.

I pointed out last year that, with returns on cash "negligible", money would seek higher-returning asset classes, and thus incur more risk. So the continued advance in the prices of most financial assets has not come as a surprise. There was renewed faith in the persistent growth of the BRICs (Brazil, Russia, India and China). But inflationary pressures grew there too. Two things resulted from this: commodities and related equity sectors generated the highest returns. Yet, overall, emerging markets appreciated only modestly more than developed markets because fear of inflation made valuations seem reasonably full.

The gathering flight from the Dollar served only to exacerbate the search for investment refuges safe from currency devaluation. The very success of US and other governments' policies in printing money to refloat financial assets has contributed to the strength of commodity prices and exacerbated inflationary pressures.

Whatever the current uncertainties, we remain clear as to what we will do. We will stay liquid and nimble enough to respond to financial crises when they occur; and we will continue to seek out investments that create fundamental, lasting value. To serve both these aims, in January we took out a US $400 million credit facility which we drew in full, locking in historically low borrowing rates.

ASSET ALLOCATION

We set out below our asset allocation, shown as a percentage of your Company's total net assets.

	% of net assets at 31 March 2011	% of net assets at 31 March 2010
Quoted equities	14.7	19.5
Long equity funds	39.1	40.9
Hedge funds	6.4	7.8
Unquoted direct investments	11.6	10.2
Unquoted fund investments	11.0	10.5
Real assets	14.1	11.6
Absolute return, fixed income and currency	0.6	2.3
Liquidity	15.4	14.6
Borrowings	(12.6)	(16.8)
Other assets/liabilities	(0.3)	(0.6)
Total net assets	**100.0**	**100.0**

Our level of public market exposure has stayed broadly between 50% and 70% over the year. We maintained above-average exposure to the commodity and related sectors as well as a significant exposure to emerging markets, in particular to sectors aimed at growing domestic demand within these economies. Some US-orientated growth and large capitalisation stock funds also performed well for us. Recently, we have started to build modest exposure to "frontier markets" in the belief that many of the factors that made the BRICs attractive some years ago are today present in these markets.

Real assets too were a major contributor to performance with a return of around 28% on our average exposure of 13% to these strategies. Funds invested in oil and gold shares, as well as exposure to gold and oil via futures, were the primary drivers of return. More recently, we have made some reductions to our exposure in these areas.

The unquoted portfolio as a whole produced gains of a little over 15%. Notable disposals in the period under review included our holding in The Economist Newspaper which was sold for £24.7 million in December 2010. Taken together with dividends received of £15.1 million, this investment has generated a profit of £38.3 million for your Company over the years, compared with its original cost of £1.5 million in 1988. This represents a multiple of 27x and an IRR of 21% over this 22-year period.

Shareholders may remember that we were cornerstone investors in a new private equity fund, Darwin, in 2007 which raised committed capital of £217 million, of which we represented £50 million. In February 2011 Darwin realised their first investment, Maximuscle, at 2.7x their cost, representing an IRR of 37%. The benefit to us of this transaction amounted to some £12 million.

Agora Oil and Gas has prospered due to its involvement in the Catcher field in the UK North Sea, where substantial resources of oil have been found. Although the increased level of tax on UK North Sea profits is a negative factor, Agora will be focusing its exploration on the Norwegian sector of the North Sea. Therefore, an important development for Agora is the exploration agreement it recently signed with Statoil the leading Norwegian oil company, to co-operate in the Norwegian and UK sectors of the North Sea.

Last year, I emphasised the importance that we place on managing our currency exposure and diversifying our exposure amongst currencies other than Sterling. We continue to believe that this is the right approach. However, as Sterling appreciated during the year against some other currencies, particularly the US Dollar, the value of non-Sterling investments suffered on translation back into Sterling.

Let me look now at the time ahead. I reminded shareholders in my Chairman's Statement last year that our aim of preserving shareholders' capital takes precedence over short-term capital growth if we feel that there remains above-average risk of capital loss. There is, I believe, a growing awareness of the dangerous position which confronts many countries, particularly those in the developed world. In spite of these concerns, we continue to take advantage of areas that we believe are attractive, but we will remain cautious in terms of the quantum of capital that we allocate. For instance, your Company has benefited from the rise in commodity prices. Yet a noted US strategist has pointed out that commodity returns relative to equity returns are at a 200-year high on a rolling 10-year basis. We are not alone in having noted the attractive level of valuation of many quality companies, eclipsed till now by commodity and cyclical companies. After a decade of commodity leadership, a shift to a new regime is a possibility; identifying a new trend, if indeed it comes to pass, will be a major factor in future investment performance.

The risks ahead are glaring and global. The US recovery is fragile, with millions unable to find work. The Dollar has diminished in value and the government deficit has ballooned. In Europe, the fate of the Monetary Union is in doubt and growth is likely to slow as the European Union seeks to rein in government deficits and spending in a number of their member countries. Japan's challenge following the earthquake and tsunami is monumental. The Middle East uprisings have led to a surge in oil prices. Inflation is threatening in emerging markets. African and other poor nations are suffering from grain prices which have risen by about 70%. It is likely that the withdrawal of the fiscal and monetary stimuli which will surely come soon will have an impact on global growth: indeed there is already evidence of some slowing down since your Company's year-end of 31 March. Stock market performance does not necessarily go hand in hand with economies. Timing is crucial, at least in the short term, for investment

CHAIRMAN'S STATEMENT

performance. In these uncertain times it means retaining a good quota of liquidity and being eclectic in our investments, picking our stocks and situations well as we long have done.

By way of example, we decided a few years ago to increase our exposure to some of the BRIC countries. On the unquoted side, our founder investment in Xander Real Estate in India continues to perform well. In Brazil we have a close relationship with the money manager Sagarmatha, we were cornerstone investors in BR Properties, and we have invested (alongside a number of the world's leading sovereign wealth funds) in Brazil's premier investment bank, Pactual.

In February we announced the creation of a new alternative asset management and advisory company, Renshaw Bay. Bill Winters, formerly Co-Chief Executive of JP Morgan Investment Bank, is Chairman and Chief Executive and a major shareholder in the new venture. Our co-investor is Reinet Investments SCA, a private investment company connected with Compagnie Financière Richemont, which is chaired by Johann Rupert.

In March we announced our landmark joint venture with the CREAT Group of China, who aim, with help from us, to raise a fund of up to $750 million to invest in private equity opportunities outside China. I believe that this is the first vehicle that will enable Chinese private sector investors to invest overseas through a private equity fund.

DIVIDEND

We are intending to pay a dividend of 4.0p per share on 19 August 2011 to shareholders on the register at 5 August 2011. The focus of your Company remains on achieving capital growth rather than increases in dividend income.

BOARD

At the time of the announcement of our investment in Renshaw Bay, we indicated that Bill Winters would be joining our Board as a non-executive director, once his business had been launched.

John Elkann, given his commitments as Chairman of Fiat and Chairman and Chief Executive Officer of EXOR, has decided he should not seek re-election to the Board at the AGM. We understand his decision and have been fortunate to have had the benefit of his insights and support on our Board for the last few years. We are most grateful to him for the contribution he has made.

In December 2010 we announced the appointment of Rick Sopher as a non-executive director. Rick is the Managing Director of LCF Edmond de Rothschild Asset Management and is Chairman of the Board of Management of Leveraged Capital Holdings NV, the flagship investment vehicle of the Edmond de Rothschild Group, as well as several related multi-manager funds. On behalf of shareholders I would like to welcome him to the Board.

On the following pages our Investment Director, Micky Breuer-Weil, sets out his review of your Company's portfolio.

Rothschild
2 June 2011

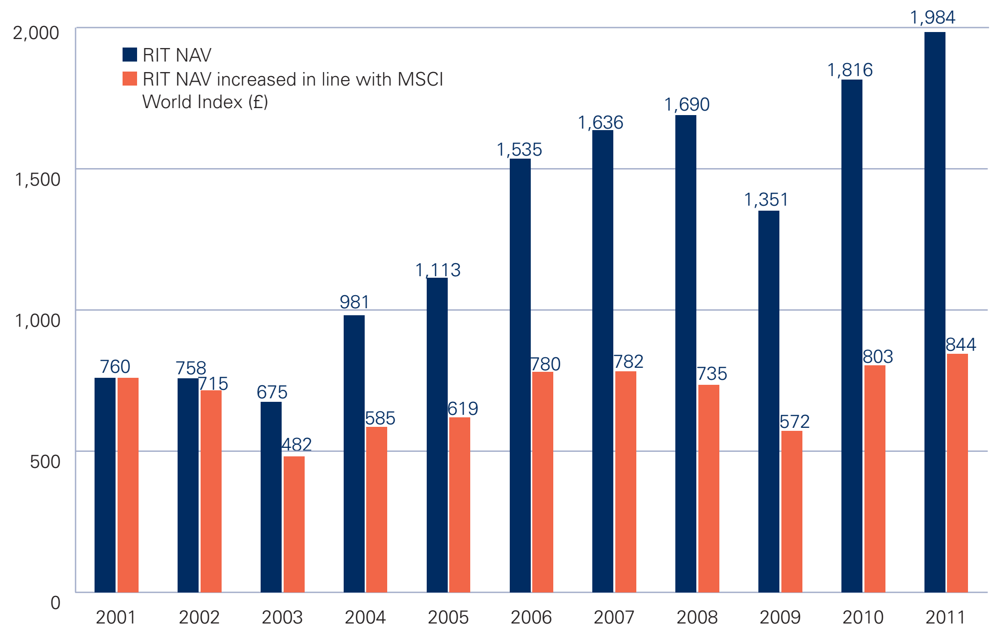
INVESTMENT DIRECTOR'S REVIEW

NET ASSET VALUE HISTORY

Over the past ten years RIT's net asset value has increased by 161.1% and the net asset value per share by 166.2%. Over the same period, the Group's main benchmark, the MSCI World Index (in Sterling), increased by 11.1%.

The following graph shows the extent to which the Group's net asset value has outperformed the MSCI World Index (in Sterling) and the surplus value of more than £1.1 billion created for shareholders over the past ten years.

Net Asset Value (£ million) relative to MSCI World Index in Sterling



NET ASSET VALUE BY ASSET CATEGORY

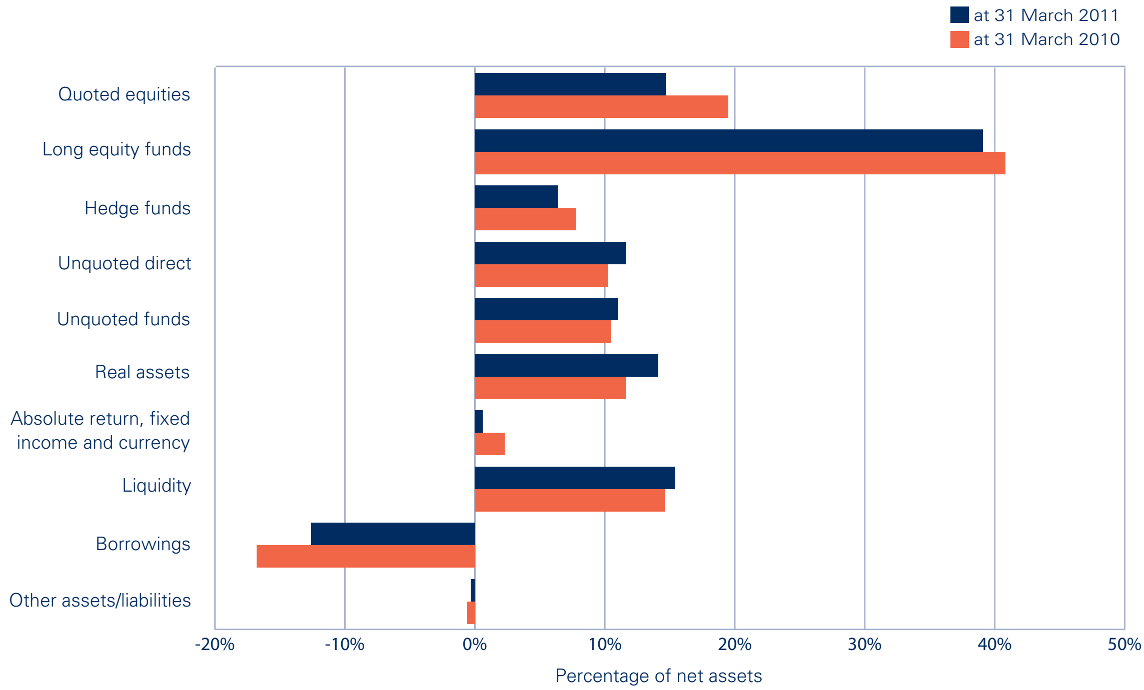
	31 March 2011 £ million	31 March 2010[1] £ million
Quoted equities	291.5	353.4
Long equity funds	775.7	740.7
Hedge funds	127.0	142.5
Unquoted direct	230.8	186.0
Unquoted funds	218.3	190.8
Real assets	279.0	211.5
Absolute return, fixed income and currency	11.9	41.3
Liquidity[2]	306.1	266.8
Borrowings	(249.9)	(304.5)
Other liabilities	(6.4)	(12.8)
Net asset value	1,984.0	1,815.7

[1] During the year, as disclosed in the September 2010 Half-Yearly Financial Report, the Group changed its classification of segregated accounts to show them as single fund investments rather than showing the underlying securities.

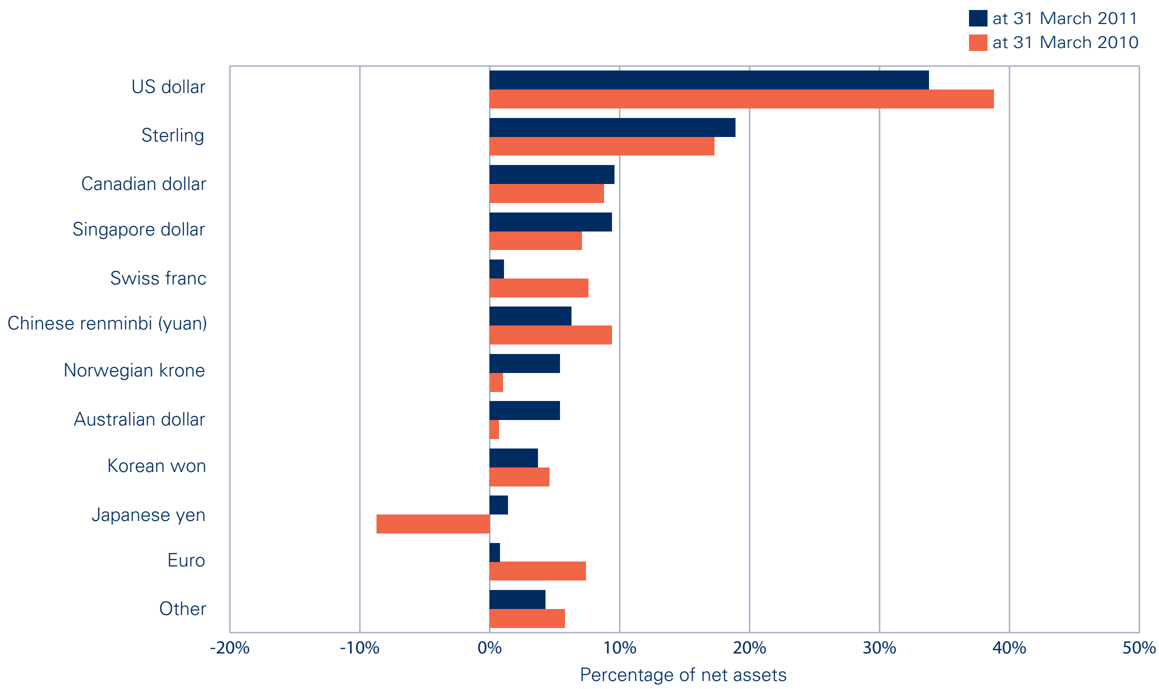
[2] Liquidity includes cash, short-dated government securities and money market funds.

INVESTMENT DIRECTOR'S REVIEW

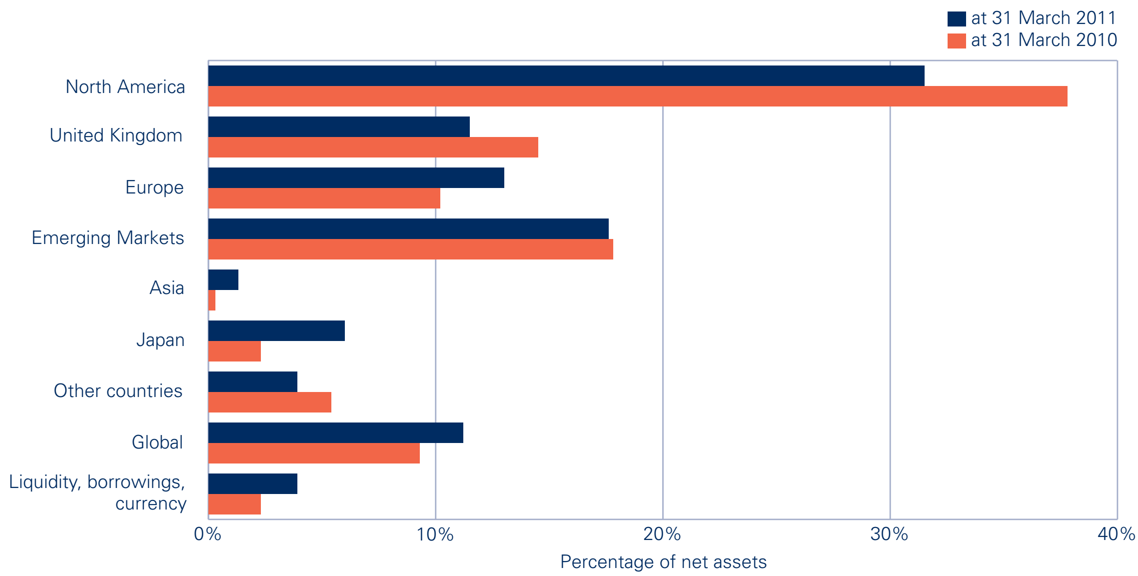
NET ASSET VALUE BY ASSET CATEGORY (%)



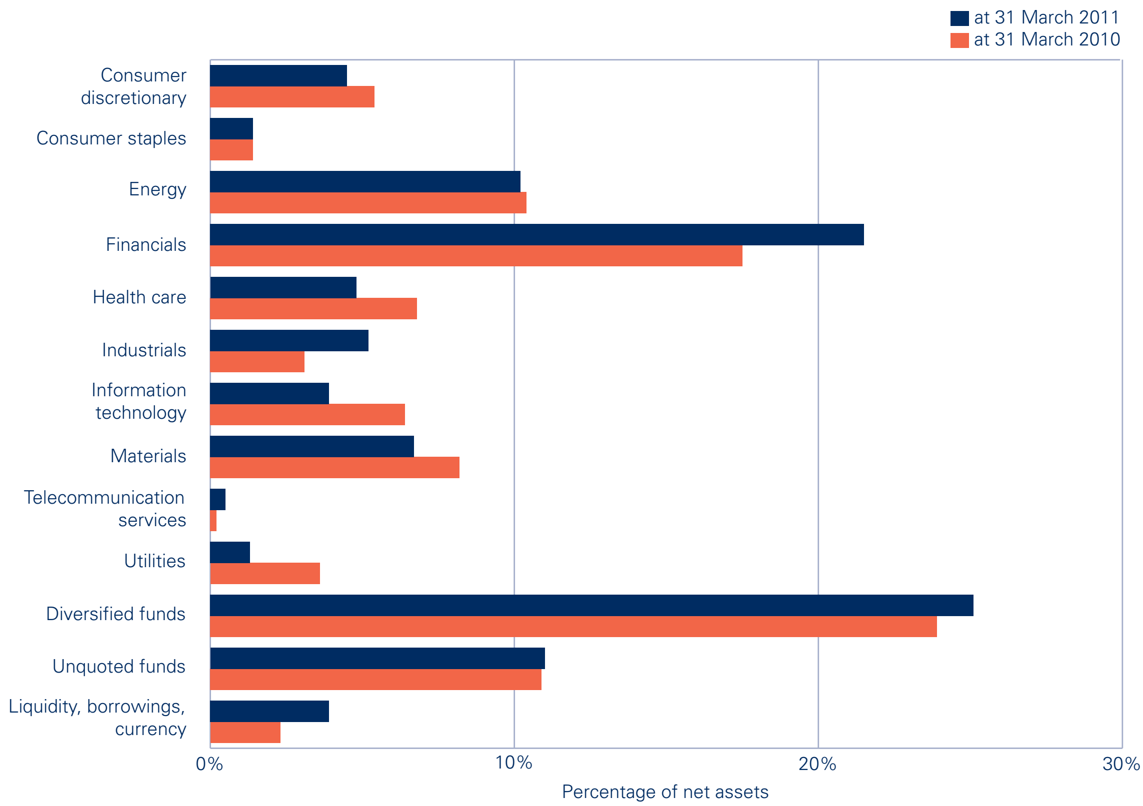
NET ASSET VALUE BY CURRENCY (%)



NET ASSET VALUE BY COUNTRY/REGION (%)



NET ASSET VALUE BY SECTOR (%)



INVESTMENT DIRECTOR'S REVIEW

ANALYSIS OF CHANGE IN NET ASSET VALUE

Year ended 31 March 2011	£ million	£ million	Pence per share	Pence per share
Gains/(losses):				
Quoted equities	17.7		11.5	
Long equity funds	56.7		36.9	
Hedge funds	(5.4)		(3.5)	
Unquoted direct	30.7		19.9	
Unquoted funds	30.0		19.5	
Real assets	67.8		44.0	
Absolute return, fixed income and currency	13.7		8.9	
		211.2		137.2
Movements on liquidity/borrowings, and other income		(1.4)		(0.8)
Administrative expenses	(20.7)		(13.4)	
Investment management fees	(6.6)		(4.3)	
		(27.3)		(17.7)
Finance costs	(14.6)		(9.5)	
Taxation	3.9		2.5	
		(10.7)		(7.0)
Profit for the year		171.8		111.7
Dividend	(6.2)		(4.0)	
Other reserve movements	2.7		1.6	
		(3.5)		(2.4)
Increase in net asset value		**168.3**		**109.3**

INVESTMENT MOVEMENTS

	Market value 31 March 2010 £ million	Additions £ million	Disposals £ million	Gains/losses[1] £ million	Market value 31 March 2011 £ million	Return[2] %
Quoted equities	353.4	545.5	(625.1)	17.7	291.5	12.6%[3]
Long equity funds	740.7	185.4	(207.1)	56.7	775.7	9.2%
Hedge funds	142.5	45.1	(55.2)	(5.4)	127.0	(5.2%)
Unquoted direct	186.0	63.2	(49.1)	30.7	230.8	16.2%
Unquoted funds	190.8	57.4	(59.9)	30.0	218.3	15.2%
Real assets	211.5	89.3	(89.6)	67.8	279.0	28.3%
Absolute return, fixed income and currency	41.3	30.1	(73.2)	13.7	11.9	69.2%
Total investments	1,866.2	1,016.0	(1,159.2)	211.2	1,934.2	11.7%

1 Gains/losses includes realised and unrealised gains and losses, income, the impact of changes in exchange rates and external fees on investments other than segregated accounts.

2 Returns are time weighted returns (TWR) based on daily capital employed other than for the combined absolute return, fixed income and currency category and the total investments which are simple returns.

3 The quoted equity TWR excludes equity derivatives, which generated £8.4m of gains.

The impact of changes in the exchange rates and the results of the Group's active currency management are shown below:

	Gains/losses £ million
Losses on translation of non-Sterling denominated investments	(52.2)
Net exchange losses on liquidity and borrowings	(8.6)
Active currency management gains	31.9
Net currency impact	**(28.9)**

QUOTED EQUITIES

This part of the portfolio returned 12.6% for the year. It comprises internally-managed equities as well as equity derivatives. During the year the size of the portfolio decreased from £353.4 million to £291.5 million, representing 14.7% of closing NAV (31 March 2010: 19.5%). The reduction in size was mainly due to net disposals over the year, in particular during the summer of 2010 when we reduced our equity market exposure.

Largest investments

Investment holdings	Country	Description	Value of investment £ million	% of NAV
Quoted equities				
PayPoint	UK	Electronic payment systems	25.1	1.3%
Citigroup	USA	Banking	24.5	1.2%
Dai-Ichi Life	Japan	Life insurance	22.1	1.1%
Cemex	Mexico	Building products	19.7	1.0%
Sun Hung Kai Properties	Hong Kong	Property	19.5	1.0%
Other quoted equities			180.6	9.1%
Total quoted equities			**291.5**	**14.7%**

Further information on the two largest equity investments is summarised below.

PayPoint
Valuation at 31 March 2011: £25.1 million

PayPoint Plc runs a national network for collecting payments 'over the counter'. The company owns outlets located in newsagents, convenience stores, supermarkets, and forecourts across the UK, where a wide range of payments can be made, such as electricity, gas, water and local taxes.

Citigroup
Valuation at 31 March 2011: £24.5 million

Citigroup Inc. is a diversified financial holding company that provides a broad range of financial services to consumer and corporate customers around the world. The company's services include investment banking, retail brokerage, corporate banking and cash management products and services.

LONG EQUITY FUNDS

The amount invested in long equity funds increased from £740.7 million to £775.7 million or 39.1% of NAV (31 March 2010: 40.9%). The long equity fund portfolio returned 9.2% for the year.

Largest investments

Investment holdings	Description	Value of investment £ million	% of NAV
Long equity funds			
Tontine Overseas Associates Fund	US equities	60.2	3.0%
Findlay Park[1]	US mid cap equities	58.0	2.9%
Titan Partners	US growth equities	45.8	2.3%
Select Equity[1]	US oriented large cap equities	45.5	2.3%
Meditor[1]	European equities	34.4	1.7%
RXZ Brazil[1]	Brazilian equities	33.7	1.7%
RIT International[2]	EAFE equities	32.6	1.6%
RIT Global[2]	Global equities	31.6	1.6%
Baker Brothers Life Sciences	US Life sciences equities	30.0	1.5%
CF Egerton Sterling Investment Fund	European-oriented equities	28.2	1.4%
Morant Wright[1]	Japanese equities	27.4	1.4%
Other long equity funds		348.3	17.7%
Total long equity funds		**775.7**	**39.1%**

1 These funds are operated as segregated accounts, managed externally on behalf of the Group.

2 These funds are operated as segregated accounts, managed internally by RIT.

External managers were operating 10 segregated accounts at the year end (31 March 2010: 10) with total assets of £356.6 million (31 March 2010: £346.8 million) the majority of which are disclosed within this category. The fees associated with this activity are disclosed as investment management fees in the Group's income statement. These are split between annual management fees of £3.3 million (31 March 2010: £5.3 million) and performance fees of £3.3 million (31 March 2010: £2.4 million). The fees from external managers not operating segregated accounts are included in the investment gains or losses.

Tontine Overseas Associates Fund
Valuation at 31 March 2011: £60.2 million

A relatively concentrated account of North American equities with a bias to companies with cyclical earnings. Although the manager has tended to invest in mid-capitalisation companies, increasingly he has been buying larger capitalisation companies.

Findlay Park
Valuation at 31 March 2011: £58.0 million

A diversified portfolio of North American equities. The manager looks primarily for high quality companies with visible earnings across the capitalisation spectrum.

Titan Partners
Valuation at 31 March 2011: £45.8 million

Titan is a US equity fund, managed by Hintz, Holman & Robillard, specialising in investments in US high growth companies, either by virtue of the industry within which they operate, or because their business strategy enables them to grow faster than the structural growth rate of their industry.

Select Equity
Valuation at 31 March 2011: £45.5 million

A concentrated portfolio of predominantly US equities. The manager's focus is on undervalued large capitalisation companies.

Meditor
Valuation at 31 March 2011: £34.4 million

A concentrated portfolio of Pan-European equities with a bias to defensive sectors. The manager adopts a contrarian, value-led approach.

HEDGE FUNDS

The portfolio generated a loss of 5.2% over the period, largely due to disappointing performance from two managers, one of which we have redeemed. The size of the portfolio was reduced largely through redemptions, decreasing from £142.5 million to £127.0 million or 6.4% of NAV (31 March 2010: 7.8%).

Largest investments

Investment holdings	Description	Value of investment £ million	% of NAV
Hedge funds			
Gaoling	Chinese equity hedge fund	29.6	1.5%
Real Return Asia Fund	Asian equity hedge fund	27.7	1.4%
Penta Asia Fund	Asian (including Japan) equity hedge fund	27.2	1.4%
Tontine Capital Overseas Fund	US equity hedge fund	22.0	1.1%
Althea Global Emerging Markets	Emerging markets hedge fund	17.5	0.9%
Other hedge funds		3.0	0.1%
Total hedge funds		**127.0**	**6.4%**

Gaoling
Valuation at 31 March 2011: £29.6 million

A Chinese equity hedge fund which takes long-term positions in consumer companies. The manager mainly invests in China-related equities, listed both domestically and internationally.

Real Return Asia Fund
Valuation at 31 March 2011: £27.7 million

An equity hedge fund which is managed by Veritas and focused on Asia, with a particular emphasis on Greater China.

UNQUOTED INVESTMENTS

The Group's exposure to unquoted investments is split between direct investments, managed internally, and investments in funds managed by third parties. Where unquoted investments provide exposure to real assets or credit strategies, these are held within the real assets and absolute return portfolio respectively. Unquoted investments in aggregate returned 15.4% for the year.

The total investment is split as follows:

	31 March 2011 £ million	31 March 2011 % NAV	31 March 2010 £ million	31 March 2010 % NAV
Unquoted direct	230.8	11.6%	186.0	10.2%
Unquoted funds	218.3	11.0%	190.8	10.5%
Total	**449.1**	**22.6%**	**376.8**	**20.7%**

Un-called commitments for these categories totalled £89.0 million at 31 March 2011 (31 March 2010: £132.7 million). Further details are provided on page 18.

UNQUOTED DIRECT

The unquoted direct portfolio returned 16.2% for the year. The investment in unquoted direct assets increased over the year reflecting net additions of £14.1 million, positive revaluations of £14.3 million and dividends and interest of £16.4 million.

We made a number of follow-on investments including Agora Oil and Gas and Helios Towers Africa. New investments included BTG Pactual, the leading Brazilian investment bank, and Infinity Data Systems, a leading UK provider of data centre storage to large companies. We also sold our investment in the Economist for £24.7 million in December 2010. This had been held since the inception of RIT in 1988 and generated total profits of £38.3 million over its life, representing a total return multiple of 27x and an IRR of 21%.

Largest investments

Investment holdings	Country	Description	Value of investment £ million	% of NAV
Unquoted direct				
Agora Oil and Gas	Norway	Oil and gas exploration	50.3	2.5%
Harbourmaster	Jersey	Credit manager	27.3	1.4%
Mondis Technology	US	Intellectual property	18.7	0.9%
Infinity Data Systems	UK	Data storage	16.0	0.8%
BTG Pactual	Brazil	Investment bank	15.8	0.8%
UK Specialist Hospitals	UK	Private hospitals	14.0	0.7%
Robin Hood Holdings	US	Generic pharmaceuticals	13.7	0.7%
Banca Leonardo	Italy	Investment bank	10.6	0.5%
Other unquoted direct			64.4	3.3%
Total unquoted direct			**230.8**	**11.6%**

Further information on the largest investments is summarised below:

Agora Oil and Gas
Valuation at 31 March 2011: £50.3 million

RIT acquired an initial stake in this North Sea oil and gas exploration business in November 2009. We are pleased with the progress to date and the significant oil resources discovered in the Tybalt and Catcher prospects.

A further investment of £16.1 million was made during the year and the investment was revalued to reflect both the new discoveries and the adverse impact of the recent changes to the UK tax regime.

Harbourmaster
Valuation at 31 March 2011: £27.3 million

The stake in this company was acquired in 2005. The business is one of Europe's leading independent credit managers with €8.5 billion of assets under management. During the year RIT received dividends and other distributions of €12.5 million. The valuation increased by £7.0 million reflecting improved credit market conditions and leveraged loan performance, notwithstanding the continued weakness in new CLO issuance.

New investments

Company	Type	Initial cost £ million	Sector	Country
BTG Pactual	New	16.3	Investment bank	Brazil
Agora Oil and Gas	Follow-on	16.1	Oil and gas exploration	Norway
Infinity Data Systems	New	16.0	Data storage	UK
Helios Towers Africa	Follow-on	7.1	Telecoms	Africa
Other acquisitions		7.7		
Total additions		**63.2**		

Valuation basis
Unquoted investments are held at fair value. The valuations of unquoted investments are reviewed twice a year by a valuation committee which is chaired by an independent non-executive director, the latest review being at 31 March 2011. If circumstances warrant, valuations are amended between these dates.

UNQUOTED FUNDS

RIT's investment in unquoted funds amounted to £218.3 million, representing 11.0% of NAV at the year-end. Net distributions (distributions less capital calls) totalled £2.5 million and net gains amounted to £30.0 million. This represented a return of approximately 15.2% over the year. At 31 March 2011, RIT had undrawn commitments totalling £87.0 million to unquoted funds.

The unquoted fund portfolio is widely diversified by vintage year, strategy and geography. It includes investments in private equity and venture capital.

Investments in these funds (and similar funds included in the real assets and absolute return categories) are generally held at the valuations provided by the external managers. These are typically provided quarterly and received some time after the relevant quarter has ended. By the time RIT's year-end figures had been finalised, estimated or actual March valuations for approximately 83% of the funds by value had been received.

We have been pleased with the progress of Darwin, one of our largest unquoted investments and one where we also own a share of the manager. Darwin announced the successful realisation of its first investment, Maximuscle, which was sold in February 2011 to GlaxoSmithKline. We continue to invest in Augmentum, a start-up private equity business led by Tim Levene.

Largest investments

Investment holdings	Country	Description	Value of investment £ million	% NAV
Unquoted funds				
Tinicum Capital Partners II	US	US mid-market private equity	15.1	0.8%
Darwin Private Equity	UK	UK mid-market private equity	14.8	0.7%
Augmentum	UK	International growth capital	14.7	0.7%
Sageview Capital Partners	US	Unquoted and listed US equity	10.3	0.5%
Hony Capital Fund III	China	Private equity	9.9	0.5%
Other unquoted funds			153.5	7.8%
Total unquoted funds			**218.3**	**11.0%**

REAL ASSETS

The real assets category includes our exposure to commodity and real estate themes. The total portfolio increased from £211.5 million to £279.0 million over the year, representing 14.1% of year-end NAV (31 March 2010: 11.6%). The portfolio generated gains of £67.8 million, representing a return of approximately 28.3%, over the year. This return includes gains made from oil and gold futures.

Largest investments

Investment holdings	Country	Description	Value of investment £ million	% NAV
Commodities				
Martin Currie Global Energy	International	Energy unit trust	52.1	2.6%
Baker Steel[1]	International	Gold and precious metal equities	31.3	1.6%
BlackRock Gold & General Fund	International	Gold and precious metal equities	21.8	1.1%
Centennial Energy[1]	International	Energy equities	19.5	1.0%
Summit Water Development	International	Water rights	18.7	0.9%
Other commodities			68.1	3.5%
Total commodities			**211.5**	**10.7%**

[1] These funds are structured as segregated accounts.

Further information on the largest investments by NAV is provided below:

Martin Currie Global Energy

Valuation at 31 March 2011 £52.1 million

This fund invests in international businesses involved in all aspects of the energy industry, including oil and gas exploration and production, coal mining, oil refining and energy and oilfield services. RIT also owns a stake in the fund's manager.

Baker Steel

Valuation at 31 March 2011 £31.3 million

This fund invests in public companies operating in the gold and precious metal mining sector. The manager focuses primarily on smaller, reserve-rich businesses with attractive production profiles.

Investment holdings	Country	Description	Value of investment £ million	% NAV
Real estate				
Investment property	UK	Property	35.5	1.8%
Xander funds	India	Indian real estate private equity	26.7	1.3%
Benson Elliot Real Estate Partners	Europe	European real estate private equity	3.0	0.2%
Other real estate			2.3	0.1%
Total real estate			**67.5**	**3.4%**

Further information on the largest investments is provided below:

Investment property

Valuation at 31 March 2011 £35.5 million

The investment properties are 12,13,15 and Spencer House, 27 St James's Place, London. They were professionally valued by Jones Lang LaSalle as at 31 March 2011 at open market value, on an existing use basis. Spencer House is an 18th Century Grade I listed building overlooking Green Park. RIT holds a 96-year lease that began on 25 December 1986 (with an option to renew for a further 24 years).

The future minimum rental payments receivable under non-cancellable leases are as follows:

	31 March 2011		31 March 2010	
	Group £ million	Company £ million	Group £ million	Company £ million
Within one year	1.6	1.5	1.9	1.9
Between two and five years	2.4	2.3	5.4	5.3
Beyond five years	1.3	1.3	1.3	1.3
	5.3	**5.1**	**8.6**	**8.5**

Xander funds

Valuation at 31 March 2011 £26.7 million

Xander is an Indian real estate manager led by Siddhartha Yog. We were cornerstone investors in Xander in 2005. The funds focus on retail, residential and commercial developments.

ABSOLUTE RETURN, FIXED INCOME & CURRENCY

This category includes exposure to credit funds, credit default swaps, bond futures and currency forwards. The largest positions by NAV are set out below. In the case of derivatives this is the profit or loss on positions open at the year-end. The notional exposure is set out in note 26.

The gain over the year of £13.7 million can be analysed between absolute return (gain of £1.5 million), fixed income (loss of £19.7 million) and the Group's active currency overlay activity (gain of £31.9 million).

Largest investments

Investment holdings	Country	Description	Value of investment £ million	% NAV
Fortress Credit Opportunities	US	Distressed credit fund	13.5	0.7%
GSO/Blackstone Fund	US	Leveraged loans	6.4	0.3%
Derivatives	Global	CDSs, inflation swaps	1.7	0.1%
Currency forwards	Global	Currency forwards	(9.8)	(0.5%)
Other			0.1	0.0%
Total absolute return, fixed income and currency			**11.9**	**0.6%**

LIQUIDITY AND BORROWINGS

Description	Value £ million	% NAV
Liquidity		
Canadian government bond	149.5	7.5%
Australian government bond	93.4	4.7%
Cash at bank[1]	58.2	2.9%
Money market fund[2]	5.0	0.3%
Total liquidity	**306.1**	**15.4%**
Borrowings		
Bank loan	(249.0)	(12.6%)
Derivatives	(0.9)	(0.0%)
Total borrowings	**(249.9)**	**(12.6%)**

1 Includes £22.6 million of margin balances and excludes £7.4 million of cash held in segregated accounts

2 The money market funds are predominantly invested in government securities. This excludes £28.5 million of money market funds held in segregated accounts.

UN-CALLED COMMITMENTS

At the year-end, the Group had un-called commitments totalling £145.8 million (31 March 2010: £241.6 million). The largest component of these was in relation to unquoted funds and real estate funds (included in the real assets category). As part of its risk management procedures the Group monitors the likely drawdowns from such commitments and ensures that it holds sufficient liquidity to meet these as they fall due.

Category	31 March 2011 £ million	31 March 2010 £ million
Hedge funds	4.6	28.1
Unquoted direct	2.0	3.4
Unquoted funds	87.0	129.3
Real assets	38.6	63.3
Absolute return	13.6	17.5
Total un-called commitments	**145.8**	**241.6**

Micky Breuer-Weil
2 June 2011

EXECUTIVE DIRECTORS

Lord Rothschild, OM GBE
Lord Rothschild has chaired the Board of Directors of the Company since its inception in its present form in 1988. He also serves as Chairman of the Nominations Committee. Having left NM Rothschild & Sons in 1980, he co-founded companies in money management, insurance and investment, including Global Asset Management and St James's Place Capital plc. He served as Deputy Chairman of BSkyB Plc for five years, from 2003. He serves on the International Advisory Board of Blackstone plc and on three family office Advisory Boards as well as chairing his own family's office.

In addition to his career in finance he has been involved in public service including the arts, heritage and philanthropy having chaired The National Gallery, The National Heritage Memorial Fund and The Heritage Lottery Fund.

Mikael Breuer-Weil
Mr. Breuer-Weil was appointed as Investment Director of the Company in 2008 having been a non-executive Director since 1998. Since 1994 he has been the principal investment adviser to philanthropic foundations connected with Lord Rothschild's family interests. Prior to this, he spent eight years at Mercury Asset Management Group plc as an investment manager, including a period of secondment to Odyssey Partners L.P. in New York.

Duncan Budge
Mr. Budge was appointed an executive Director and Chief Operating Officer of the Company in 1995. He has been a director of J. Rothschild Capital Management Limited, a wholly-owned subsidiary of RIT Capital Partners plc, since 1988 and has represented the Company on the boards of a number of its investments. Prior to this, he spent six years with Lazard Brothers & Co Ltd.

NON-EXECUTIVE DIRECTORS (INDEPENDENT)

John Cornish
Mr. Cornish is a chartered accountant and was appointed a non-executive Director in January 2008. He is Chairman of the Audit and Risk Committee and the Valuation Committee and a member of both the Remuneration and Conflicts Committees. Previously he was a partner at Deloitte LLP where he led the firm's services to the investment trust industry. He served as Chairman of Framlington Innovative Growth Trust plc for four years until 2010 and currently he is a director of Henderson EuroTrust plc, RCM Technology Trust plc and Strategic Equity Capital plc.

Lord Douro
Lord Douro joined the Board of the Company as non-executive Director in July 2010. He has broad experience in banking and finance, having served as Chairman of Sun Life and Provincial Holdings from 1995 to 2000 and of the Framlington Group from 1994 to 2005. He is currently a director of Compagnie Financière Richemont and Sanofi-Aventis. Until 31 March 2011, he was a member of the Board of Abengoa Bio-Energia; on 1 April 2011 he was appointed to the International Advisory Board of Abengoa SA. Until 31 March 2011, he was a director of Pernod Ricard SA. He is Chairman of Richemont Holdings (UK) Limited and is a senior advisor to the Crédit Agricole Group. He is also Chairman of the Council of King's College, London. He was a member of the European Parliament from 1979 to 1989. Lord Douro is Chairman of the Conflicts and Remuneration Committees and a member of the Nominations Committee.

John Elkann
Mr. Elkann was appointed as a non-executive Director in March 2007. He is the Chairman of Fiat S.p.A. and Chairman and CEO of EXOR S.p.A. and Itedi (publisher of La Stampa), and a director of RCS Mediagroup, Banca Leonardo and The Economist. Mr. Elkann is a graduate of the Engineering University of Turin. Mr. Elkann has advised the Company of his intention not to stand for re-election at the Company's Annual General Meeting on 28 July 2011.

BOARD OF DIRECTORS

NON-EXECUTIVE DIRECTORS (INDEPENDENT) (CONTINUED)

James Leigh-Pemberton
Mr. Leigh-Pemberton was appointed as a non-executive Director in August 2004. He has worked at Credit Suisse since 1994, holding positions as Head of Equity Syndicate, Head of Equity Capital Markets and from 2001 to 2004, Head of European Investment Banking. He is currently Chief Executive Officer of Credit Suisse, UK. Mr. Leigh-Pemberton began his career at S.G. Warburg & Co, where he worked for fifteen years.

Michael Marks CBE
Mr. Marks is the Chairman of NewSmith Capital Partners LLP, which he founded in 2003. He was formerly Co-Head of the Global Equities business of Merrill Lynch, which he joined in 1995, and where he subsequently held positions as Chief Operating Officer of Merrill Lynch Europe, Middle East and Africa and was subsequently named Executive Chairman. He was also Executive Vice President of Merrill Lynch & Co., Inc. Mr. Marks began his career at Smith Bros. in 1958, where he became a director in 1975 and Chief Executive of Smith New Court in 1987. He was a non-executive director of Old Mutual plc from February 2004 to May 2007 and a non-executive director of London Stock Exchange plc until 2004. He was appointed as a non-executive Director of RIT Capital Partners plc in September 2004 and became the Senior Independent Director in July 2010.

Lord Myners CBE
Lord Myners was appointed as a non-executive Director in August 2010. He is chairman of Justice Holdings and Autonomous Research and a former chairman of Marks & Spencer and Land Securities. He has also served as a member of the Court of the Bank of England and of the Investment Committee of Singapore's sovereign wealth fund. His earlier career was spent in investment management. He was a Treasury minister in the last British Government. He is a member of the Company's Audit and Risk Committee and as of 1 April 2011 a member of the Valuation Committee.

Sandra Robertson
Ms. Robertson was appointed as a non-executive Director in July 2008. She is Chief Investment Officer of Oxford University Endowment Management. Before her appointment at Oxford in 2007, she spent the previous 14 years at Wellcome Trust, where she became Co-Head of Portfolio Management.

Rick Sopher
Mr. Sopher was appointed as a non-executive Director in December 2010. He is the Managing Director of LCF Edmond de Rothschild Asset Management and is Chairman of the Board of Management of Leveraged Capital Holdings NV, the flagship investment vehicle of the Edmond de Rothschild Group, as well as several related multi-manager funds. He was awarded the Chevalier de la Legion d'Honneur by President Chirac in 2007.

COMMITTEE MEMBERSHIP AT 2 JUNE 2011

Audit and Risk Committee
John Cornish (Chairman)
James Leigh-Pemberton
Lord Myners

Conflicts Committee
Lord Douro (Chairman)
John Cornish
James Leigh-Pemberton
Michael Marks

Remuneration Committee
Lord Douro (Chairman)
John Cornish
James Leigh-Pemberton
Michael Marks

Nominations Committee
Lord Rothschild (Chairman)
Lord Douro
James Leigh-Pemberton
Michael Marks

Valuation Committee
John Cornish (Chairman)
Duncan Budge
Lord Myners
Sandra Robertson

The Directors present their Annual Report and Accounts for the Company, covering the year ended 31 March 2011.

STATUS OF COMPANY

The Company is registered as a public company and is incorporated in England and Wales, (Company Registration Number 2129188). The Company conducts its affairs so as to qualify for approval as an investment trust for tax purposes, confirmation of which has been received from HM Revenue & Customs for the year ended 31 March 2010. Approval for the year ended 31 March 2010 is subject to no subsequent enquiry being made under the corporation tax self assessment legislation. The Directors are of the opinion that, since that date, the Company has conducted its affairs in a manner which will satisfy the conditions for continued approval as an investment trust under Section 1158 of the Corporation Tax Act 2010. The Company is not a close company within the meaning of Section 439 of the Corporation Tax Act 2010.

The Company's subsidiaries are mainly engaged in investment activities and the activities of the Group are principally undertaken in the UK.

DIRECTORS

Biographies of the Directors holding office at the date of this report are shown on pages 19 and 20.

The following Board changes took effect on 22 July 2010, during or at the conclusion of the Company's Annual General Meeting:

– Charles Bailey retired as a non-executive Director;

– Lord Douro was elected by shareholders as a non-executive Director; and

– Nathaniel Rothschild retired as a non-executive Director.

Lord Myners was appointed as a non-executive Director on 11 August 2010.

Rick Sopher was appointed as a non-executive Director on 2 December 2010.

There were no other changes in the Company's Directorate during the year ended 31 March 2011.

RESULTS AND DIVIDENDS

After taxation, the Group made a capital gain of £166.4 million, revenue profit of £5.4 million, and a total profit of £171.8 million during the year ended 31 March 2011.

The Board is intending to pay a dividend of £6.2 million, being 4.0p per share, on 19 August 2011. This will be categorised as an interim dividend in respect of the year ending 31 March 2012. This is because the lack of sufficient distributable reserves of the Company prevents it from paying a final dividend in respect of the year ended 31 March 2011. As there are significant distributable reserves within subsidiary companies, the Board plans to utilise part of these to fund payment of the interim dividend in August. These arrangements are not expected to prevent the Company from also paying a final dividend in respect of the year to 31 March 2012 in August next year.

The Company paid a dividend of £6.2 million, being 4.0p per share, on 1 April 2010, in respect of the year ending 31 March 2010.

The movements on Company and consolidated capital and revenue reserves are shown in notes 22 and 23 on page 67.

SHARE CAPITAL

Details of the authorised and issued share capital are shown in note 20 on page 66. During the year ended 31 March 2011, no ordinary shares were issued or repurchased. The existing authority for the repurchase of shares expires on the earlier of the Company's Annual General Meeting in 2011 or 30 September 2011 and a replacement authority is to be proposed at the forthcoming Annual General Meeting, as explained in the Notice and Explanatory Notes on pages 91 to 98.

NET ASSET VALUE

The net asset value of one ordinary share at 31 March 2011, was 1,289.4p (31 March 2010: 1,180.1p).

DIRECTORS' REPORT

INVESTMENT POLICY

The Company's Corporate Objective is: *"to deliver long-term capital growth, while preserving shareholders' capital; to invest without the constraints of a formal benchmark, but to deliver for shareholders increases in capital value in excess of the relevant indices over time."*

The Company's Investment Policy is: *"to invest in a widely diversified, international portfolio across a range of asset classes, both quoted and unquoted; to allocate part of the portfolio to exceptional managers in order to ensure access to the best external talent available."*

The Listing Rules of the United Kingdom Listing Authority require closed-ended investment funds to publish information about the policies that the fund will follow relating to asset allocation, risk diversification and gearing, including maximum exposures.

Asset allocation

The Board currently intends to continue to allocate the Group's assets predominantly amongst quoted equities, long equity funds, hedge funds, unquoted direct investments, unquoted funds, real assets, absolute return, fixed income, currencies, government securities and money market funds. There are no restrictions on the relative allocation of assets amongst these classes and the maximum exposure of any single asset class is therefore 100%, subject to the investment trust restrictions incumbent upon the Company, which require that the Company's income from shares and securities must be at least 70% of its total income, thus automatically limiting the allocation of assets to areas such as property. In addition the Group uses derivatives to hedge various risk exposures and also to increase exposure to movements in individual securities, markets and currencies where desired. The allocation amongst these asset categories at 31 March 2010 and 31 March 2011 is shown on pages 7 to 9.

Risk diversification

The Group's investment portfolio is diversified by asset class, industry sector, geography and currency. Overall exposures in each case are monitored and managed by executive management under the supervision of the Board. The portfolio is further diversified through the selection of external managers with different mandates.

The Company also complies with the requirements of the relevant tax legislation for an investment trust not to invest more than 15% of the total value of its investments in the securities of any one group of companies at the time of the initial acquisition, or subsequent purchase.

Gearing

The Company maintains structural gearing principally through a revolving credit facility. At 31 March 2011, the Sterling equivalent of the indebtedness was £249.0 million, against total assets of £2,290.3 million, or 10.9%. This percentage may fluctuate as permitted under the financial covenants of the revolving credit facility agreement. Were it not for these, the maximum indebtedness that the Company is empowered to incur under its Articles of Association is five times its adjusted capital and reserves, as defined.

Cross holdings

The UKLA Listing Rules also require closed-ended investment companies to disclose quarterly all of their investments in "other listed closed-ended investment funds … which themselves do not have stated investment policies to invest no more than 15% of their total assets in other listed closed-ended investment funds." The Group discloses such investments, but does not restrict its own investment policies in this manner.

BUSINESS REVIEW

The Company invests with the object of achieving long-term capital growth.

An analysis of the investments is contained in the Investment Director's Review on pages 7 to 18.

The Group holds both listed and unlisted investments.

The Chairman's Statement on pages 4 to 6 of this annual report and the Investment Director's Review contain a review of the Group's business in the year to 31 March 2011. Financial highlights and performance information is set out on page 3, and the portfolio and currency exposure is analysed on pages 8 and 9. The principal risks are as set out in note 26 on pages 69 to 84 and in the Corporate Governance Report on pages 26 to 32. The Directors consider that the key performance indicator most relevant to the Group is the MSCI World Index in Sterling, compared with the movement in the Group's net asset value per share, as set out on page 3.

At the present time, the portfolio meets the requirements to enable the shares of the Company to be included as an investment within an Individual Savings Account ("ISA").

MAJOR HOLDERS OF VOTING RIGHTS

As at 31 March 2011, the following notifications had been received from the holders of 3% or more of the voting rights conferred through the direct or indirect holding of the Company's ordinary shares of £1 each. Such notifications were made pursuant to the Disclosure Rules and Transparency Rules of the Financial Services Authority ("FSA").

	31 March 2011			
	No. of voting rights		% of voting rights	
Major holders of voting rights	Direct	Indirect	Direct	Indirect
Five Arrows Limited*	913,115	5,844,720	0.59	3.80
Kelvin Hudson & Helen Green*	9,301,619	–	6.05	–
Lady Rothschild*	5,861,991	–	3.81	–
Legal & General Group plc	5,421,904	–	3.52	–
Lord Rothschild*	10,239,461	4,387,070	6.65	2.85
Saffery Champness Partnership*	–	10,541,972	–	6.85
S.J.P. Trustee Corporation Limited*	9,936,049	–	6.46	–

*Some or all of these holdings form part of Lord Rothschild's interests disclosed below under Directors' Interests.

As at 25 May 2011, the above table remained unchanged save for the interest of Legal & General Group plc, which had reduced the number of its voting rights held to 4,861,906 (3.16%).

DIRECTORS' INTERESTS

The interests of the Directors holding office at 31 March 2011 and 31 March 2010 (or subsequent date of appointment where applicable) in the ordinary shares of the Company are shown below.

	31 March 2011		
Ordinary shares of £1 each	Beneficial	Non-beneficial	% of Share capital
Lord Rothschild	18,260,041	9,936,049	18.33
Mikael Breuer-Weil	25,146	–	0.02
Duncan Budge	35,139	15,000	0.03
John Cornish	8,281	–	0.01
Lord Douro	20,000	80,000	0.06
John Elkann	–	–	–
James Leigh-Pemberton	–	–	–
Michael Marks	–	–	–
Lord Myners	10,000	–	0.01
Sandra Robertson	–	–	–
Rick Sopher	–	–	–

	31 March 2010		
Ordinary shares of £1 each	Beneficial	Non-beneficial	% of Share capital
Lord Rothschild	18,659,144	7,861,021	17.24
Charles Bailey	10,500	–	0.01
Mikael Breuer-Weil	40,000	–	0.03
Duncan Budge	35,139	15,000	0.03
John Cornish	8,281	–	0.01
John Elkann	–	–	–
James Leigh-Pemberton	–	–	–
Michael Marks	–	–	–
Sandra Robertson	–	–	–
Nathaniel Rothschild	3,067,374	–	1.99

DIRECTORS' REPORT

The above information is presented in compliance with the Listing Rules of the FSA, which require disclosure of Directors' beneficial and non-beneficial share interests, as opposed to their control of voting rights as is the case for major holders under the FSA's Disclosure and Transparency Rules. Components of the interests of Lord Rothschild are held by family trusts. Accordingly, the names of the respective trustees are disclosed under Major Holders of Voting Rights, where any individual trust controls 3% or more of the Company's voting rights, whereas the overall holdings of Lord Rothschild together with all interests held through family trusts are disclosed under Directors' Interests. Other than an investment to utilise an annual ISA allowance, the change in the disclosed interests of Lord Rothschild during the year arose as a result of a personal gift of shares to a Rothschild family charity where he is a trustee and the receipt of shares by way of a donation into the same charity.

Between the end of the year and the date of this Report, there were no changes in the Directors' interests.

Requests from the Chairman for permission to deal in the ordinary shares of the Company are considered by the Board of Directors. Requests from other Directors and employees of the Group are referred to the Chairman or Senior Independent Director, except in the case of small volume transactions requested by those other than Directors and senior executives, which are considered by the Company Secretary.

Except as stated in note 28 to the financial statements (as regards Lord Rothschild) no Director has, or has had during the period under review, any beneficial interest in any contract or arrangement with the Company or any of its subsidiaries within the terms set out in the Listing Rules of the Financial Services Authority.

The Company maintained liability insurance for its Directors and Officers throughout the year.

The process for the appointment and replacement of Directors is set out on page 29.

MANAGEMENT AND ADMINISTRATION

In accordance with the Group's investment policy, management of certain assets including long equity funds, hedge funds and unquoted funds is delegated to external managers. A number of these managers operate segregated accounts on behalf of the Company, the largest of which are separately disclosed in the Investment Director's Review.

Fees associated with the management of the segregated accounts are disclosed as investment management fees in the income statement. The investment managers charge fees based on a percentage of the funds under management (in the range from 0.5% to 1.5% per annum) and, in certain cases, performance fees are charged where the increase in the value of the funds exceeds specified hurdles.

The investment management agreements can be terminated with notice periods of between one and three months. Apart from the right to receive accrued fees, the investment management agreements do not provide for any other payment on termination.

The performance of each of the external managers is reviewed regularly by the executive Directors and the Board as a whole. The terms of the contracts between the Company and those managers are also reviewed to ensure that they are still appropriate. In the opinion of the Directors, the continuing appointment of the investment managers gives the Company access to the expertise of managers who specialise in particular asset classes or geographical areas and is therefore in the best interests of shareholders.

STEWARDSHIP CODE

The Company supports the applicable principles of the Stewardship Code published during the year by The Financial Reporting Council. The Company's Stewardship Policy may be viewed on its website. Save for voting rights on the Company's investments held in segregated accounts by external managers who have control on the voting of those shares, the Company's investment department determines voting on resolutions of directly-held investee companies and funds, as described in the Company's Stewardship Policy. Monitoring of directly-held investments is also carried out by the investment department which is responsible for elevating any matters of concern to the investment committee. Active intervention appropriate for the circumstances will be considered where it is in the Company's best interests. The Company does not publish its voting record as it invests as principal rather than agent.

ANNUAL GENERAL MEETING

The Company's Annual General Meeting will be held on Thursday 28 July 2011 at 11.00 am at Spencer House, 27 St. James's Place, London SW1A 1NR. The Notice is set out on pages 91 to 94 of this document, with Explanatory Notes relating to each of the proposed resolutions on pages 95 to 98.

PAYMENT OF SUPPLIERS

It is the Company's payment policy to obtain the best terms for all business. The Company agrees the terms on which business will take place with its suppliers, and it is the Company's policy to abide by such terms. The Company had no trade creditors at the year-end (31 March 2010: nil).

POLITICAL CONTRIBUTIONS AND CHARITABLE DONATIONS

During the year ended 31 March 2011, the Company made no charitable donations or political contributions.

TAKEOVER DIRECTIVE

Section 992 of the Companies Act 2006 requires certain disclosures to be made in relation to the EU Takeover Directive. Note 20 on page 66 provides disclosure of the Company's share capital. The significant direct and indirect holdings in the Company's securities are disclosed on page 23. There are no restrictions or significant agreements that may restrict, on a change of control, transfer of securities in the Company or the voting rights attaching to those securities.

INDEPENDENT AUDITORS

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the Annual General Meeting.

DISCLOSURE OF INFORMATION TO AUDITORS

With regard to the preparation of the Annual Report and Accounts of the Company for the year ended 31 March 2011, the Directors have confirmed to the auditors that:

- so far as they are aware, there is no relevant audit information of which the auditors are unaware; and
- they have taken the steps appropriate as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

By Order of the Board

J. Rothschild Capital Management Limited
Company Secretary
2 June 2011

CORPORATE GOVERNANCE REPORT

The Directors present their Corporate Governance Report for the year ended 31 March 2011. Apart from certain matters reported below, the Directors believe that the Company has complied with the relevant provisions of Section 1 of the Combined Code on Corporate Governance published in 2008 by the Financial Reporting Council (the "Code") throughout the period under review.

The contents of this report are intended to address the subjects required under the Code in accordance with the Listing Rules of the UK Listing Authority. Where appropriate, reference is also made to the Company's compliance with the main principles of the UK Corporate Governance Code published in May 2010.

THE BOARD OF DIRECTORS

The Company is an investment trust managed by its Board of Directors (the "Board") currently comprising eleven Directors, three of whom are executive Directors including the Chairman and the remaining eight are independent non-executive Directors. The full membership of the Board and the biographical details of each of the Directors are set out on pages 19 and 20.

The Board has a formal Schedule of Reserved Matters, which may be viewed on the Company's website www.ritcap.co.uk. This is designed to prescribe the responsibilities of the Board in managing the Company's business within a framework of prudent and effective controls to facilitate assessment and management of risk.

The Board is responsible for setting the Company's strategic aims for its long-term success and ensuring that the necessary resources are in place to these ends, delegating as appropriate to the Company's executive management. In general terms, the executive management of the Company is responsible for the implementation and execution of the Board's strategic directives relating to investment management, the Company's governance and administration.

The Board met formally on five occasions in the year ended 31 March 2011. The attendance of the Directors holding office on 31 March 2011 was as follows:

Member	No. of meetings invited to attend	No. of meetings attended
Lord Rothschild	5	5
Mikael Breuer-Weil	5	4
Duncan Budge	5	5
Michael Marks	5	5
John Cornish	5	5
Lord Douro	3	3
John Elkann	5	2
James Leigh-Pemberton	5	4
Lord Myners	3	3
Sandra Robertson	5	5
Rick Sopher	1	1

The non-executive Directors participate in discussions regarding the Company's strategy and performance. They also meet on one occasion each year without any executive directors present to consider the conclusions of the annual Board evaluation exercise and the performance of the Chairman. In addition, there are now five permanent Board committees a majority of whose membership is comprised of non-executive directors. The composition of the committees is set out on page 20. Each committee has its own Terms of Reference which may be viewed on the Company's website.

The permanent committees are as follows:

The Audit and Risk Committee

The Audit and Risk Committee comprises three non-executive Directors, all of whom are independent of the Company. It is chaired by John Cornish, a former partner at Deloitte LLP, who is also the chairman of the audit committees of three other public companies, and whom the Board considers has appropriate financial experience.

The Audit Committee was renamed the Audit and Risk Committee on 1 April 2011 to reflect the expansion of its remit and focus on the identification and management of risk covering principally operational, financial, reputation and regulatory matters.

The Committee meets at least twice each year to review the Company's interim and annual financial statements, to consider reports thereon from the external audit process and to review any issues arising with the Company's management.

The Committee monitors the adequacy of the Group's accounting policies and financial reporting, which are discussed with the external auditors. The Committee also considers the external auditors' independence, objectivity and the cost effectiveness of the audit process. The level of non-audit services provided to the Company by the auditors is monitored as is the auditors' objectivity in providing such services to ensure that the independence of the audit team from the Company is not compromised. Non-audit services provided by PricewaterhouseCoopers LLP in the year ended 31 March 2011 were primarily in relation to taxation services.

The Committee also meets on a separate and dedicated basis to review the effectiveness of the Company's system of internal controls at least annually by reference to reports prepared and compiled by management. The remaining matters in the Audit and Risk Committee's Terms of Reference are considered as and when necessary.

The Committee is responsible for monitoring the Company's whistleblowing procedures for staff to follow in the event that they might have any concerns about possible improprieties in matters of financial reporting or other matters. The procedures in place provide for staff to have direct recourse to the Audit and Risk Committee, through its Chairman.

The current membership of the Committee is set out on page 20. The Committee met formally on three occasions in the year ended 31 March 2011 with attendance as follows:

Member	No. of meetings invited to attend	No. of meetings attended
John Cornish	3	3
James Leigh-Pemberton	3	2
Lord Myners	2	2
Charles Bailey	1	1

The Conflicts Committee

The Conflicts Committee meets at least once a year on a formal, scheduled basis and on other occasions as and when required. The Committee is chaired by Lord Douro. The Committee's principal responsibilities cover proposed co-investment/related party transactions and the approvals of cost sharing arrangements with parties related to Lord Rothschild or any other director (as described in Note 28). The Committee is responsible for monitoring and pre-approving any arrangements entered into between the Company and any of its Directors, or their connected interests, to ensure that any conflicts of interest are avoided or pre-approved and managed appropriately.

The membership of the Committee is set out on page 20. The attendance of the members at the four meetings of the Committee in the year to 31 March 2011 was as follows:

Member	No. of meetings invited to attend	No. of meetings attended
Lord Douro	3	3
Charles Bailey	1	1
John Cornish	4	4
James Leigh-Pemberton	3	2
Michael Marks	3	3

The Nominations Committee

The Nominations Committee comprises four Directors, three of whom are independent and non-executive and the fourth is Lord Rothschild, who is the Chairman of the Committee. The Committee meets at least once a year on a formal basis, and on additional occasions as required. Its remit, as set out in its Terms of Reference, includes leading the process for appointments to the Board, to ensure that appointments are made on merit and against objective criteria and to review the suitability of those Directors who are standing for re-election. The Committee also monitors the composition of the Board on an ongoing basis, with a view to succession planning and the maintenance of an appropriate balance of skills and experience within the Company and on the Board.

The current membership of the Committee is set out on page 20. The attendance of the members at the three meetings of the Committee in the year to 31 March 2011 was as follows:

Member	No. of meetings invited to attend	No. of meetings attended
Lord Rothschild	3	3
Charles Bailey	2	2
Lord Douro	1	1
James Leigh-Pemberton	3	3
Michael Marks	3	3

The Remuneration Committee

The Remuneration Committee comprises four non-executive Directors, all of whom are independent. The Committee is chaired by Lord Douro. The Committee meets at least once each year on a formal basis, and on additional occasions as may be required. Its primary responsibilities include the creation and maintenance of remuneration policies designed to attract, retain and motivate directors appropriately. This includes the review of the total remuneration packages of the executive Directors and senior management, ensuring an appropriate balance between fixed and performance-related elements. This exercise is conducted in part by reference to other companies of similar size and business objectives. The Remuneration Committee seeks the advice of remuneration consultants as and when appropriate. The Committee is also responsible for monitoring the fees paid to the non-executive Directors, by reference to the roles and time commitment of each individual concerned, although the final determination of the fees payable to non-executive directors is a matter for the Board of Directors as a whole.

It is also the responsibility of the Committee to determine the policy for the pension arrangements of the executive Directors.

The current membership of the Committee is set out on page 20. The attendance of the members at the two meetings of the Committee in the year to 31 March 2011 was as follows:

Member	No. of meetings invited to attend	No. of meetings attended
Lord Douro	2	2
John Cornish	2	2
James Leigh-Pemberton	2	2
Michael Marks	2	2

The Valuation Committee

At 31 March 2011, the Valuation Committee comprised three Directors, two of whom were non-executive and one was an executive Director. The Committee is chaired by John Cornish. Lord Myners joined the Committee as an additional non-executive member on 1 April 2011. The Committee meets at least twice each year and additionally as may be required. Its principal responsibility is to review the Company's unlisted investments so that they are presented in the annual and half-yearly accounts at a fair valuation.

The current membership of the Committee is set out on page 20. The Committee met formally on two occasions in relation to the year ended 31 March 2011 and the attendance was as follows:

Member	No. of meetings invited to attend	No. of meetings attended
John Cornish	2	2
Sandra Robertson	2	1
Duncan Budge	2	2

CHAIRMAN WITH EXECUTIVE RESPONSIBILITIES

Lord Rothschild is both Chairman of the Board and an executive Director. The Board recognises that this is at variance with the recommendations of the Code, which are concerned with the potential problems of combining the running of the Board with the executive responsibility for the running of the Company. The Board believes that the current arrangements are appropriate for a self-managed investment trust and are in the best interests of the Company and its shareholders on an ongoing basis. The Company has in place a structure of permanent board committees, described above, which are designed to devolve responsibility and control of certain key areas of Board responsibility away from the Chairman. The Audit and Risk Committee, the Conflicts Committee and the Remuneration Committee are comprised entirely of independent non-executive Directors. Whilst the Nominations Committee is chaired by Lord Rothschild and a member of the Valuation Committee is an executive Director, independent non-executive Directors represent a majority of their number in both cases. The Board is therefore of the view that the Company is not at risk from a concentration of power caused by the Chairman having executive responsibilities and believes that Lord Rothschild is well qualified for both roles.

As Chairman, Lord Rothschild is responsible for the leadership of the Board and its effectiveness in dealing with the matters reserved for its decision with adequate time for discussion. This includes ensuring a culture of openess and debate and that Directors are properly briefed on issues arising at Board meetings. He is also responsible for ensuring effective communication with shareholders, making Directors aware of any concerns raised by shareholders and for facilitating the full and effective contribution of the non-executive Directors.

BOARD BALANCE AND INDEPENDENCE

As described above, the Board is comprised of eleven Directors of whom three are executive and eight are non-executive and independent. This balance is intended to limit the scope for an individual, or a small group of individuals, to dominate the Board's decision-making. More than half of the Board, excluding the Chairman, therefore comprise non-executive Directors determined by the Board to be independent.

The size and composition of the Board is considered to be suitable for the Company's size and business, whilst not being so large as to be unwieldy.

APPOINTMENTS TO THE BOARD

The Nominations Committee is responsible for the process of appointment of new directors to the Board. The Board, through the Nominations Committee, recognises the need to consider, on an ongoing basis, the appointment of new Directors to bring fresh impetus, diversity and objectivity. Such appointments will be made on merit and ability to devote such time as is necessary to the position, as described in each Director's letter of appointment. The Committee will also be mindful of succession planning and board balance when recommending future appointments to the Board. Neither open advertising nor external search consultancies have been used for non-executive Director appointments in the past, as the Board and Nominations Committee identify and assess candidates on the basis of their potential contribution to the Company.

Non-executive Directors are not appointed for specified terms. Since periodic re-election requirements are in place, neither the Nominations Committee nor the Board consider that such contractual limitations would be in the best interests of the Company.

Appropriate training on listed company governance and on the Company is provided to new Directors on their first appointment.

INFORMATION AND PROFESSIONAL DEVELOPMENT

The Chairman is responsible for ensuring that the Directors receive accurate, timely and clear information through the Company Secretary, J. Rothschild Capital Management Limited. This is effected through regular oral and written communication, including detailed papers provided for each of the Company's scheduled board meetings. Such communication is intended to update Directors' knowledge and familiarity with the Company and its business, to enable them to fulfil their respective roles on the Board or its committees. The Directors have access to the Company Secretary for advice and services. The

Chairman, the Nominations Committee and the Company Secretary have formulated a full, formal and tailored induction process for new directors on their joining the Board.

All Directors are entitled to take independent professional advice, including legal advice, at the Company's expense where they judge it necessary to discharge their responsibilities as Directors, up to a maximum of £25,000 per annum.

The Company Secretary is responsible for ensuring that Board procedures and applicable rules and regulations are complied with and for advising the Board, through the Chairman, on corporate governance matters.

PERFORMANCE EVALUATION

The Code requires the Company to report on the means by which performance evaluation of the Board, its committees and its individual Directors has been conducted. The Board has determined that the completion of a questionnaire by each of the Directors covering the processes, efficiency and composition of each of the Board, its committees and the Directors, followed by discussion of the summarised responses is the most appropriate for the Company's circumstances. This exercise was conducted between January and March 2011, when the responses were evaluated and considered by the Board and separately by the non-executive Directors in a meeting without any executive Directors being present. The Company will be required to report on its compliance with the UK Corporate Governance Code in its future annual reports. This new Code will require the evaluation of the boards of FTSE 350 companies to be externally facilitated at least every three years.

RE-ELECTION OF DIRECTORS

The Company has in the past complied with the Code requirements for each Director to stand for re-election at least once every three years and that any non-executive Director serving more than nine years since first elected should stand for re-election annually.

The new UK Corporate Governance Code incorporates a requirement that all directors of FTSE 350 companies should be put forward for re-election every year. Accordingly, all directors of the Company will stand for election or re-election at the 2011 Annual General Meeting, save for Mr Elkann, who has notified the Company of his decision not to stand for re-election. The Notice of Annual General Meeting is enclosed on page 91, and the summary of AGM business is contained in the Explanatory Notes on page 95.

Following the performance evaluation of the Board described above, it is confirmed that the performance of each Director, including those standing for re-election, continues to be satisfactory. The re-election of those Directors standing at the forthcoming Annual General Meeting is therefore recommended by the Board.

RELATIONS WITH SHAREHOLDERS

The Board and executive management maintain a dialogue with both institutional shareholders and analysts and also respond promptly to other shareholders' enquiries. Shareholders are invited to ask questions at the Annual General Meeting and, as far as is practicable, the chairmen of the Audit and Risk Committee, the Conflicts Committee, the Remuneration Committee, the Nominations Committee and the Valuation Committee will be available to answer any questions from shareholders.

Apart from when the Company is in a close period, its net asset value is disclosed on a monthly basis to the London Stock Exchange to enable shareholders and analysts to follow the progress of the Company. The Company also maintains a website at www.ritcap.co.uk where shareholders have access to the latest monthly financial data released by the Company, together with historical information and financial statements.

ACCOUNTABILITY AND AUDIT

Statement of the Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration 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 group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 Group and the Company and of the profit or loss of RIT Capital Partners plc and the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 the Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement under DTR 4.1.12
Each of the Directors, whose names and functions are listed on pages 19 and 20 confirm that, to the best of their knowledge:

- the Group and the Company’s financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company; and
- the Directors’ Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Internal Control
The Board of Directors is responsible for the Group’s system of internal control although it has delegated the supervision of the system to the Audit and Risk Committee. Such systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and, as such, can provide only reasonable and not absolute assurance against any material misstatement or loss. The Board has delegated to executive management the implementation of the system of internal control within an established framework applicable throughout the Group. The system of internal control is reviewed annually. The Board considers that the necessary procedures have been implemented to satisfy the requirements of the Financial Services Authority with respect to the Turnbull guidance “Internal Control: Guidance for Directors on the Combined Code” issued in September 1999 and revised in 2005.

The Board, through the Audit and Risk Committee, reviews the need to establish a separate internal audit function annually. The Audit and Risk Committee reviewed the role of the Company’s Compliance Officer with specific regard to the monitoring and evaluation of the Company’s internal controls. This role amounts to a proportion of an internal audit function. The precise scope and depth of the remit will continue to be reviewed and, as appropriate, expanded. Clear and direct reporting lines between the Compliance Officer and the Chairman of the Audit and Risk Committee and Senior Independent Director have been established to maximise the independence of the Compliance Officer from executive management.

CORPORATE GOVERNANCE REPORT

The Compliance Officer also monitors the compliance of external managers with the terms of their investment management agreements as well as reviewing their internal control procedures.

The Board has reviewed the effectiveness of the key systems of internal control in operation during the financial period and up to the date of this report through the monitoring processes set out below. During the course of its review of the system of internal controls, the Audit and Risk Committee has not identified or been appraised of any failings or weaknesses which it has determined to be significant.

Control Environment
The Group has established an organisational structure which allocates defined levels of authority and reporting responsibility in respect of the operational, compliance, financial and taxation affairs of the Group to a small number of senior executives who meet regularly to discuss matters of importance to the Group.

Risk Management
The ongoing process for identifying, evaluating and managing major business risks is carried out by the Board and the Audit and Risk Committee in conjunction with the relevant executives. The mitigation and monitoring of risks identified is undertaken by the Board or the executive management as appropriate. Timetables are agreed for implementing any required improvements to systems and progress against these timetables is monitored. Detailed portfolio valuations are undertaken every week and these form the basis for risk control decisions regarding equity exposure, liquidity, market risk and exchange rate risk. Further information relating to financial risk management is contained in Note 26 to the financial statements.

The system of internal control and risk management is embedded into the operations of the Company, and the action taken to mitigate any weaknesses is carefully monitored.

Social, Environmental and Ethical ('SEE') Responsibility
The Board is responsible for investment strategy and related questions of SEE policy. It has delegated the supervision of SEE related matters to the Audit and Risk Committee, and day-to-day responsibility resides with executive management. As an investment trust, the Board considers that the Company's direct SEE impact is low. However, SEE risk is considered on a case-by-case basis where management believes that investments made internally, as opposed to those made by external managers, would create a SEE risk exposure. Potential SEE risk is also considered in the selection of external investment managers.

Financial Reporting and Control Procedures
There is a budgeting system with an annual budget approved by the executive management. Monthly actual results are reviewed and reported against budget and reviewed regularly by the executive management.

The Group maintains guidelines in relation to the key controls exercised over its financial and operating affairs. Duties are segregated to the extent commensurate with the size of the Group's organisation and business environment.

STATEMENT ON GOING CONCERN

The Directors have assessed the ability of the Company and the Group to continue as a going concern with reference to guidance issued by the Financial Reporting Council in October 2009. The Company and the Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement on pages 4 to 6. Further details of the financial position of the Company and the Group can be found in the Investment Review on pages 7 to 18. In addition, note 26 to the financial statements includes details of the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

As at the year-end the Group had cash at bank of £65.6 million, money market funds of £33.5 million and government bonds of £242.9 million. In addition to these liquidity balances the Group held quoted equities of £291.5 million. The Group's borrowings totalled £249.0 million under a facility that expires in December 2013.

The Directors confirm that they are satisfied that the Company and the Group have adequate resources, an appropriate financial structure and suitable management arrangements in place to continue to adopt the going concern basis in preparing the financial statements.

This report sets out the remuneration paid to the Company's Directors including the Chairman, Lord Rothschild, the Chief Operating Officer, Duncan Budge and the Investment Director, Mikael Breuer-Weil, for the year ended 31 March 2011.

AUDITED SECTIONS OF THE DIRECTORS' REMUNERATION REPORT

The following sections of the Report have been audited: the Directors' remuneration table, the sections on the long-term incentive plan and pension contributions, and the executive Director's pension table.

REMUNERATION COMMITTEE

The remuneration packages of individual executive Directors were determined by the Remuneration Committee ("the Committee") comprised of independent, non-executive Directors.

The current members of the Committee are listed on page 20.

Hewitt New Bridge Street (part of Aon Hewitt Ltd), which provides no other services to the Company, provided advice to the Committee.

Determination of the remuneration of the non-executive Directors, within the limits imposed by the Articles of Association, is the responsibility of the Board as a whole.

Remuneration Policy

The Company complied in the year under review with the provisions relating to Remuneration Committees incorporated in the Combined Code as revised in 2008 (the "Code").

The Committee is responsible for setting executive remuneration at an appropriate level to attract, retain and motivate Directors of requisite calibre. Any arrangements made to provide annual and longer term incentives are intended to encourage and reward performance and to benefit shareholders, as well as to ensure RIT's employees are adequately remunerated compared to its industry peers. In setting policy and making decisions, the Committee gave consideration to remuneration packages paid by similar financial institutions as well as the provisions on the design of performance-related remuneration set out in Schedule A of the Code.

In reviewing the remuneration for executive Directors, the Committee takes account of the levels of salary and incentive arrangements for other employees.

The Committee intends to continue to apply this remuneration policy in the year ending 31 March 2012, but is proposing to make amendments to the annual bonus and long-term incentive arrangements, as referred to in this report.

Directors' Remuneration

Year to 31 March 2011 Director	Salaries and fees £	Bonuses £	Other benefits £	Total remuneration 2010-2011 £
Lord Rothschild	413,614	151,000[1]	130,162[2]	694,776
Charles Bailey (retired 22 July 2010)	18,692	–	–	18,692
Mikael Breuer-Weil	275,000	276,000[1]	63,162	614,162
Duncan Budge	304,129	111,000[1]	160,537[2]	575,666
John Cornish	50,750	–	–	50,750
Lord Douro (elected 22 July 2010)	30,462	–	–	30,462
John Elkann	25,000	–	–	25,000
James Leigh-Pemberton	39,000	–	–	39,000
Michael Marks	34,000	–	–	34,000
Lord Myners (appointed 11 August 2010)	19,154	–	–	19,154
Sandra Robertson	31,000	–	–	31,000
Nathaniel Rothschild (retired 22 July 2010)	7,788	–	–	7,788
Rick Sopher (appointed 2 December 2010)	8,333	–	–	8,333
	1,256,922	538,000	353,861	2,148,783

[1] In addition to these amounts, payments were made in September 2010 in respect of the financial year to 31 March 2010, following the finalisation of the Investment Trust Net Assets Index ("ITNAI") for that year. These payments were: Lord Rothschild £110,487; Mr Breuer-Weil £nil; Mr Budge £81,240.

[2] Other benefits include payments in lieu of pension contributions – see below

DIRECTORS' REMUNERATION REPORT

Year to 31 March 2010

Director	Salaries and fees £	Bonuses £	Other benefits £	Total remuneration 2009-2010 £
Lord Rothschild	401,567	151,869[1]	119,875[2]	673,311
Charles Bailey	41,250	–	–	41,250
Mikael Breuer-Weil	224,968	225,968[1]	46,593	497,529
Duncan Budge	295,271	111,933[1]	149,155[2]	556,359
John Cornish	32,750	–	–	32,750
John Elkann	20,000	–	–	20,000
James Leigh-Pemberton	27,000	–	–	27,000
Michael Marks	20,854	–	–	20,854
Sandra Robertson	23,000	–	–	23,000
Nathaniel Rothschild	20,000	–	–	20,000
Ian Wace (Director until March 2010)	20,000	–	–	20,000
	1,126,660	489,770	315,623	1,932,053

[1] These bonuses are the full amounts paid in respect of the financial year to 31 March 2010. The prior year disclosure (Lord Rothschild £87,442; Mr Breuer-Weil £243,418; Mr Budge £64,682) reflected the preliminary ITNAI for that financial year and related adjustments for previous years.

[2] Other benefits include payments in lieu of Pension Contributions – see below.

Basic Salary and Salary Supplements

Basic salaries for the executive Directors are reviewed annually by the Committee and the last review was at 31 March 2011. For the year to 31 March 2012, Lord Rothschild's salary is £430,165 (year to 31 March 2011: £413,614), Duncan Budge's salary is £304,129 (2011: £304,129) and Mikael Breuer-Weil's salary is £325,000 (31 March 2011: £275,000).

Base salary is the only pensionable component of remuneration. Lord Rothschild received a salary supplement of 20% of his basic salary, amounting to £82,723 in the year ended 31 March 2011 (31 March 2010: £80,313). This is included in the 'other benefits' figure disclosed above. The supplement is equivalent to the value of his pension contributions foregone since his election to opt out from the Company's pension scheme in 2006. The salary supplement will continue to be paid at the same proportion to salary in future. For similar reasons, Mr Budge also elected for the Group to cease making contributions on his behalf with effect from 6 April 2006. From that date Mr Budge has received a salary supplement equivalent to 42% of his basic salary, or £127,734 for the year ended 31 March 2011 (31 March 2010: £124,014).

Annual Bonus Plan

During the year ending 31 March 2011, the Committee undertook a review of the Executive Annual Bonus Plan. The review concluded that the plan was no longer applicable or relevant to the Company's investment policies and that a new annual bonus plan should be implemented for the year ending 31 March 2012 in which executive Directors and senior management should participate. A new plan should be simpler to operate, provide better alignment with the Company's objectives, be more consistent with market practice in the investment management sector and be payable partly in deferred shares.

The Committee intends that, under the new bonus plan, the size of the bonus pool will be linked to the Company's investment performance relative to a relevant global index. Individual bonuses would be allocated at the discretion of the Committee taking account of personal performance. The portion of any individual bonus that exceeds £150,000 would be delivered in a conditional award of shares vesting in equal tranches on the first and second anniversary, and subject to a "clawback" provision in the exceptional events of mis-stated performance or gross misconduct. The features of the new plan remain under consideration by the Committee.

Fuller detail of the metrics used to determine any bonuses earned for the year ending 31 March 2012 and performance against such metrics will be disclosed in next year's Remuneration Report.

The Committee authorised the payments of bonuses of £150,000 to Lord Rothschild, £275,000 to Mr Breuer-Weil and £110,000 to Mr Budge in respect of the year ended 31 March 2011. Bonuses paid to those directors in respect of the year ended 31 March 2010 were £150,869, £224,968 and £110,933 respectively. In addition, Lord Rothschild, Mr Breuer-Weil and Mr Budge all received a £1,000 bonus which was paid to all Group employees in December 2010 and December 2009.

Long-term Incentive Plan

The operation of the J. Rothschild Capital Management Share Appreciation Rights Plan (the "SAR Plan") was last approved by shareholders of the Company on 17 July 2008. The SAR Plan provides for the grant of Share Appreciation Rights ("SARs") over a notional number of shares in the Company.

Following the expiry of a three-year vesting period, participants in the SAR Plan are entitled to exercise their SARs and receive a payment (the "Share Appreciation Amount") equal to the growth in value of the notional shares over the vesting period.

The exercise of a SAR is ordinarily subject to the participant's continued service over the vesting period and the extent to which the performance condition applying to the SAR is satisfied.

For the executive directors of the Company the performance condition that has applied to SAR awards requires that the increase in the Company's share price, plus dividends, exceeds the Retail Price Index plus 3 percentage points per annum over the three-year performance period. The performance condition is subject to ongoing review by the Committee.

The SAR Plan is currently restricted to using cash to meet the payment of the Share Appreciation Amount.

As explained more fully in the notice of the 2011 Annual General Meeting set out on pages 91 to 94, and in the Explanatory Notes on pages 96 and 97, further to a review of the SAR Plan by the Committee (which included consultation with major investors), shareholder approval is being sought for the SAR Plan to be updated to provide flexibility to use ordinary shares in the capital of the Company to settle the share appreciation amount for future and subsisting awards granted under the SAR Plan.

The following grants of SARs were made to the Company's executive Directors during the year. All grants were made on 31 March 2011:

Director	Notional no. of RITCP shares	Grant price	Date from which first exercisable	Expiry date
Lord Rothschild	100,000	1314.0p	31 March 2014	30 March 2021
Mikael Breuer-Weil	150,000	1314.0p	31 March 2014	30 March 2021
Duncan Budge	25,000	1314.0p	31 March 2014	30 March 2021

The following SARs held by the Company's executive Directors lapsed unexercised having failed to meet the performance criteria during the year:

Director	Date of grant	Notional no. of RITCP shares	Grant price	Date lapsed
Lord Rothschild	27 March 2008	137,654	1122.0p	27 March 2011
Duncan Budge	27 March 2008	75,912	1122.0p	27 March 2011

No SARs held by the Company's executive Directors vested during the year.

No SARs were exercised by the Company's executive Directors during the year.

DIRECTORS' REMUNERATION REPORT

The following SARs granted to the Company's executive Directors were outstanding on 31 March 2011:

	Outstanding at 31 March 2011	Grant price	Date from which first exercisable	Expiry date
Lord Rothschild	115,016	939.0p	15 March 2010	14 March 2017
	201,792	796.0p	13 March 2012	12 March 2019
	150,400	1,068.0p	26 March 2013	25 March 2020
	100,000	1,314.0p	31 March 2014	30 March 2021
Mikael Breuer-Weil	28,129	1,133.0p	19 August 2011	18 August 2018
	84,786	796.0p	13 March 2012	12 March 2019
	63,193	1,068.0p	26 March 2013	25 March 2020
	150,000	1,314.0p	31 March 2014	30 March 2021
Duncan Budge	86,261	939.0p	15 March 2010	14 March 2017
	111,283	796.0p	13 March 2012	12 March 2019
	82,941	1,068.0p	26 March 2013	25 March 2020
	25,000	1,314.0p	31 March 2014	30 March 2021

The lowest closing price of the Company's shares during the year was 1,027.0p and the highest was 1,328.0p.

None of the executive Directors received payment in respect of SARs exercised during the year. Lord Rothschild received £436,642 and Mr Budge £2,021,941 in respect of SAR exercises during the year ended 31 March 2010, such sums are subject to taxation and National Insurance contributions.

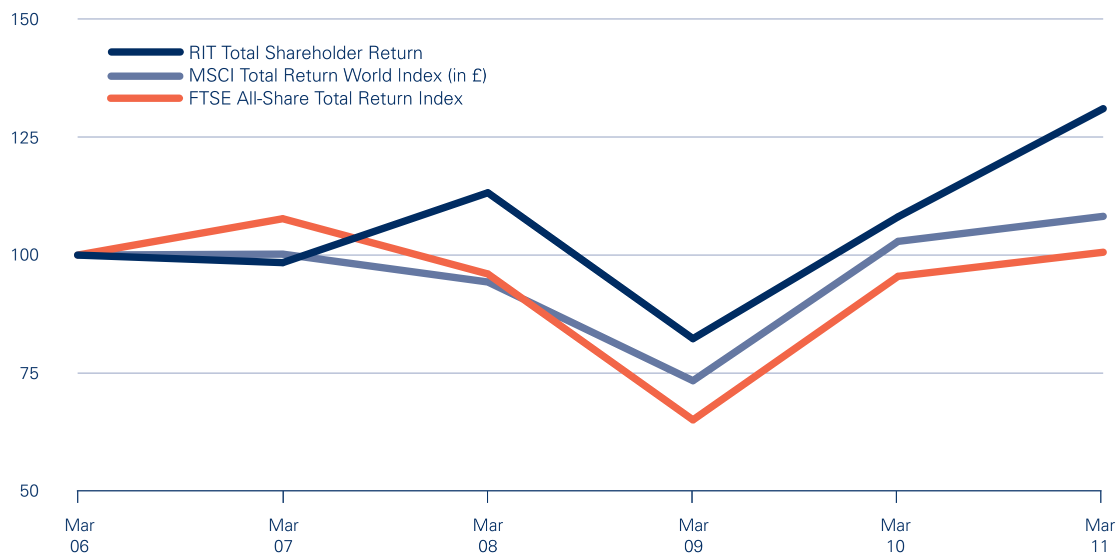
Clawback

For awards granted after 1 April 2011, all bonus and long-term incentive payments will be subject to "claw-back" provisions which provide scope for the Company to recover value from awards in the event of a material mis-statement of the Company's accounts or in the event of dismissal for gross misconduct.

Performance Graph

A performance graph which measures the Company's total shareholder return (calculated by reference to the Company's share price, including dividend reinvestment) against that of a broad equity market index is shown below. For this purpose the Committee considers that the MSCI Total Return World Index (in Sterling) and the FTSE All-Share Total Return Index are the most suitable indices for comparative purposes. The graph below therefore compares the Company's total shareholder return to that of these two indices over the last 5 years.

TOTAL SHAREHOLDER RETURN AGAINST RELEVANT INDICES



Pension Contributions
The policy of the Committee is to facilitate a range of pension arrangements for executive Directors which take account of their age, personal circumstances and arrangements in force on joining the Company. Duncan Budge is a member of the RITCP Pension and Life Assurance Scheme, ("the Scheme"). However, on his receiving advice ahead of the implementation of new pensions legislation in April 2006, contributions to the Scheme on his behalf ceased with effect from April 2006.

The Company paid pension contributions to a personal pension scheme amounting to £55,000 for Mikael Breuer-Weil, (31 March 2010: £45,000) who is not a member of the Scheme, during the year ended 31 March 2011.

No pension provision is made for the non-executive Directors.

Executive Director's Pension
Duncan Budge is the only executive Director who is a member of the defined benefit section of the Company's pension scheme. The table below gives details of the movements in his potential benefits and transfer values during the year.

	£
Accrued benefit at 31 March 2010 (£ per annum)	145,805
Change in accrued benefit due to inflation (£ per annum)	4,520
Change in accrued benefit excluding inflation (£ per annum)	2,770
Accrued benefit at 31 March 2011 (£ per annum)	153,095
Transfer value at 31 March 2010	3,213,599
Increase in transfer value	198,550
Transfer value at 31 March 2011	3,412,149

The table below shows the Director's accrued pension position at the end of the financial year (a) had he left service on 31 March 2010 and (b) had he left service on 31 March 2011.

	£
Total accrued pension at 31 March 2011, assuming Director left service on 31 March 2010 (£ per annum)	150,325
Increase in accrued pension during the year (£ per annum)	2,770
Total accrued pension at 31 March 2011, on Director's leaving Scheme (£ per annum)	153,095
Transfer value of the increase in accrued pension during the year	61,737

The transfer value is a liability of the pension scheme rather than an amount due to be paid to the executive Director or a liability of the Company.

Non-executive Directors
The remuneration of the non-executive Directors is determined by the Board as a whole, in accordance with the provisions of the Articles of Association, which currently limits the aggregate fees payable to non-executive Directors to £400,000 per annum. Non-executive Directors do not take part in discussions on their own remuneration. The Board, on the recommendation of the Committee, applied the following structure for the determination of the annual fees of the non-executive Directors throughout the year ended 31 March 2011:

Basic fee	£25,000
Committee membership fees:	
Audit and risk Committee	£5,000
Conflicts Committee	£3,000
Nominations Committee	£3,000
Remuneration Committee	£3,000
Valuation Committee	£6,000
Committee Chairmanship fee (per committee)	£5,000

DIRECTORS' REMUNERATION REPORT

The above fee structure will be unchanged during the year to 31 March 2012, save that a new separate fee of £5,000 per annum has been agreed for the Senior Independent Director, effective from 1 April 2011.

The non-executive Directors each have letters of appointment that are subject to termination upon one month's written notice on either side.

Directors' Service Contracts
It is the policy of the Committee not to grant service contracts with notice periods in excess of one year. The terms and conditions of the Directors' service contracts are detailed below and are reviewed as required.

Lord Rothschild, Duncan Budge and Mikael Breuer-Weil each have service agreements with J. Rothschild Capital Management Limited.

Lord Rothschild's service agreement is dated 29 April 1996, but was initially with an associated company and originally dated 20 October 1993. The agreement can be terminated, *inter alia*, by either party giving the other not less than twelve months' written notice. It provides for benefits in kind in line with normal company practice, including pension provision, private health insurance and a company car. The agreement is currently on a rolling one year basis. The agreement does not specify compensation payable in the event of early termination.

Duncan Budge's service agreement is dated 29 August 1996, but was originally with an associated company and dated 6 August 1985. The agreement can be terminated, *inter alia*, by either party giving the other not less than twelve months' written notice. It provides for benefits in kind in line with normal company practice, including pension provision, life assurance, permanent health insurance, private health insurance and a company car. The agreement does not specify compensation payable in the event of early termination.

Mikael Breuer-Weil's service agreement is dated 9 December 2008. It can be terminated, *inter alia*, by either party giving not less than twelve months' written notice. It provides for benefits in kind in line with normal company practice including pension provision, life assurance, permanent health insurance, private health insurance and a company car. The agreement does not specify compensation in the event of early termination.

When considering the size of any proposed termination payment, the Committee would take into account a number of factors including the health, length of service, age and the performance of the relevant executive, including the duty to mitigate his own loss, with a broad aim to avoid rewarding poor performance while dealing fairly with cases where the departure is due to other reasons, such as illness.

Executive Directors' External Non-executive Directorships
Mr Budge is a non-executive director of The World Trust Fund, a Luxembourg incorporated investment company whose shares are listed on the London Stock Exchange. Mr Budge is entitled to fees of £25,000 per annum in respect of his non-executive directorship. These fees are retained by Mr Budge.

No other fees are paid to the executive Directors in respect of external non-executive directorships.

Termination Payments and Payments to Third Parties
No payments were made to a Director of the Company for termination of employment nor were any payments made to third parties for Directors' services during the year.

On behalf of the Board of Directors

Douro
2 June 2011
Chairman, Remuneration Committee

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF RIT CAPITAL PARTNERS PLC

We have audited the financial statements of RIT Capital Partners plc for the year ended 31 March 2011 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, Consolidated and Parent Company Balance Sheet, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Cash Flow Statements, the Group Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' Responsibilities set out on pages 30 and 31, 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 group's and the parent 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 unaudited sections of the annual report 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 group's and of the parent company's affairs as at 31 March 2011 and of the group's profit and group's and parent company's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF RIT CAPITAL PARTNERS PLC

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Report set out on pages 26 to 32 with respect to internal control and risk management systems and about share capital structures 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:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited 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; or
- a corporate governance statement has not been prepared by the parent company.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 32 in relation to going concern;
- the parts of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Kelvin Laing-Williams (Senior Statutory Auditor)
for and on behalf of

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

London

2 June 2011

Notes:

(a) The maintenance and integrity of the RIT Capital Partners plc website www.ritcap.co.uk is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2011	Notes	Revenue return £ million	Capital return £ million	Total £ million
Income				
Investment income	1	35.4	–	35.4
Other income	1	1.1	–	1.1
Gains on dealing investments held at fair value		0.1	–	0.1
Total income		36.6	–	36.6
Gains on portfolio investments held at fair value	22	–	175.1	175.1
Exchange gains/(losses) on monetary items and borrowings	22	–	(1.9)	(1.9)
		36.6	173.2	209.8
Expenses				
Administrative expenses	3,4	(17.2)	(3.5)	(20.7)
Investment management fees	5	(3.3)	(3.3)	(6.6)
Profit before finance costs and tax		16.1	166.4	182.5
Finance costs	6	(14.6)	–	(14.6)
Profit before tax		1.5	166.4	167.9
Taxation	7	3.9	–	3.9
Profit for the year		**5.4**	**166.4**	**171.8**
Earnings per ordinary share	9	**3.5p**	**108.2p**	**111.7p**

The total column of this statement represents the Group's Income Statement, prepared in accordance with International Financial Reporting Standards (IFRS). The supplementary revenue return and capital return columns are both prepared under guidance published by the Association of Investment Companies. All items in the above statement derive from continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011	Notes	Revenue return £ million	Capital return £ million	Total £ million
Profit for the year		5.4	166.4	171.8
Other comprehensive income:				
Exchange movements arising on consolidation	24	(0.2)	–	(0.2)
Actuarial loss in defined benefit pension plan	27	(0.5)	–	(0.5)
Total comprehensive income for the year		**4.7**	**166.4**	**171.1**

The amounts included above are net of tax where applicable.

The notes on pages 55 to 89 form part of these financial statements.

CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2010	Notes	Revenue return £ million	Capital return £ million	Total £ million
Income				
Investment income	1	33.5	–	33.5
Other income	1	1.4	–	1.4
Gains on dealing investments held at fair value		92.6	–	92.6
Total income		127.5	–	127.5
Gains on portfolio investments held at fair value	22	–	398.1	398.1
Exchange gains/(losses) on monetary items and borrowings	22	–	13.4	13.4
		127.5	411.5	539.0
Expenses				
Administrative expenses	3,4	(18.1)	(3.6)	(21.7)
Investment management fees	5	(5.3)	(2.4)	(7.7)
Profit before finance costs and tax		104.1	405.5	509.6
Finance costs	6	(23.6)	–	(23.6)
Profit before tax		80.5	405.5	486.0
Taxation	7	(13.7)	0.3	(13.4)
Profit for the year		**66.8**	**405.8**	**472.6**
Earnings per ordinary share	9	**43.3p**	**263.0p**	**306.3p**

The total column of this statement represents the Group's Income Statement, prepared in accordance with IFRS. The supplementary revenue return and capital return columns are both prepared under guidance published by the Association of Investment Companies. All items in the above statement derive from continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2010	Notes	Revenue return £ million	Capital return £ million	Total £ million
Profit for the year		66.8	405.8	472.6
Other comprehensive income:				
Exchange movements arising on consolidation	24	(0.2)	–	(0.2)
Actuarial loss in defined benefit pension plan	27	(0.2)	–	(0.2)
Total comprehensive income for the year		**66.4**	**405.8**	**472.2**

The amounts included above are net of tax where applicable.

The notes on pages 55 to 89 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

	Notes	31 March 2011 £ million	31 March 2010 £ million
Non-current assets			
Investments held at fair value	11	2,139.7	1,964.4
Investment property	11	35.5	33.4
Property, plant and equipment	13	0.4	0.4
Retirement benefit asset		0.5	–
Deferred tax asset	15	3.1	0.7
		2,179.2	1,998.9
Current assets			
Dealing investments held at fair value	16	12.6	33.5
Sales for future settlement		11.3	4.9
Derivative financial instruments	26	11.2	8.8
Other receivables	14	7.6	14.0
Tax receivable		2.8	0.7
Cash at bank		65.6	115.3
		111.1	177.2
Total assets		2,290.3	2,176.1
Current liabilities			
Bank loans and overdrafts		(249.0)	(157.6)
Purchases for future settlement		(10.6)	(18.6)
Derivative financial instruments	26	(25.9)	(25.3)
Provisions	19	(2.0)	(1.7)
Tax payable		–	(7.1)
Other payables	17	(7.2)	(3.4)
		(294.7)	(213.7)
Net current (liabilities)/assets		(183.6)	(36.5)
Total assets less current liabilities		1,995.6	1,962.4
Non-current liabilities			
Derivative financial instruments	26	(1.0)	(5.3)
Bank loans	18	–	(133.6)
Provisions	19	(10.1)	(7.3)
Finance lease liability		(0.5)	(0.5)
		(11.6)	(146.7)
Net assets		**1,984.0**	**1,815.7**
Equity attributable to equity holders			
Called up share capital	20	153.9	153.9
Capital redemption reserve	21	36.3	36.3
Cash flow hedging reserve		–	(3.4)
Foreign currency translation reserve	24	0.2	0.4
Capital reserve	22	1,733.4	1,567.0
Revenue reserve	23	60.2	61.5
Total shareholders' equity		**1,984.0**	**1,815.7**
Net asset value per ordinary share	10	**1,289.4p**	**1,180.1p**

The financial statements were approved by the Board of Directors and authorised for issue on 2 June 2011. They were signed on the Board's behalf by:

Rothschild
Director

Duncan Budge
Director

The notes on pages 55 to 89 form part of these financial statements.

BALANCE SHEET OF THE PARENT COMPANY

	Notes	31 March 2011 £ million	31 March 2010 £ million
Non-current assets			
Investments held at fair value	11	2,117.2	1,952.7
Investment property	11	35.5	33.4
Investments in subsidiary undertakings	12	142.9	138.8
Deferred tax asset	15	2.9	0.6
		2,298.5	2,125.5
Current assets			
Sales for future settlement		11.3	4.9
Derivative financial instruments	26	11.2	8.8
Other receivables	14	6.7	12.3
Tax receivable		0.7	0.7
Cash at bank		46.8	79.6
		76.7	106.3
Total assets		2,375.2	2,231.8
Current liabilities			
Bank loans and overdrafts		(249.0)	(157.6)
Purchases for future settlement		(10.6)	(18.6)
Derivative financial instruments	26	(3.2)	(8.9)
Provisions	19	(2.0)	(1.7)
Other payables	17	(2.7)	(1.5)
Amounts owed to group undertakings	28	(205.2)	(167.0)
		(472.7)	(355.3)
Net current liabilities		(396.0)	(249.0)
Total assets less current liabilities		1,902.5	1,876.5
Non-current liabilities			
Derivative financial instruments	26	(1.0)	(5.3)
Bank loans	18	–	(133.6)
Provisions	19	(9.9)	(7.1)
Finance lease liability		(0.5)	(0.5)
		(11.4)	(146.5)
Net assets		**1,891.1**	**1,730.0**
Equity attributable to equity holders			
Called up share capital	20	153.9	153.9
Capital redemption reserve	21	36.3	36.3
Cash flow hedging reserve		–	(3.4)
Capital reserve	22	1,706.6	1,540.6
Revenue reserve	23	(5.7)	2.6
Total shareholders' equity		**1,891.1**	**1,730.0**

The financial statements were approved by the Board of Directors and authorised for issue on 2 June 2011. They were signed on the Board's behalf by:

Rothschild
Director

Duncan Budge
Director

The notes on pages 55 to 89 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2011	Share capital £ million	Capital redemption reserve £ million	Cash flow hedging reserve £ million	Foreign currency translation reserve £ million	Capital reserve £ million	Revenue reserve £ million	Total £ million
Balance at 31 March 2010	153.9	36.3	(3.4)	0.4	1,567.0	61.5	1,815.7
Profit for the year	–	–	–	–	166.4	5.4	171.8
Cash flow hedges:							
Losses taken to equity	–	–	–	–	–	–	–
Transferred to the income statement for the year	–	–	3.4	–	–	–	3.4
Ordinary dividend paid	–	–	–	–	–	(6.2)	(6.2)
Purchase of own shares	–	–	–	–	–	–	–
Other comprehensive income:							
Exchange movements arising on consolidation	–	–	–	(0.2)	–	–	(0.2)
Actuarial loss in defined benefit pension plan	–	–	–	–	–	(0.5)	(0.5)
Balance at 31 March 2011	**153.9**	**36.3**	**–**	**0.2**	**1,733.4**	**60.2**	**1,984.0**

Year ended 31 March 2010	Share capital £ million	Capital redemption reserve £ million	Cash flow hedging reserve £ million	Foreign currency translation reserve £ million	Capital reserve £ million	Revenue reserve £ million	Total £ million
Balance at 31 March 2009	154.5	35.7	(13.7)	0.6	1,166.9	6.5	1,350.5
Profit for the year	–	–	–	–	405.8	66.8	472.6
Cash flow hedges:							
Losses taken to equity	–	–	–	–	–	–	–
Transferred to the income statement for the year	–	–	10.3	–	–	–	10.3
Ordinary dividend paid	–	–	–	–	–	(11.6)	(11.6)
Purchase of own shares	(0.6)	0.6	–	–	(5.7)	–	(5.7)
Other comprehensive income:							
Exchange movements arising on consolidation	–	–	–	(0.2)	–	–	(0.2)
Actuarial loss in defined benefit pension plan	–	–	–	–	–	(0.2)	(0.2)
Balance at 31 March 2010	**153.9**	**36.3**	**(3.4)**	**0.4**	**1,567.0**	**61.5**	**1,815.7**

The notes on pages 55 to 89 form part of these financial statements.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2011	Share capital £ million	Capital redemption reserve £ million	Cash flow hedging reserve £ million	Capital reserve £ million	Revenue reserve £ million	Total £ million
Balance at 31 March 2010	153.9	36.3	(3.4)	1,540.6	2.6	1,730.0
Profit for the year	–	–	–	166.0	(2.1)	163.9
Cash flow hedges:						
Losses taken to equity	–	–	–	–	–	–
Transferred to the income statement for the year	–	–	3.4	–	–	3.4
Ordinary dividend paid	–	–	–	–	(6.2)	(6.2)
Purchase of own shares	–	–	–	–	–	–
Balance at 31 March 2011	**153.9**	**36.3**	**–**	**1,706.6**	**(5.7)**	**1,891.1**

Year ended 31 March 2010	Share capital £ million	Capital redemption reserve £ million	Cash flow hedging reserve £ million	Capital reserve £ million	Revenue reserve £ million	Total £ million
Balance at 31 March 2009	154.5	35.7	(13.7)	1,092.4	25.0	1,293.9
Profit for the year	–	–	–	453.9	(10.8)	443.1
Cash flow hedges:						
Losses taken to equity	–	–	–	–	–	–
Transferred to the income statement for the year	–	–	10.3	–	–	10.3
Ordinary dividend paid	–	–	–	–	(11.6)	(11.6)
Purchase of own shares	(0.6)	0.6	–	(5.7)	–	(5.7)
Balance at 31 March 2010	**153.9**	**36.3**	**(3.4)**	**1,540.6**	**2.6**	**1,730.0**

The notes on pages 55 to 89 form part of these financial statements.

	Notes	Year ended 31 March 2011 £ million	Year ended 31 March 2010 £ million
Cash (outflow)/inflow from operating activities	25	(35.3)	71.2
Investing activities:			
Purchase of property, plant and equipment	13	(0.3)	(0.3)
Sale of property, plant and equipment		–	–
Net cash outflow from investing activities		(0.3)	(0.3)
Financing activities:			
Buy-back of ordinary shares		–	(5.7)
Decrease in term loans		(133.6)	(171.7)
Equity dividend paid	8	(6.2)	(11.6)
Net cash outflow from financing activities		(139.8)	(189.0)
Decrease in cash and cash equivalents in the year		(175.4)	(118.1)
Cash and cash equivalents at the start of the year		27.4	149.6
Effect of foreign exchange rate changes		(1.9)	(4.1)
Cash and cash equivalents at the year-end		**(149.9)**	**27.4**
Reconciliation:			
Cash at bank		65.6	115.3
Money market funds (included in investments held at fair value)		33.5	69.7
Bank loans and overdrafts		(249.0)	(157.6)
Cash and cash equivalents at the year-end		**(149.9)**	**27.4**

The notes on pages 55 to 89 form part of these financial statements.

PARENT COMPANY CASH FLOW STATEMENT

	Notes	Year ended 31 March 2011 £ million	Year ended 31 March 2010 £ million
Cash (outflow)/inflow from operating activities	25	(19.2)	43.8
Net cash outflow from investing activities		–	–
Financing activities:			
Buy-back of ordinary shares		–	(5.7)
Decrease in term loans		(133.6)	(171.7)
Equity dividend paid	8	(6.2)	(11.6)
Net cash outflow from financing activities		(139.8)	(189.0)
Decrease in cash and cash equivalents in the year		(159.0)	(145.2)
Cash and cash equivalents at the start of the year		(8.2)	141.1
Effect of foreign exchange rate changes		(1.5)	(4.1)
Cash and cash equivalents at the year-end		**(168.7)**	**(8.2)**
Reconciliation:			
Cash at bank		46.8	79.7
Money market funds (included in portfolio investments)		33.5	69.7
Bank loans and overdrafts		(249.0)	(157.6)
Cash and cash equivalents at the year-end		**(168.7)**	**(8.2)**

The notes on pages 55 to 89 form part of these financial statements.

BASIS OF ACCOUNTING

The consolidated financial statements of the Group and Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, IFRIC Interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Company is domiciled in the United Kingdom.

The following standards and amendments to existing standards, have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2011 or later periods, the Group has decided not to early adopt them in the current year accounts:

Not yet endorsed:

IFRS 9	Financial Assets

Endorsed and available for early adoption:

IFRS 14	(Amendment) Repayments of a Minimum Funding Requirement
IAS 24	(Revised) Related Party Disclosures
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the financial statements in the period of initial application, except for IFRS 9, Financial Instruments on Classification and Measurement. This is the first part of a new standard on classification and measurement of financial instruments that will replace IAS 39. IFRS 9 has three measurement categories: amortised cost; fair value through profit and loss; and fair value through other comprehensive income. All equity instruments are still required to be measured at fair value, but fair value movements can be taken to profit or loss or other comprehensive income based on an irrevocable one off instrument by instrument designation. A debt instrument is valued at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest; otherwise it is at fair value through profit or loss. Accordingly, investments classified as available for sale in the consolidated balance sheet will have to be classified as financial assets at fair value through profit or loss or for equities only at fair value through other comprehensive income. IFRS 9 has not yet been endorsed by the European Union.

Other future developments include the International Accounting Standards Board (IASB) undertaking a comprehensive review of existing IFRS. The IASB also plans to issue new standards on offsetting, consolidation, fair value measurement, the presentation of other comprehensive income and revenue recognition. The Group will consider the financial impact of these new standards as they are finalised.

The financial statements have been prepared on a going concern basis and under the historical cost basis, except for the revaluation of certain financial instruments and investment properties. The principal accounting policies adopted are set out below. Where the presentational guidance set out in the Statement of Recommended Practice ("SORP"), Financial Statements of Investment Trust Companies, issued by the Association of Investment Companies ("AIC") in January 2009 is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis which complies with the recommendations of the SORP.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. The financial statements of the subsidiaries are prepared as of the same reporting date using consistent accounting policies. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

GROUP ACCOUNTING POLICIES

PRESENTATION OF INCOME STATEMENT

In order to reflect better the activities of an investment trust company, and in accordance with guidance issued by the AIC, supplementary information which analyses the consolidated income statement between items of a revenue and capital nature has been presented within the consolidated income statement and the consolidated statement of comprehensive income. In accordance with the Company's status as an investment trust, net capital profits may not be distributed by way of dividend. Additionally, the net revenue is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 1158 of the Corporation Tax Act 2010.

INCOME

Dividend income from investments is recognised when the shareholder's right to receive payment has been established and this is normally the ex-dividend date. Provision is made for any dividends not expected to be received.

Where the Group has elected to receive dividends in the form of additional shares rather than cash, the amount of the cash dividend foregone is recognised as income. The excess, if any, in the value of shares received over the amount of the cash dividend foregone is recognised as a gain in the income statement.

UK dividend income is recorded at the amount receivable without any attributable tax credit. Overseas dividend income is shown gross of withholding tax.

Interest income is accrued on a time basis, by reference to the principal outstanding at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

EXPENSES

All expenses and finance costs are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the consolidated income statement, all expenses have been presented as revenue items except those items listed below:

- Expenses are allocated to capital where a direct connection with the maintenance or enhancement of the value of the investments can be demonstrated. Expenses are allocated to revenue where there is an indirect connection.
- Investment management fees are considered to be indirect costs and are therefore allocated to revenue. Performance fees are allocated to capital as they arise as a result of the capital performance of the relevant investment portfolio.
- The Group has in force certain incentive arrangements whereby fees payable are based entirely on the increase in the values of certain investments. The cost of these incentive arrangements is considered to be a direct cost of enhancing the value of these investments and is therefore allocated to capital.
- The Group has in force long-term incentive arrangements for the executive Directors of RIT, and other employees, whereby they receive additional remuneration based entirely on any increase in the Company's share price. The primary objective of the Company is to deliver long-term capital growth for its investors. The costs of these arrangements derive principally from the capital performance of the Group and consequently the Directors consider it appropriate to allocate the costs of these arrangements in their entirety to capital.
- The Group has an Executive Bonus Plan for the executive Directors whereby they receive a bonus calculated by reference to the Company's three-year moving average outperformance over two key total return indices. The amount of the bonus depends principally on the capital performance of the Group and therefore the Directors consider it appropriate to charge the whole of the bonus to capital.
- Expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment.
- Costs incurred in connection with aborted portfolio investment transactions are also allocated to capital.

FINANCE COSTS

Finance costs are accounted for on an effective yield basis. Since these costs are considered to be an indirect cost of maintaining the value of the investments they are allocated in full to revenue.

FOREIGN CURRENCIES

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates, i.e. its functional currency. For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Pounds Sterling ("Sterling") which is the functional currency of the Company, and the presentational currency of the Group. Transactions in currencies other than Sterling are recorded at the rate of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items and non-monetary assets and liabilities that are fair valued and are denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Gains and losses arising on re-translation are included in net profit or loss for the period in respect of those investments which are classified as fair value through profit or loss. All foreign exchange gains and losses, except those arising from the translation of foreign subsidiaries, are recognised in the consolidated income statement. In accordance with IAS 21, a foreign currency translation reserve has been established in respect of the exchange movements arising on consolidation since 31 March 2004.

TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not subject to tax or are not deductible for tax purposes. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Investment trusts which have approval under Section 1158 of the Corporation Tax Act 2010 are not subject to tax on capital gains. In view of the Company's status as an investment trust, and its intention to continue meeting the conditions required to obtain approval for the foreseeable future, the Company has not provided current or deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

INVESTMENTS

Investments are recognised and derecognised on the trade date where a purchase or sale is made under a contract whose terms require delivery within the timeframe established by the market concerned, and are initially measured at fair value.

All of the Group's investments are defined by IFRS as investments designated at fair value through profit or loss ("FVPL") but are also described in these financial statements as investments held at fair value.

All investments are designated upon initial recognition as held at fair value and, except as noted below, are measured at subsequent reporting dates at fair value. Fair value is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted. Investments in hedge funds and long equity funds are valued at the closing price, the bid price or the single price as appropriate, released by the relevant investment manager. Changes in the fair value of all investments held at fair value are recognised in the consolidated income statement as a capital item. On disposal, realised gains and losses are also recognised in the consolidated income statement. Transaction costs, including bid-offer spreads, are included within gains or losses on investments held at fair value.

Foreign exchange gains and losses arising on investments held at fair value are included within the changes in their fair values.

GROUP ACCOUNTING POLICIES

In respect of unquoted instruments, or where the market for a financial instrument is not active, fair value is established by using valuation techniques, which may include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same and discounted cash flow analysis. Where there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, that technique is utilised.

The gains and losses on financial assets designated at fair value through profit or loss exclude any related interest income, dividend income and finance cost. These items are disclosed separately in the financial statements.

Investment properties are measured initially at cost, including related transaction costs. After initial recognition at cost, investment properties are carried at their fair values based on the professional valuation made as of each reporting date. Valuation surpluses and deficits arising in the period are included in the income statement. The gain or loss arising on the disposal of a property is determined as the difference between the sales proceeds and the carrying amount of the asset at the beginning of the period and is recognised in the income statement.

DEALING INVESTMENTS

Current asset investments held by the dealing subsidiary undertaking, including futures, options and other derivative instruments, are stated in the balance sheet at fair value. The movements in fair value of trading positions are included in the revenue return column of the income statement. Securities sold short are valued at their offer prices in accordance with IAS 39.

SUBSIDIARIES

Investments in subsidiaries in the financial statements of the parent are carried at cost less any provision for impairment made in accordance with IAS 36, Impairment of assets. Impairment tests are carried out twice each year as at 30 September and 31 March.

CASH AND CASH EQUIVALENTS

Cash at bank in the balance sheet comprises cash balances and deposits held at call and short notice with banks. Bank overdrafts that are repayable on demand and which form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the cash flow statement. Short-term highly liquid investments with original maturities of three months or less are also included as a component of cash and cash equivalents for the purposes of the cash flow statement.

PROVISIONS

A provision is recognised in the balance sheet when the Group has a constructive or legal obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

SHARE-BASED PAYMENTS

In accordance with IFRS 2, Share-based payment, a charge is required for all share-based payments which includes the long-term incentives provided under the Company's Share Appreciation Rights Plan ("SARs"). The SARs scheme meets the definition of a cash-settled scheme under IFRS 2. The cost of granting these SARs to employees and Directors is recognised through the income statement. The Company has used a trinomial option valuation model and the resulting value is amortised through the income statement over the service period of the relevant SARs. At the end of each reporting period the charge is reversed if it appears likely that the performance criteria will not be met, with any changes to fair value recognised in the profit or loss for the period.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is shown at cost less depreciation. It is calculated by the Group on a straight line basis by reference to original cost, estimated useful life and residual value. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. The period of estimated useful life for this purpose is between three and four years.

PENSIONS

J. Rothschild Capital Management Limited, a wholly-owned subsidiary undertaking, is a participating employer in the Group's non-contributory funded, defined benefit retirement scheme, which is closed to new members and the assets of which are held in a trustee administered fund.

The Group accounts for its defined benefit retirement scheme by reference to IAS 19, Employee Benefits. For the defined benefit retirement scheme, the cost of benefits accruing during the year in respect of current and past service is charged to the income statement and allocated to revenue. The expected return on the scheme's assets, and the increase in the present value of the scheme's liabilities arising from the passage of time are also recognised in the income statement. Actuarial gains and losses are recognised in the statement of comprehensive income. An actuarial valuation of the defined benefit retirement scheme is undertaken every three years as at 1 January and is updated as at each 31 March and 30 September during the intervening valuation dates. The valuation is carried out using the projected unit credit method of funding basis. The income statement also includes costs incurred in respect of defined contribution schemes and these costs comprise the contributions payable in the year.

OTHER RECEIVABLES

Other receivables do not carry any interest and are short-term in nature: they are accordingly stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

BANK BORROWINGS

Interest-bearing bank loans and overdrafts are recorded initially at the proceeds received, net of direct issue costs. Finance costs, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

OTHER PAYABLES

Other payables are not interest-bearing and are stated at their nominal value.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates. From time to time, the Group uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures. The dealing subsidiary may also use derivative financial instruments for trading purposes.

The Group has adopted trade date accounting. Accordingly, derivative financial instruments are recognised on the date the Group enters into the relevant contract, and are derecognised on the date which it commits to their sale.

Changes in the fair value of derivative financial instruments that are designated as effective as hedges of future cash flows are recognised directly in equity and any ineffective portion is recognised immediately in the income statement. The amount in equity is released to income when the forecast transaction impacts profit or loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise. If capital in nature, the associated change in value is presented as a capital item in the income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity for cash flow hedges is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss in the period.

On 1 April 2010 the Group de-designated its last remaining interest rate swap which had previously been considered as qualifying for hedge accounting.

GROUP ACCOUNTING POLICIES

Derivatives embedded in other financial instruments or non-financial host contracts are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contracts and the financial instrument is not classified at fair value through profit or loss.

ALLOCATION TO CAPITAL

All expenses and interest payable are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the income statement, the statement of comprehensive income and the statement of changes in equity. All expenses have been presented as revenue items except as listed below:

The following are presented as realised capital items:

- gains and losses on the realisation of investments
- realised exchange differences of a capital nature
- expenses, together with the related taxation effect, allocated to capital in accordance with the above policies
- realised gains and losses on transactions undertaken to hedge an exposure of a capital nature
- the cost of purchasing ordinary shares for cancellation.

The following are presented as unrealised capital items:

- increases and decreases in the valuation of investments held at the year-end
- unrealised exchange differences of a capital nature
- unrealised gains and losses on transactions undertaken to hedge an exposure of a capital nature.

CRITICAL ACCOUNTING ASSUMPTIONS AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas requiring a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are set out below.

Unquoted investments

Unquoted investments are valued at fair value in accordance with IFRS having regard to International Private Equity and Venture Capital Valuation Guidelines as recommended by the British Venture Capital Association. The principles which the Group applies are set out on pages 51 to 52. This determination requires significant management judgement.

Retirement benefit obligation

The determination of the pension cost and the defined benefit obligation of the Group's defined benefit pension scheme depends on the selection of certain assumptions, which include the discount rate, inflation rate, salary growth and longevity. Any changes in these assumptions will impact the carrying amount of the pension obligation. The Group determines the appropriate discount rate at the end of each year; this is the interest rate that is used to calculate the present value of the estimated future cash outflows expected to be required to settle the pension obligation. Differences arising from actual experience or future changes in assumptions will be reflected in subsequent accounting periods.

Deferred tax asset

Management judgement is required in determining the deferred tax assets and liabilities to be recognised in the financial statements. In particular, judgement is used when assessing the extent to which deferred tax assets should be recognised, with consideration given to the timing and level of future taxable income.

Long-term incentive plan

The carrying amount of the provision in respect of the long-term incentive plan depends on a number of assumptions which are set out in note 19.

1. INVESTMENT INCOME

	Year ended 31 March 2011 £ million	Year ended 31 March 2010 £ million
Income from listed investments:		
Dividends	10.5	10.9
Interest	5.1	7.7
Income from unlisted investments:		
Dividends	16.0	11.7
Interest	1.5	2.4
Income from investment properties	1.2	1.2
Interest receivable	1.1	(0.4)
	35.4	**33.5**

OTHER INCOME

	Year ended 31 March 2011 £ million	Year ended 31 March 2010 £ million
Share of partnership income	–	0.2
Other fee income	1.1	1.2
	1.1	**1.4**

2. BUSINESS AND GEOGRAPHICAL SEGMENTS

In line with guidance set out by IFRS 8: Operating Segments the Group continues to report its performance under a single operating segment, being that of an investment company managing a widely diversified portfolio to deliver long-term capital growth, whilst preserving shareholder capital.

The Group operates from the UK and is engaged in investing in equity and debt securities, issued by global companies. As previously stated the entity is engaged in a single business activity and as such operates within a single geographical segment. Accordingly reporting is provided on a single segment basis.

3. EXPENSES

	Year ended 31 March 2011 £ million	Year ended 31 March 2010 £ million
Administrative expenses (excluding staff costs)	6.4	8.2
Staff costs (see note 4 below)	14.3	13.5
Total administrative expenses	**20.7**	**21.7**
Management fees	3.3	5.3
Performance fees	3.3	2.4
Total investment management fees	**6.6**	**7.7**
Total expenses	**27.3**	**29.4**
Recharged to related parties	(0.9)	(1.5)
Net expenses	26.4	27.9

Administrative expenses include the following:

	Year ended 31 March 2011 £ million	Year ended 31 March 2010 £ million
Auditors' remuneration – audit fees	0.2	0.1
Auditors' remuneration – other	0.0	0.2
Depreciation	0.3	0.3

Recharges to related parties are described in note 28. The total audit fee amounts to £182,135 (31 March 2010: £142,530) of which £172,115, (31 March 2010: £141,000) relates to the audit of the parent company's consolidated accounts. Other fees of £27,477 (31 March 2010: £219,740) were payable to the auditors in respect of taxation £7,427 (2010: £50,000) and other assurance services £20,050 (2010: £169,740).

Details of the transaction costs incurred on the purchase and sale of investments are set out below.

	Year ended 31 March 2011 £ million	Year ended 31 March 2010 £ million
Purchases	2.1	2.9
Sales	2.3	2.9
Transaction costs[1]	**4.4**	**5.8**

[1]Transaction costs, including bid-offer spreads, are included within gains on investments held at fair value.

4. STAFF COSTS

	Year ended 31 March 2011 £ million	Year ended 31 March 2010 £ million
Wages and salaries	9.0	9.1
Social security costs	1.3	0.9
Long-term incentive plan (Note 19)	3.5	2.8
Pension costs (Note 27)	0.5	0.7
Staff costs included in administrative expenses	14.3	13.5
Actuarial loss included in statement of comprehensive income	0.5	0.2
Total staff costs	**14.8**	**13.7**

4. STAFF COSTS (CONTINUED)

The above figures include Directors' emoluments, details of which are shown in the Directors' Remuneration Report on pages 33 to 38. They include the movement in the provision for the Group's long-term incentive plan and the amounts payable under the Executive Bonus Plan which are charged to the capital reserve.

The average number of employees during the year was 78 (31 March 2010: 84), including 21 people employed in the banqueting business of Spencer House and the related security function (31 March 2010: 22).

5. INVESTMENT MANAGEMENT FEES

Details of the current investment managers who operate segregated accounts and the associated fee arrangements are described in the Investment Director's Review on pages 7 to 18 and Directors' Report on page 24.

6. FINANCE COSTS

	Year ended 31 March 2011		Year ended 31 March 2010	
	Group £ million	Company £ million	Group £ million	Company £ million
Interest payable on bank borrowings	4.6	4.6	13.0	12.7
Interest rate swap expense	9.8	9.8	10.3	10.3
Other finance costs	0.2	0.2	0.3	0.3
Finance costs	**14.6**	**14.6**	**23.6**	**23.3**

In the prior period certain of the interest rate swaps were reclassified from reserves to the income statement (in accordance with the Company's accounting policies) as these swaps ceased to meet the requirements for hedge accounting. Following the repayment in May 2010 of the £150 million multi-currency term loan and the repayment of the €150 million term loan in September 2010, £3.4 million was credited to the cash flow hedging reserve creating a corresponding charge to the income statement.

7. TAXATION

	Year ended 31 March 2011		
	Revenue £ million	Capital £ million	Total £ million
UK corporation tax charge	–	–	–
Adjustment in respect of prior years	(3.0)	–	(3.0)
Overseas taxation	–	–	–
Double taxation relief	–	–	–
Current tax credit	(3.0)	–	(3.0)
Deferred tax credit	(0.9)	–	(0.9)
Adjustment in respect of prior years	–	–	–
Taxation credit	**(3.9)**	**–**	**(3.9)**

	Year ended 31 March 2010		
	Revenue £ million	Capital £ million	Total £ million
UK corporation tax charge	12.0	–	12.0
Adjustment in respect of prior years	–	–	–
Overseas taxation	1.8	–	1.8
Double taxation relief	–	–	–
Current tax charge	13.8	–	13.8
Deferred tax credit	(0.1)	(0.3)	(0.4)
Adjustment in respect of prior years	–	–	–
Taxation charge	**13.7**	**(0.3)**	**13.4**

The deferred tax credit relates to the origination and reversal of timing differences.

The tax charge for the year differs from the standard rate of corporation tax in the UK of 28% (31 March 2010: 28%). The differences are explained below:

	Year ended 31 March 2011			Year ended 31 March 2010		
	Revenue £ million	Capital £ million	Total £ million	Revenue £ million	Capital £ million	Total £ million
Profit before tax	1.5	166.4	167.9	80.5	405.5	486.0
Tax at the standard UK corporation tax rate of 28% (31 March 2010: 28%)	0.4	46.6	47.0	22.5	113.5	136.0
Effect of:						
Capital items exempt from corporation tax	–	(46.6)	(46.6)	–	(113.8)	(113.8)
UK dividend income not taxable	(3.7)	–	(3.7)	(1.4)	–	(1.4)
Foreign dividend income not taxable	(3.4)	–	(3.4)	(3.9)	–	(3.9)
Double tax relief not available	–	–	–	0.8	–	0.8
Expenses not deductible for tax purposes	0.1	–	0.1	–	–	–
Utilisation of tax losses	7.7	–	7.7	(6.2)	–	(6.2)
Other items	(2.0)	–	(2.0)	1.0	–	1.0
Prior year credit	(3.0)	–	(3.0)	0.9	–	0.9
Total tax charge/(credit)	**(3.9)**	**–**	**(3.9)**	**13.7**	**(0.3)**	**13.4**

The tax credit in the capital column primarily relates to tax deductible expenses, including investment management performance fees, charges arising under the Group's long-term incentive plan and the cost of the Executive Bonus Plan.

In June 2010, a number of changes to the UK Corporation Tax system were announced in the budget statement. The Finance (No.2) Act 2010 was substantively enacted on 20 July 2010 and includes reducing the corporation tax rate from 28% to 27% from 1 April 2011. Further reductions to the main rate were announced in March 2011 to reduce the rate further to 26% from 1 April 2011 and by 1% per annum to 23% by 1 April 2014. The proposed reductions post 2011 are to be separately enacted. As these changes to the main rate were not substantively enacted at the Balance Sheet date, their impact is not included within the deferred tax balance as at 31 March 2011.

8. DIVIDEND

Years ended 31 March	2011 Pence per share	2010 Pence per share	2011 £ million	2010 £ million
Interim and final dividends paid in year	**4.0**	**7.5**	**6.2**	**11.6**

The above amounts were paid as distributions to equity holders in the relevant periods. The Directors proposed an interim dividend in respect of the financial year ended 31 March 2010 of 4.0p per share, which was paid on 1 April 2010 to shareholders on the register at 12 March 2010 and amounted to £6.2m. There is no final dividend proposed in respect of the financial year ended 31 March 2011.

9. EARNINGS PER ORDINARY SHARE

The earnings per ordinary share for the year ended 31 March 2011 is based on the net profit of £171.8 million (31 March 2010: £472.6 million) and the weighted average number of ordinary shares in issue during the period of 153.9 million (31 March 2010: 154.3 million).

9. EARNINGS PER ORDINARY SHARE (CONTINUED)

The earnings per ordinary share figure detailed above can be further analysed between revenue and capital as set out below:

	Year ended 31 March 2011 £ million	Year ended 31 March 2010 £ million
Net revenue profit	5.4	66.8
Net capital profit	166.4	405.8
	171.8	**472.6**

	Pence per share	Pence per share
Revenue earnings per ordinary share	3.5	43.3
Capital earnings per ordinary share	108.2	263.0
	111.7	**306.3**

10. NET ASSET VALUE PER ORDINARY SHARE

The net asset value per ordinary share as at 31 March 2011 of 1,289.4p (31 March 2010: 1,180.1p) is based on the net assets attributable to the equity shareholders of £1,984.0 million (31 March 2010: £1,815.7 million) and the number of ordinary shares in issue at 31 March 2011 of 153.9 million (31 March 2010: 153.9 million).

11. INVESTMENTS

	31 March 2011		31 March 2010	
	Group £ million	Company £ million	Group £ million	Company £ million
Listed investments at fair value:				
Listed in UK	64.1	62.9	112.6	112.2
Listed overseas	626.2	624.4	593.3	590.7
Government securities and other liquidity	277.5	277.5	238.2	238.2
	967.8	964.8	944.1	941.1
Unlisted investments	1,207.4	1,187.9	1,053.7	1,045.0
	2,175.2	**2,152.7**	**1,997.8**	**1,986.1**
Investments at fair value	2,139.7	2,117.2	1,964.4	1,952.7
Investment property	35.5	35.5	33.4	33.4
Fair value of investments	**2,175.2**	**2,152.7**	**1,997.8**	**1,986.1**

Unlisted investments comprise unquoted investments, hedge funds, long equity funds, unquoted funds, money market funds and investment property.

Investment properties were valued at 31 March 2011 by Jones Lang LaSalle in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors on the basis of open market value.

Additions, disposals and gains/losses on investments are shown in the Investment Director's Review on page 11.

NOTES TO THE FINANCIAL STATEMENTS

Details of investments in which the Group had a material interest of over 3% at 31 March 2011 of the nominal value of the allocated shares of any class are as follows:

Name	% Held
Agora Oil and Gas	42.0%
Harbourmaster	22.3%
Mondis Technology	49.9%
Mondis Technology (Guernsey)	49.9%
PayPoint	9.0%

Details of interests of 10% or more in any class of share or unit in an investment fund, or holdings which are material are as follows:

Name	% Held	Market value £ million
Africa Emerging Markets Fund	60.2%	13.6
Althea Global Emerging Markets Fund	84.4%	17.5
Baker Brother Life Sciences LP	2.5%	30.0
Baker Steel Resources Trust Ltd	21.5%	13.6
BlackRock Gold & General Fund	0.8%	21.8
Blumberg Capital I	56.5%	5.0
CF Egerton Sterling Investment Fund	20.8%	28.2
China AMC China Renaissance Fund	11.1%	8.7
Darwin Private Equity I LP	23.9%	14.8
Firebird Avrora Fund	16.5%	21.4
Firebird Mongolia Fund	27.4%	17.4
FVP Offshore III	14.1%	0.8
Gaoling UK Feeder Fund	80.2%	29.6
Hazel Global Cleantech Equity Fund	24.8%	18.4
Independent Franchise Partners Global Equity Fund	9.1%	24.3
India Capital Fund	16.2%	16.4
Lansdowne UK Strategic Investment Fund		
N1 GBP£ Ordinary Shares	60.8%	23.1
N Series 4	16.7%	14.6
Martin Currie GLB Energy Fund	83.1%	52.1
Media Technology Ventures IV B	38.0%	0.9
Melchior Japan Opportunities Fund	49.4%	27.1
P K Investment Management	59.9%	26.6
Penta Asia Fund	5.3%	27.2
Pivot Point Capital	99.6%	20.9
Prince Street Opportunities Offshore Fund	38.9%	12.0
Real Return Asian Fund	6.1%	27.7
RR Capital Partners	20.9%	2.5
Strategic Recovery Fund	11.8%	3.9
Summit Water Development	20.7%	18.7
Tinicum Capital Partners II	2.6%	15.1
Titan Partners	21.9%	45.8
Tontine Capital Overseas Fund II		
Class A	38.7%	22.0
Class S	21.8%	0.5
Vietnam Resources Investments (Holdings)	11.6%	3.5
21st Century Communications	45.2%	0.1

The Directors do not consider that any of the portfolio investments held at fair value fall within the definition of an associated company as the Group does not exercise significant influence over their operating and financial policies. In a number of cases the Group owns more than 50% of a particular class of shares issued by an investee company or partnership interests totalling more than 50%. The Group does not hold more than 50% of the voting rights of any of its investee companies or partnerships. As such, holding more than 50% of a particular class of shares does not give the Group control of any the investee companies or partnerships within the meaning of IAS 27. The Group has chosen to account for associated companies which they hold for investment purposes at fair value through the profit and loss in accordance with IAS 28.

12. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	Shares £ million	Loans £ million	Total £ million
Carrying value at 31 March 2010	125.0	13.8	138.8
Additions	–	4.3	4.3
Exchange movement in year	–	(0.2)	(0.2)
Carrying value at 31 March 2011	**125.0**	**17.9**	**142.9**

	Shares £ million	Loans £ million	Total £ million
Carrying value at 31 March 2009	72.3	3.5	75.8
Additions	–	10.5	10.5
(Provision)/Reversal of impairment	52.7	–	52.7
Exchange movement in year	–	(0.2)	(0.2)
Carrying value at 31 March 2010	**125.0**	**13.8**	**138.8**

At 31 March 2011 the Company held investments in the following principal subsidiary undertakings which, unless otherwise stated, are wholly-owned, incorporated or registered in the UK, share the same accounting reference date as the Company and operate principally in their country of incorporation. The voting share capital, unless otherwise stated, is held directly by the Company.

Investments in group undertakings are stated at cost less a provision for impairment where appropriate.

The Directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. A full list of subsidiary undertakings at 31 March 2011 will be annexed to the Company's next annual return.

Name	Issued share capital
Investment holding	
Atlantic and General Investment Trust Limited	£19,999,104 divided into 19,999,104 ordinary shares of £1 each
RIT Capital Partners Associates Limited	£2 divided into 2 ordinary shares of £1 each
The Successor Investment Funds	£2,500,000 divided into 2,500,000 ordinary shares of £1 each
Augmentum 1 LP	£438.57 being 87.7% of total capital contributions, plus £14,883,982 of partners loan contributions together with 99% of aggregate contributions
Administration and services	
J. Rothschild Capital Management Limited	£6,250,001 divided into 6,250,000 ordinary shares of £1 each and one special share of £1 held by The J. Rothschild Name Company Limited
Investment dealing	
RIT Capital Partners Securities Limited	£90,000,000 divided into 90,000,000 ordinary shares of £1 each

13. PROPERTY, PLANT AND EQUIPMENT

Group	Cost £ million	Depreciation £ million	Net book value £ million
Plant, equipment and vehicles			
At 31 March 2010	1.2	(0.8)	0.4
Additions	0.3	–	0.3
Disposals	–	–	–
Charge for depreciation	–	(0.3)	(0.3)
At 31 March 2011	**1.5**	**(1.1)**	**0.4**

14. OTHER RECEIVABLES

	31 March 2011		31 March 2010	
	Group £ million	Company £ million	Group £ million	Company £ million
Accounts receivable	1.5	0.8	9.5	9.0
Amounts owed by related parties (all trading balances)	–	–	0.9	–
Prepayments and accrued income	6.1	5.9	3.6	3.3
	7.6	**6.7**	**14.0**	**12.3**

The Directors consider that the carrying amount of other receivables approximates their fair value.

15. DEFERRED TAX ASSET/(LIABILITY)

The gross movement on deferred tax during the year is shown below:

	Year ended 31 March 2011		Year ended 31 March 2010	
	Group £ million	Company £ million	Group £ million	Company £ million
Balance at start of year	0.7	0.6	0.3	0.1
Credit to capital reserve	1.5	1.4	0.3	0.2
Credit to revenue reserve	0.9	0.9	0.1	0.3
Balance at end of year	**3.1**	**2.9**	**0.7**	**0.6**

15. DEFERRED TAX ASSET/(LIABILITY) (CONTINUED)

	Year ended 31 March 2011 Group £ million	Year ended 31 March 2011 Company £ million	Year ended 31 March 2010 Group £ million	Year ended 31 March 2010 Company £ million
Analysis of deferred tax (liability)/asset:				
Deferred management fees	1.4	1.4	0.9	0.9
Long-term incentive plan	1.4	1.4	0.2	0.2
Other timing differences	0.5	0.3	0.4	0.3
Accelerated capital allowances	(0.3)	(0.2)	(0.8)	(0.8)
Deferred tax re retirement benefit liability/asset	0.1	–	–	–
Balance at end of year	**3.1**	**2.9**	**0.7**	**0.6**

At the balance sheet date, the aggregate amount of potential deferred tax on temporary timing differences associated with the undistributed earnings of foreign subsidiaries for which deferred tax liabilities have not been recognised was £1.2 million (31 March 2010: £1.2 million). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

16. DEALING INVESTMENTS

	31 March 2011 Group £ million	31 March 2011 Company £ million	31 March 2010 Group £ million	31 March 2010 Company £ million
Dealing investments	**12.6**	**–**	**33.5**	**–**

Dealing investments are stated at fair value.

17. OTHER PAYABLES

	31 March 2011 Group £ million	31 March 2011 Company £ million	31 March 2010 Group £ million	31 March 2010 Company £ million
Accruals and deferred income	5.4	2.3	1.2	1.1
Amounts payable to related parties	–	–	0.1	–
Other creditors	1.8	0.4	2.1	0.4
	7.2	**2.7**	**3.4**	**1.5**

The carrying value of the Group's other payables approximates their fair value.

18. BANK LOANS

	31 March 2011 Group £ million	31 March 2011 Company £ million	31 March 2010 Group £ million	31 March 2010 Company £ million
Unsecured loans payable within one year:				
Overdrafts	–	–	0.9	0.9
US$148.7 million repayable on 17 May 2010	–	–	97.9	97.9
£58.6 million repayable on 17 May 2010	–	–	58.8	58.8
US$400 million three-year credit facility	249.0	249.0	–	–
Unsecured loans repayable between 2-7 years not by instalments:				
€150 million repayable on 1 August 2012	–	–	133.6	133.6
Total bank loans and overdrafts	**249.0**	**249.0**	**291.2**	**291.2**

The company repaid the total outstanding balance on the multicurrency loan of £158.7 million on the scheduled repayment date of 17 May 2010. In September 2010 the Company repaid the €150 million loan ahead of the scheduled repayment date of 1 August 2012.

Three-year credit facility
On 22 December 2010 the Company signed a new three-year US Dollar 400 million credit facility with National Australia Bank. The facility was drawn in full on 6 January 2011. While the facility has the ability to be drawn and repaid over short periods (and therefore is disclosed in current liabilities) it is viewed as providing medium-term structural gearing. The facility pays variable interest linked to three-month US Dollar LIBOR. Following the drawdown, the Company entered into a series of interest rate swaps with the effect of fixing the interest rate at an average of 3.43% until December 2013.

19. PROVISIONS FOR LIABILITIES AND CHARGES

Group	31 March 2010 £ million	Additional provision £ million	Amounts reversed £ million	Amounts utilised £ million	31 March 2011 £ million
Nature of provision:					
Indemnity	2.0	0.1	–	(0.3)	1.8
Investments	4.5	3.2	–	(2.5)	5.2
Property	0.2	0.1	–	–	0.3
Long-term incentive plan	2.3	3.5	–	(1.0)	4.8
	9.0	**6.9**	**–**	**(3.8)**	**12.1**

Company	31 March 2010 £ million	Additional provision £ million	Amounts reversed £ million	Amounts utilised £ million	31 March 2011 £ million
Nature of provision:					
Indemnity	2.0	0.1	–	(0.3)	1.8
Investments	4.5	3.2	–	(2.5)	5.2
Long-term incentive plan	2.3	3.5	–	(1.0)	4.8
	8.8	**6.8**	**–**	**(3.8)**	**11.8**

19. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

Provisions in respect of investments include £2.0 million (31 March 2010: £1.7 million) which are expected to settle within the next twelve months.

It is anticipated that all of the other provisions noted above will be settled more than twelve months after the balance sheet date.

Indemnity provision
In 1991 the Company acquired an investment in Newmont Mining and at the same time effected a disposal of its indirect interest in Cavenham Forest Industries Inc ("CFI"). As part of these arrangements the Company indemnified the purchaser of CFI against certain ongoing costs being incurred by that company. The relevant indemnified costs are expected to be incurred between 2011 and 2027 and the indemnity provision has been based on the Company's share of the projected costs.

Investment provision
The Company owns several investments which were acquired under arrangements whereby part of the profit eventually realised on their disposal would be paid to certain third parties. The provision has been calculated by reference to the carrying value of the underlying investments. In respect of segregated accounts where performance criteria have been exceeded at the end of the year, the value of the associated performance fee payable to the manager has been provided for under current liabilities.

Property
The Group has a short leasehold interest in a property which is being sub-let to a third party. The net income receivable is less than the annual outgoings and, based on a professional valuation, the Group has recognised a provision of £0.3 million as at 31 March 2011 (31 March 2010: £0.2 million).

Long-term incentive plan
This provision represents amounts accrued under a long-term incentive arrangement structured in the form of a phantom option scheme: the Share Appreciation Rights ("SAR") plan. In accordance with the rules of the plan, certain Directors and employees are entitled to a bonus calculated by reference to a notional number of shares in the Company and therefore the scheme is accounted for as a cash-settled scheme in accordance with IFRS 2. The bonus amount payable would be equal to the increase, since the date of grant of the relevant SARs, in the Company's share price multiplied by the notional number of shares, provided the relevant performance conditions are met; the provision also includes the corresponding employer's national insurance liability. The SARs can be exercised between the third and tenth anniversaries of the date of grant. The provision can be analysed by reference to the date of grant of the relevant SARs as set out below:

	31 March 2011 £ million	31 March 2010 £ million
Date of grant		
25 March 2004	0.1	0.1
30 March 2005	0.1	0.1
15 March 2006	0.1	0.0
15 March 2007	0.9	0.5
27 March 2008	0.1	–
13 March 2009	2.8	2.0
24 June 2009	0.7	0.4
19 October 2009	0.1	0.1
26 March 2010	1.0	0.1
Intrinsic value of all SARs	**5.9**	**3.3**
IFRS 2 adjustment to provision	(1.1)	(1.0)
Carrying amount of SAR provision	**4.8**	**2.3**
Intrinsic value of SARs vested as at 31 March	**1.2**	**0.7**

The Company has used a trinomial option valuation model to estimate the fair value of the SARs. The inputs to the model included the following: expected volatility of 20% (31 March 2010: 21%), dividends of 4.0p (31 March 2010: 4.0p) per share per annum, contractual life of ten years, and a risk-free interest rate based on the Sterling Benchmark Swap Curve. Expected volatility has been estimated based on relevant historic data in respect of RIT's share price. The vesting requirements are set out in detail in the section headed Long-term Incentive Plan in the Directors' Remuneration Report on page 35. To allow for the effects of early exercise and staff turnover, it was assumed that the majority of the SARs, in terms of value, would be exercised four and a half years after the relevant grant dates.

	Notional no. of RIT shares	Weighted average exercise price (p)	Weighted average share price at exercise (p)
Outstanding at 31 March 2010	2,117,732	954.9	–
Granted	663,000	1,314.0	–
Exercised	(247,754)	951.1	1,293.6
Forfeited/lapsed	(313,415)	1,106.8	–
Outstanding at 31 March 2011	**2,219,563**	**1,041.2**	**–**

The outstanding SARs at 31 March 2011 had exercise prices ranging between 575p and 1,314p with a weighted average of 1,041.2p. The weighted average remaining contractual life of these SARs was 8.5 years. Included in the outstanding amount at year-end were SARs representing a notional number of 337,683 shares, which had vested and were capable of being exercised. These had exercise prices ranging between 575p and 1,122p with a weighted average of 948.7p.

During the year ended 31 March 2011, the Company granted 663,000 SARs (2010: 713,073) and the weighted average fair value of those SARs was 244.0p (31 March 2010: 255.0p). The Company recognised an expense of £3.5 million (31 March 2010: income of £2.8 million) arising from the SAR plan. The increase in the provision during the year was £2.5 million (31 March 2010: nil).

20. CALLED UP SHARE CAPITAL

	31 March 2011 £ million	31 March 2010 £ million
Authorised		
320 million Ordinary Shares of £1 each	320.0	320.0
Allotted, issued and fully paid		
153,866,062 Ordinary Shares of £1 each (2010: 153,866,062)	**153.9**	**153.9**

The Company has one class of ordinary shares which carry no right to fixed income.

21. CAPITAL REDEMPTION RESERVE

	Year ended 31 March 2011		Year ended 31 March 2010	
	Group £ million	Company £ million	Group £ million	Company £ million
Balance at start of year	36.3	36.3	35.7	35.7
Movement during the year	–	–	0.6	0.6
Balance at end of year	**36.3**	**36.3**	**36.3**	**36.3**

The capital redemption reserve is not distributable and represents the cumulative nominal value of shares acquired for cancellation.

22. CAPITAL RESERVE

	Year ended 31 March 2011 Group £ million	Year ended 31 March 2011 Company £ million	Year ended 31 March 2010 Group £ million	Year ended 31 March 2010 Company £ million
Balance at start of year	1,567.0	1,540.6	1,166.9	1,092.4
Gains on portfolio investments held at fair value	175.1	174.3	398.1	397.2
Movement in impairment provision	–	–	–	52.7
Performance fees	(3.3)	(3.3)	(2.4)	(2.4)
Other capital items	(5.4)	(5.0)	9.8	6.1
Taxation	–	–	0.3	0.3
Total capital return	166.4	166.0	405.8	453.9
Cost of share buy-backs	–	–	(5.7)	(5.7)
Balance at year-end	**1,733.4**	**1,706.6**	**1,567.0**	**1,540.6**

Other capital items includes the capital element of administrative expenses and exchange gains/losses on monetary items and borrowings. Under the terms of the Company's Articles of Association, sums standing to the credit of the capital reserve are available for distribution only by way of redemption or purchase of any issue of the Company's own shares. The Company may only distribute accumulated 'realised' profits. In accordance with guidance issued by The Institute of Chartered Accountants in England and Wales (TECH 01/08) realised capital reserves comprise gains and losses on realisation of investments together with changes in fair value of investments which are considered to be readily convertible into cash without accepting adverse terms.

At the year-end all of the listed investments were considered to be sufficiently liquid to be regarded as readily convertible into cash, however the unlisted investments were not. Accordingly, the split of capital reserve between realised and unrealised in order to determine distributable realised profits was as follows:

	Year ended 31 March 2011 Group £ million	Year ended 31 March 2011 Company £ million	Year ended 31 March 2010 Group £ million	Year ended 31 March 2010 Company £ million
Capital reserve – distributable				
in respect of investments sold	1,527.1	1,513.9	1,515.5	1,501.6
in respect of listed investments held	81.2	81.0	25.5	25.5
Capital reserve – non-distributable	125.1	111.7	26.0	13.5
Balance at year-end	**1,733.4**	**1,706.6**	**1,567.0**	**1,540.6**

23. REVENUE RESERVE

	Year ended 31 March 2011 Group £ million	Year ended 31 March 2011 Company £ million	Year ended 31 March 2010 Group £ million	Year ended 31 March 2010 Company £ million
Balance at start of year	61.5	2.6	6.5	25.0
Profit/(loss) for the year	5.4	(2.1)	66.8	(10.8)
Dividend paid	(6.2)	(6.2)	(11.6)	(11.6)
Actuarial gain/(loss)	(0.5)	–	(0.2)	–
Balance at end of year	**60.2**	**(5.7)**	**61.5**	**2.6**

As permitted by Section 408 of the Companies Act 2006, the Company has not published a separate income statement or statement of comprehensive income. The Company's revenue loss after tax amounted to £2.1 million (31 March 2010: loss £10.8 million). The Company is intending to utilise distributable reserves within its subsidiaries to fund a dividend payment in August 2011.

NOTES TO THE FINANCIAL STATEMENTS

24. FOREIGN CURRENCY TRANSLATION RESERVE

	Year ended 31 March 2011 Group £ million	Year ended 31 March 2011 Company £ million	Year ended 31 March 2010 Group £ million	Year ended 31 March 2010 Company £ million
Balance at start of year	0.4	–	0.6	–
Current year translation adjustment	(0.2)	–	(0.2)	–
Balance at end of year	0.2	**–**	**0.4**	**–**

The translation reserve comprises exchange differences arising from the translation of the net investments in foreign subsidiaries.

25. RECONCILIATION OF CONSOLIDATED PROFIT BEFORE FINANCE COSTS AND TAX TO CASH OUTFLOW FROM OPERATING ACTIVITIES

	Year ended 31 March 2011 £ million	Year ended 31 March 2010 £ million
(Loss)/profit before dividend and interest income, finance costs and taxation	148.3	477.3
Dividend income	26.5	22.6
Interest income	7.7	9.7
(Loss)/profit before finance costs and tax	**182.5**	**509.6**
Decrease/(increase) in other receivables	6.4	(0.3)
Decrease/(increase) in other payables	3.8	(1.5)
Other movements	(26.1)	6.6
Purchase of investments held at fair value	(2,412.3)	(1,997.5)
Sale of investments held at fair value	2,374.4	1,866.6
(Gains)/losses on investments held at fair value	(154.8)	(291.4)
Taxation paid	(5.7)	(7.8)
Interest paid	(3.5)	(13.1)
Net cash (outflow)/inflow from Operating Activities	**(35.3)**	**71.2**

RECONCILIATION OF PARENT COMPANY PROFIT BEFORE FINANCE COSTS AND TAXATION TO CASH OUTFLOW FROM OPERATING ACTIVITIES

	Year ended 31 March 2011 £ million	Year ended 31 March 2010 £ million
(Loss)/profit before dividend and interest income, finance costs and taxation	143.1	380.9
Dividend income	26.4	22.6
Interest income	7.8	9.7
(Loss)/profit before finance costs and taxation	**177.3**	**413.2**
Decrease/(increase) in other receivables	(5.6)	0.2
Increase/(decrease) in other payables	39.4	(2.3)
Other movements	1.0	90.9
Purchase of investments held at fair value	(2,016.3)	(1,955.7)
Sale of investments held at fair value	1,947.9	1,805.4
(Gains)/losses on investments held at fair value	(153.7)	(295.2)
Taxation paid	(5.7)	–
Interest paid	(3.5)	(12.7)
Net cash (outflow)/inflow from Operating Activities	**(19.2)**	**43.8**

26. FINANCIAL INSTRUMENTS

As an investment company, financial instruments make up the vast majority of the Group's financial position and generate its performance. The Group holds investments in a variety of financial instruments in order to meet its investment objective to deliver long-term capital growth while preserving shareholders' capital. Asset allocation is determined by the executive Directors under the authority of the Board. The assets and liabilities include the following financial instruments:

- investments including equity and non-equity shares, partnership interests and fixed income securities which are held in accordance with the Group's investment objectives. The investments are designated at fair value through profit or loss ("FVPL");
- cash, liquid resources and short-term debtors and creditors that arise directly from the Group's investment activities;
- long-term borrowings used to enhance returns; and
- derivative transactions undertaken by the Group in accordance with the Group's investment objectives, and to manage market risks and currency risks.

The nature and extent of the financial instruments outstanding at the balance sheet date and the risk management policies employed by the Group are discussed below.

26.1 Categories of financial assets and financial liabilities

	Group As at 31 March 2011				
Financial assets	Loans & receivables £ million	FVPL (initial recognition) £ million	FVPL (held for trading) £ million	Other assets £ million	Total £ million
Investments held at fair value	–	2,139.7	–	–	2,139.7
Investment property	–	–	–	35.5	35.5
Property, plant and equipment	–	–	–	0.4	0.4
Derivative financial instruments	–	11.2	–	–	11.2
Retirement benefit assets	–	–	–	0.5	0.5
Deferred tax asset	–	–	–	3.1	3.1
Dealing investments	–	–	12.6	–	12.6
Sales for future settlement	11.3	–	–	–	11.3
Other receivables	7.6	–	–	–	7.6
Tax receivable	–	–	–	2.8	2.8
Cash at bank	65.6	–	–	–	65.6
Total assets	**84.5**	**2,150.9**	**12.6**	**42.3**	**2,290.3**

	Group As at 31 March 2010				
Financial assets	Loans & receivables £ million	FVPL (initial recognition) £ million	FVPL (held for trading) £ million	Other assets £ million	Total £ million
Investments held at fair value	–	1,964.4	–	–	1,964.4
Investment property	–	–	–	33.4	33.4
Property, plant and equipment	–	–	–	0.4	0.4
Derivative financial instruments	–	8.8	–	–	8.8
Deferred tax asset	–	–	–	0.7	0.7
Dealing investments	–	–	33.5	–	33.5
Sales for future settlement	4.9	–	–	–	4.9
Other receivables	13.9	–	–	0.1	14.0
Tax receivable	–	–	–	0.7	0.7
Cash at bank	115.3	–	–	–	115.3
Total assets	**134.1**	**1,973.2**	**33.5**	**35.3**	**2,176.1**

Financial assets	Company As at 31 March 2011 Loans & receivables £ million	FVPL (initial recognition) £ million	Other assets £ million	Total £ million
Investments held at fair value	–	2,117.2	–	2,117.2
Investment property	–	–	35.5	35.5
Investment in subsidiary undertakings	–	–	142.9	142.9
Derivative financial instruments	–	11.2	–	11.2
Deferred tax asset	–	–	2.9	2.9
Amounts owed by group undertakings	–	–	–	–
Sales for future settlement	11.3	–	–	11.3
Other receivables	6.7	–	–	6.7
Tax receivable	–	–	0.7	0.7
Cash at bank	46.8	–	–	46.8
Total assets	**64.8**	**2,128.4**	**182.0**	**2,375.2**

Financial assets	Company As at 31 March 2010 Loans & receivables £ million	FVPL (initial recognition) £ million	Other assets £ million	Total £ million
Investments held at fair value	–	1,952.7	–	1,952.7
Investment property	–	–	33.4	33.4
Investment in subsidiary undertakings	–	–	138.8	138.8
Derivative financial instruments	–	8.8	–	8.8
Deferred tax asset	–	–	0.6	0.6
Amounts owed by group undertakings	–	–	–	–
Sales for future settlement	4.9	–	–	4.9
Other receivables	12.2	–	0.1	12.3
Tax receivable	–	–	0.7	0.7
Cash at bank	79.6	–	–	79.6
Total assets	**96.7**	**1,961.5**	**173.6**	**2,231.8**

26. FINANCIAL INSTRUMENTS (CONTINUED)

Financial Liabilities	Group As at 31 March 2011 Amortised cost £ million	FVPL (initial recognition) £ million	Other liabilities £ million	Total £ million
Bank loans and overdrafts:				
due within one year	249.0	–	–	249.0
due after more than one year	–	–	–	–
Purchases for future settlement	10.6	–	–	10.6
Tax payable	–	–	–	–
Other payables	7.2	–	–	7.2
Provisions	–	–	12.1	12.1
Derivative financial instruments	–	26.9	–	26.9
Finance lease liability	–	–	0.5	0.5
Total liabilities	**266.8**	**26.9**	**12.6**	**306.3**

Financial Liabilities	Group As at 31 March 2010 Amortised cost £ million	FVPL (initial recognition) £ million	Other liabilities £ million	Total £ million
Bank loans and overdrafts:				
due within one year	157.6	–	–	157.6
due after more than one year	133.6	–	–	133.6
Purchases for future settlement	18.6	–	–	18.6
Tax payable	–	–	7.1	7.1
Other payables	3.4	–	–	3.4
Provisions	–	–	9.0	9.0
Derivative financial instruments	–	30.6	–	30.6
Finance lease liability	–	–	0.5	0.5
Total liabilities	**313.2**	**30.6**	**16.6**	**360.4**

Financial liabilities	Company As at 31 March 2011 Amortised Cost £ million	FVPL (initial recognition) £ million	Other liabilities £ million	Total £ million
Bank loans and overdrafts:				
due within one year	249.0	–	–	249.0
due after more than one year	–	–	–	–
Purchases for future settlement	10.6	–	–	10.6
Tax payable	–	–	–	–
Other payables	2.7	–	–	2.7
Amounts owed to group undertakings	205.2	–	–	205.2
Provisions	–	–	11.9	11.9
Derivative financial instruments	–	4.2	–	4.2
Deferred tax liability	–	–	–	–
Finance lease liability	–	–	0.5	0.5
Total liabilities	**467.5**	**4.2**	**12.4**	**484.1**

Financial liabilities	Company As at 31 March 2010 Amortised cost £ million	FVPL (initial recognition) £ million	Other liabilities £ million	Total £ million
Bank loans and overdrafts:				
due within one year	157.6	–	–	157.6
due after more than one year	133.6	–	–	133.6
Purchases for future settlement	18.6	–	–	18.6
Tax payable	–	–	–	–
Other payables	1.5	–	–	1.5
Amounts owed to group undertakings	167.0	–	–	167.0
Provisions	–	–	8.8	8.8
Derivative financial instruments	–	14.2	–	14.2
Deferred tax liability	–	–	–	–
Finance lease liability	–	–	0.5	0.5
Total liabilities	**478.3**	**14.2**	**9.3**	**501.8**

The Group's policy for determining the fair value of investments (including unquoted investments) is set out on pages 51 and 52.

In relation to debtors, creditors and short-term borrowings the carrying amount is a reasonable approximation of fair value.

The fair value of the loans was estimated by discounting the future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. As at 31 March 2011 this amounted to £249.0 million (31 March 2010: £288 million).

No financial assets or liabilities were reclassified during 2011 or 2010 by the Group or the Company.

26.2 Financial risk management

The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. The identification, mitigation and monitoring of these risks is undertaken by the executive management under the authority of the Board and the Audit and Risk Committee, and is described in more detail below.

26. FINANCIAL INSTRUMENTS (CONTINUED)

The objectives, policies and processes for managing risks have not changed since the previous accounting period. The risk management processes of the Company are aligned with those of the Group as a whole and it is at the Group level that the majority of the risk management procedures are performed. Where relevant and materially different to the Group position, Company specific risk exposures are explained alongside those of the Group.

a. Market risk

The fair value or future cash flows of a financial instrument held by the Group may fluctuate as a result of changes in market prices. This market risk comprises three types of risk:

- Price risk (b. below)
  The risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk)
- Interest rate risk (c. below)
  The risk that fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates
- Currency risk (d. below)
  The risk that fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates

Management of market risk

Management of market risk is fundamental to the Group's investment objective and the investment portfolio is continually monitored to ensure an appropriate balance of risk and reward.

Exposure to any one entity is monitored by the executive Directors and senior management. The Company complies with the requirement of the relevant tax legislation for an investment trust not to invest more than 15% of the total value of its investments in the securities of any one group at the time of the initial acquisition, or subsequent purchase.

From time to time, the Group may seek to reduce or increase its exposure to stock markets and currencies by taking positions in currency forward contracts, index futures and options relating to one or more stock markets. These instruments are used for the purpose of hedging some or all of the existing exposure within the Group's investment portfolio to those currencies or particular markets or to enable increased exposure when deemed appropriate.

b. Price risk

Price risk (other than caused by interest rate or currency risk) may affect the value of the quoted and the unquoted investments held by the Group.

Management of price risk

The executive Directors continually monitor the Group's exposure to price risk and take appropriate action to mitigate the risk. The Group has a widely diversified investment portfolio which significantly reduces the exposure to individual asset price risk.

The performance of third party investment managers is regularly reviewed and assessed to ensure compliance with their mandates and that their performance is compatible with the Group's investment objective.

Exposure to price risk

The Group's exposure to pricing risk can be assumed to be equivalent to the investment portfolio, excluding interests in debt securities and including relevant derivatives, as set out below:

	31 March 2011 £ million	31 March 2010 £ million
Exposure to price risk	**1,920.6**	**1,730.5**

As at the year-end, the Group's exposure to listed equities (after adjusting for index futures) and unquoted investments represented 96.8% of net assets (31 March 2010: 95.3%).

Price risk sensitivity analysis

The sensitivity of the Group's net assets and income statement ("IS") with regards to changes in market prices is illustrated below. This is based on an assumed 10% increase in the fair value of the investments and assumes all other variables are held constant. A 10% decrease is assumed to produce an equal and opposite effect.

The sensitivity analysis takes account of the relevant derivative transactions the Group has entered into in order to provide a hedge against such movements.

	31 March 2011 Impact on IS & net assets £ million	31 March 2010 Impact on IS & net assets £ million
Total	**192.1**	**178.1**

c. Interest rate risk

The Group finances its operations mainly through its share capital and retained profits, including realised gains on investments. In addition, financing has been obtained through bank borrowings. Changes in interest rates have a direct impact on the fair value or future cash flows of the following financial assets and liabilities

- Gilts and other government securities
- Money market funds
- Cash and cash equivalents
- Group borrowings
- Certain derivative contracts

Changes in interest rates indirectly affect the fair value of the Group's investments in quoted and unquoted equity securities.

Management of interest rate risk

The executive Directors continually monitor the Group's exposure to interest rate fluctuations. The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making decisions on investments and borrowings.

The Company uses interest rate swaps as a hedge of future interest payments and this has the effect of increasing the proportion of its fixed interest debt.

Exposure to interest rate risk

The Group's exposure of financial assets and liabilities to floating interest rates (giving cash flow interest rate risk when rates are re-set) and fixed interest rates (giving fair value risk), is shown below.

	31 March 2011			31 March 2010		
	Floating Rate £ million	Fixed Rate £ million	Total £ million	Floating Rate £ million	Fixed Rate £ million	Total £ million
Portfolio investments (debt securities)	33.6	248.2	281.8	69.7	169.9	239.6
Derivative financial instruments	–	(1.4)	(1.4)	3.9	(0.9)	3.0
Cash	65.6	–	65.6	115.3	–	115.3
Bank loans and overdrafts:						
due within one year	–	(249.0)	(249.0)	–	(157.6)	(157.6)
due after more than one year	–	–	–	–	(133.6)	(133.6)
Total Exposure	**99.2**	**(2.2)**	**97.0**	**188.9**	**(122.2)**	**66.7**

26. FINANCIAL INSTRUMENTS (CONTINUED)

Exposures vary throughout the year as a consequence of changes in the composition of the net assets of the Group arising out of investment, borrowing and risk management processes.

Portfolio investments include direct and indirect (via external managed funds) investments in government securities, money markets, and unquoted debt securities issued by portfolio companies.

Interest received on cash and cash equivalents is at prevailing market rates.

The Group has total borrowings of £249.0 million outstanding at the year-end (31 March 2010: £290.3 million). The credit facility comprising this total, incurs fixed interest payments (through the operation of interest rate swaps). Further details are provided in note 18.

Interest rate risk sensitivity analysis

The approximate sensitivity of the Group's net assets and profit and loss in regard to changes in interest rates is illustrated below. This is based on an assumed 200 basis points annualised increase in prevailing interest rates at the balance sheet date applied to the floating rate assets and liabilities and the following assumptions:

- the fair values of assets and liabilities are not affected by a change in interest rates
- funds will be reinvested in similar interest bearing securities on maturity
- all other variables are held constant

A 200 basis points decrease is assumed to produce an equal and opposite impact.

	31 March 2011 Impact on IS & net assets £ million	31 March 2010 Impact on IS & net assets £ million
Total	**2.0**	**3.8**

d. Currency risk

Consistent with its investment objective, the Group invests in financial instruments and transactions denominated in currencies other than Sterling. As such, the Group's profits and net assets could be significantly affected by currency movements.

Management of currency risk

The Group enters into forward currency contracts as a means of limiting or increasing its exposure to particular currencies. These contracts are used for the purpose of hedging the existing currency exposure of elements of the Group's portfolio (as a means of reducing risk) or to enable increased exposure when this is deemed appropriate.

Part of the Company's currency exposure in respect of its US Dollar investments is also hedged by way of the Company's borrowings denominated in this currency.

NOTES TO THE FINANCIAL STATEMENTS

Exposure to currency risk

The currency exposure of the Group and Company net assets at the year-end is set out below:

	Group 31 March 2011		
Currency	Net assets excluding currency forwards £ million	Currency forwards £ million	Net exposure £ million
US dollar	844.7	(175.0)	669.7
Sterling	416.7	(41.3)	375.4
Canadian dollar	190.2	–	190.2
Singapore dollar	2.2	184.6	186.8
Chinese renminbi (yuan)	–	125.0	125.0
Norwegian krone	62.0	45.1	107.1
Australian dollar	106.6	–	106.6
Korean won	0.6	72.4	73.0
Brazillian real	43.4	0.6	44.0
Japanese yen	94.4	(66.2)	28.2
Swiss franc	31.1	(10.2)	20.9
Euro	160.5	(144.9)	15.6
Other	41.6	(0.1)	41.5
Total	**1,994.0**	**(10.0)**	**1,984.0**

	Group 31 March 2010		
Currency	Net assets excluding currency forwards £ million	Currency forwards £ million	Net exposure £ million
US dollar	938.6	(233.6)	705.0
Sterling	447.4	(133.6)	313.8
Canadian dollar	78.3	82.4	160.7
Singapore dollar	0.6	128.0	128.6
Chinese renminbi (yuan)	–	171.5	171.5
Norwegian krone	18.9	–	18.9
Australian dollar	13.6	–	13.6
Korean won	–	84.1	84.1
Brazillian real	40.0	(9.4)	30.6
Japanese yen	43.9	(202.3)	(158.4)
Swiss franc	27.4	111.0	138.4
Euro	160.7	(27.1)	133.6
Other	31.2	44.1	75.3
Total	**1,800.6**	**15.1**	**1,815.7**

26. FINANCIAL INSTRUMENTS (CONTINUED)

Currency	Net assets excluding currency forwards £ million	Currency forwards £ million	Net exposure £ million
	Company 31 March 2011		
US dollar	821.3	1.0	822.3
Sterling	350.2	62.1	412.3
Canadian dollar	190.0	–	190.0
Euro	160.5	(8.2)	152.3
Australian dollar	106.6	–	106.6
Norwegian krone	61.9	–	61.9
Japanese yen	94.3	(45.6)	48.7
Brazilian real	43.4	0.6	44.0
Swiss franc	31.1	(10.2)	20.9
Other	43.6	(0.1)	43.5
Total	**1,902.9**	**(0.4)**	**1,902.5**

Currency	Net assets excluding currency forwards £ million	Currency forwards £ million	Net exposure £ million
	Company 31 March 2010		
US dollar	906.2	11.0	917.2
Sterling	411.7	–	411.7
Canadian dollar	78.1	–	78.1
Euro	159.9	–	159.9
Australian dollar	13.5	–	13.5
Norwegian krone	18.8	–	18.8
Japanese yen	43.0	(1.6)	41.4
Brazilian real	40.0	(9.4)	30.6
Swiss franc	27.2	–	27.2
Other	31.6	–	31.6
Total	**1,730.0**	**–**	**1,730.0**

Amounts in the above tables are based on the carrying value of all currency denominated assets and liabilities and the underlying principal amounts of forward currency contracts.

Currency Risk Sensitivity Analysis

The sensitivity of the Group's net assets and income statement (IS) in regard to changes in key currencies is illustrated below. This is based on an assumed 10% strengthening of Sterling relative to the foreign currencies as at 31 March, and assumes all other variables are held constant. A 10% weakening is assumed to produce an equal and opposite effect.

The sensitivity analysis is based on the net foreign currency assets held at the balance sheet dates and takes account of forward foreign exchange contracts that offset the effects of changes in currency exchange rates.

Currency	31 March 2011 Impact on IS & Net Assets £ million	31 March 2010 Impact on IS & Net Assets £ million
Sterling	–	–
US dollar	(60.9)	(64.1)
Canadian dollar	(17.3)	(14.6)
Singapore dollar	(17.0)	(11.7)
Chinese renminbi (yuan)	(11.4)	(15.6)
Norwegian krone	(9.7)	(1.7)
Australian dollar	(9.7)	(1.2)
Korean won	(6.6)	(7.6)
Brazilian real	(4.0)	(2.8)
Japanese yen	(2.6)	14.4
Euro	(1.4)	(12.1)
Swiss franc	(1.9)	(12.6)
Other	(3.8)	(6.9)
Total	**(146.3)**	**(136.5)**

e. Credit risk

Counterparty credit risk is the risk that a counterparty to a financial instrument held by the Group will fail to discharge an obligation or commitment that it has entered into with the Group which could result in a loss to the Group.

Management of credit risk

This risk is not considered significant and is managed as follows:

- The vast majority of the Group's transactions are settled on a delivery versus payment basis
- Using a large number of brokers
- Liquid investments (cash and cash equivalents) are divided between a number of different financial institutions
- The majority of the portfolio investments exposed to credit risk relate to highly rated government securities

A credit exposure could arise in respect of derivative contracts entered into by the Group if the counterparty were unable to fulfil its contractual obligations.

The Group has exposure to certain debt instruments acquired as part of its private equity transactions. The credit risk associated with these instruments is managed as part of the overall investment risk in the relevant portfolio companies and is not considered separately.

Exposure to credit risk

The maximum exposure to credit risk at 31 March was:

	31 March 2011 £ million	31 March 2010 £ million
Portfolio investments (debt securities)	243.9	233.1
Derivative financial instruments	23.8	42.3
Other receivables	7.6	14.0
Sales for future settlement	11.3	4.9
Cash at bank	65.6	115.3
Maximum exposure to credit risk	**352.2**	**409.6**

26. FINANCIAL INSTRUMENTS (CONTINUED)

Substantially all of the listed portfolio investments are held by Bank of New York Mellon as custodian. Bankruptcy or insolvency of the custodian may cause the Group's rights with respect to securities held by the custodian to be delayed; however, the custodian's subordinated debt was rated A+ by Fitch in the most recent rating prior to 31 March 2011.

f. Liquidity risk

Liquidity risk is the risk that the Group will have difficulty in meeting its obligations in respect of financial liabilities as they fall due.

The Group has significant investments in and commitments to unquoted companies and unquoted funds which are inherently illiquid. In addition the Group holds investments with other third party organisations which may require notice periods in order to be realised.

Management of liquidity risk

The Group manages its liquid resources to ensure sufficient cash is available to meet all of its contractual commitments. It monitors the level of short-term funding and balances the need for access to short-term funding with the long-term funding needs of the Group.

Exposure to liquidity risk

Liquidity risk is not viewed as significant as a substantial proportion of the Group's net assets are in liquid or readily realisable assets, which could be utilised to meet funding requirements if necessary. The Company has the power, under its Articles of Association, to take out both short and long-term borrowings.

The Group has a credit facility totalling £249.0 million (details of which are disclosed in Note 18).

The Group's contractual maturities of the financial liabilities at the year-end, based on the earliest date on which payment could be required are as follows:

	31 March 2011				31 March 2010			
	3 months or less £ million	3-12 months £ million	>1 year £ million	Total £ million	3 months or less £ million	3-12 months £ million	>1 year £ million	Total £ million
Current liabilities:								
Bank loan/overdraft	249.0	–	–	249.0	157.6	–	–	157.6
Other liabilities	43.7	–	–	43.7	47.3	–	–	47.3
Non-current liabilities:								
Bank loans	–	–	–	–	–	–	133.6	133.6
Other liabilities	–	–	1.0	1.0	–	–	5.3	5.3
Total	**292.7**	**–**	**1.0**	**293.7**	**204.9**	**–**	**138.9**	**343.8**
Commitments	145.8	–	–	145.8	241.6	–	–	241.6
Total	**438.5**	**–**	**1.0**	**439.5**	**446.5**	**–**	**138.9**	**585.4**

26.3 Collateral

Collateral is posted by the Group in relation to derivative transactions. These are transacted under the International Swaps and Derivatives Association and may require collateral to be posted from time to time. The Group does not hold collateral from other counterparties.

Set out below is the amount of financial assets pledged as collateral.

	31 March 2011 £ million	31 March 2010 £ million
Cash collateral provided by RIT in relation to derivative contracts	**22.9**	**62.5**

26.4 Derivative financial instruments

The Group typically uses the following types of derivative instruments in the portfolio:

- Futures and forward contracts relating to foreign currencies, market indices and bonds
- Options relating to foreign currencies, market indices, equities and interest rates
- Swaps relating to interest rates, credit spreads and equity indices

As explained above, the Group uses derivatives to hedge various exposures and also selectively to increase or decrease exposure where desired. The notional amount of certain types of financial instruments provides a basis for comparison with instruments recognised on the balance sheet but does not necessarily indicate the amount of future cash flows involved or the current fair value of the derivatives.

The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates, indices, security prices or foreign exchange rates relative to the derivatives terms. The aggregate contractual or notional amount of derivative financial instruments held, the extent to which instruments are favourable or unfavourable and thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

Details of the Group and Company's derivatives unsettled at 31 March are:

	Group			
As at 31 March 2011	Notional amount £ million	Assets (positive fair value) £ million	Liabilities (negative fair value) £ million	Total fair value £ million
Bond futures	251.4	0.3	(0.9)	(0.6)
Credit default swaps	99.6	1.0	(0.1)	0.9
Currency options	–	–	–	–
Forward currency contracts	1,116.8	12.8	(22.7)	(9.9)
Index futures	28.2	6.0	(2.3)	3.7
Equity index swaps	30.2	2.4	–	2.4
Interest rate swaps	575.2	1.3	(0.9)	0.4
Total		**23.8**	**(26.9)**	**(3.1)**

	Group			
As at 31 March 2010	Notional amount £ million	Assets (positive fair value) £ million	Liabilities (negative fair value) £ million	Total fair value £ million
Bond futures	–	–	–	–
Credit default swaps	–	–	–	–
Currency options	–	2.1	–	2.1
Forward currency contracts	1,546.6	29.8	(14.8)	15.0
Index futures	444.2	6.5	(1.6)	4.9
Equity index swaps	–	–	–	–
Interest rate swaps	357.5	3.9	(14.2)	(10.3)
Total		**42.3**	**(30.6)**	**11.7**

26. FINANCIAL INSTRUMENTS (CONTINUED)

As at 31 March 2011	Company Notional amount £ million	Assets (positive fair value) £ million	Liabilities (negative fair value) £ million	Total fair value £ million
Credit default swaps	99.6	1.0	(0.1)	0.9
Forward currency contracts	137.2	0.5	(0.9)	(0.4)
Index futures	28.2	6.0	(2.3)	3.7
Equity index swaps	30.2	2.4	–	2.4
Interest rate swaps	575.2	1.3	(0.9)	0.4
Total		**11.2**	**(4.2)**	**7.0**

As at 31 March 2010	Company Notional amount £ million	Assets (positive fair value) £ million	Liabilities (negative fair value) £ million	Total fair value £ million
Credit default swaps	–	–	–	–
Forward currency contracts	–	11.0	(11.0)	–
Index futures	44.7	5.7	–	5.7
Equity index swaps	–	–	–	–
Interest rate swaps	357.5	3.1	(14.2)	(11.1)
Total		**19.8**	**(25.2)**	**(5.4)**

26.5 IFRS 7 classification

IFRS 7 requires the Group to classify its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making those measurements. These are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The determination of what constitutes ‘observable’ requires significant judgement by the Group. The Group considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Where adjustments have been required to quoted prices to arrive at fair value, or where a market price is available but the market is not considered active, the Directors have classified these investments as level 2.

The Directors consider all unquoted direct investments and unquoted funds (as described in pages 14 to 17 of the Investment Review) as level 3 assets, as the valuations of these assets are not based on observable market data. Where funds within the absolute return and real asset categories invest into illiquid stocks, these are also considered by the Group to be level 3 assets.

NOTES TO THE FINANCIAL STATEMENTS

The following table analyses within the fair value hierarchy the Group's financial assets and liabilities (at 31 March 2011:

As at 31 March 2011	Level 1 £ million	Level 2 £ million	Level 3 £ million	Total FVPL £ million
Investments held at fair value	1,032.1	494.5	613.1	2,139.7
Derivative financial instruments	–	11.2	–	11.2
Dealing investments	–	12.6	–	12.6
Financial assets at fair value through profit and loss	**1,032.1**	**518.3**	**613.1**	**2,163.5**
Derivative financial instruments	–	(26.9)	–	(26.9)
Financial liabilities at fair value through profit and loss	**–**	**(26.9)**	**–**	**(26.9)**
Net financial assets at fair value through profit and loss	**1,032.1**	**491.4**	**613.1**	**2,136.6**
Net other liabilities				(152.6)
Net asset value				**1,984.0**

Movements in level 3 assets

	Opening balance £ million	Purchases £ million	Sales £ million	Gains during the year £ million	Reclassifications £ million	Closing balance £ million
Investments held at fair value:						
Unquoted investments	376.8	120.6	(109.0)	60.7	–	449.1
Absolute return	21.2	8.3	(14.4)	4.9	–	20.0
Real assets	107.0	54.7	(28.6)	10.9	–	144.0
	505.0	**183.6**	**(152.0)**	**76.5**	**–**	**613.1**

26. FINANCIAL INSTRUMENTS (CONTINUED)

The following table analyses within the fair value hierarchy the Group's financial assets and liabilities (by class) measured at fair value at 31 March 2010:

As at 31 March 2010	Level 1 £ million	Level 2 £ million	Level 3 £ million	Total FVPL £ million
Investments held at fair value	905.2	554.2	505.0	1,964.4
Derivative financial instruments	–	8.8	–	8.8
Dealing investments	–	33.5	–	33.5
Financial assets at fair value through profit and loss	**905.2**	**596.5**	**505.0**	**2,006.7**
Derivative financial instruments	–	(30.6)	–	(30.6)
Financial liabilities at fair value through profit and loss	**–**	**(30.6)**	**–**	**(30.6)**
Net financial assets at fair value through profit and loss	**905.2**	**565.9**	**505.0**	**1,976.1**
Net other assets/(liabilities)				(160.4)
Net asset value				**1,815.7**

Movements in level 3 assets

	Opening Balance £ million	Purchases £ million	Sales £ million	Gains during the year £ million	Reclassifications £ million	Closing Balance £ million
Investments held at fair value:						
Unquoted investments	388.8	61.4	(119.9)	46.5	–	376.8
Absolute return	12.0	5.7	(18.8)	22.3	–	21.2
Real assets	81.5	15.5	(5.3)	15.3	–	107.0
	482.3	**82.6**	**(144.0)**	**84.1**	**–**	**505.0**

26.6 Capital management

The Group's primary objectives in relation to the management of capital are:

- to ensure its ability to continue as a going concern
- to maximise the long-term capital growth for its shareholders through an appropriate balance of equity capital and gearing

The Company is subject to externally imposed capital requirements:

- the Company's articles restrict borrowings to a maximum of five times share capital and reserves, and additionally prohibit the distribution of capital profits as a dividend
- The Company's borrowings are subject to covenants limiting the total exposure based on a cap of borrowings as a percentage of adjusted net asset value.

All these conditions were met during this and the previous financial year.

In addition, one of the Company's subsidiaries is subject to capital requirements imposed by the Financial Services Authority and that subsidiary must ensure that it has sufficient capital to meet the requirements as set out by the Financial Services Authority. The subsidiary was in compliance with those capital requirements throughout the year.

The Group's capital at 31 March comprises:

	31 March 2011 £ million	31 March 2010 £ million
Equity share capital	153.9	153.9
Retained earnings and other reserves	1,830.1	1,661.8
Net asset value	1,984.0	1,815.7
Bank loans	249.0	290.3
Total capital	2,233.0	2,106.0
Debt as a % total capital	11.2%	13.8%

There have been no significant changes to the Group's capital management objectives, policies and processes in the year, nor has there been any change in what the Group considers to be its capital.

27. PENSION COMMITMENTS

J. Rothschild Capital Management Limited has pension commitments in respect of its participation in the RITCP Pension and Life Assurance Scheme ("the Scheme"). The Scheme consists of a defined benefit section which is closed to new members. The assets of the Scheme are held in a separate trustee-administered fund.

Under IAS19, actuarial gains and losses are recognised in full in the Statement of Comprehensive Income in the period in which they occur. The retirement benefit asset recognised in the balance sheet represents the fair value of the Scheme's assets as reduced by the present value of the defined benefit obligation. The cost of providing benefits is determined using the projected unit credit method.

It is estimated that the contributions payable to the Scheme during the year ending 31 March 2012 will be £0.8 million although this is currently under review as part of the actuarial valuation (31 March 2011: £0.8 million).

In accordance with the requirements of IAS 19 this note discloses the main financial assumptions made in valuing the liabilities of the defined benefit scheme and the fair value of the assets held. The full actuarial valuation of the scheme which was carried out as at 1 January 2008 was updated to 31 March 2011 by a qualified independent actuary. A subsequent actuarial valuation is currently in progress.

27. PENSION COMMITMENTS (CONTINUED)

The main financial assumptions are shown in the following tables:

	At 31 March 2011	At 31 March 2010
Discount rate	5.55%	5.70%
Rate of increase in salaries	3.00%	3.00%
Rate of increase in payment of pensions accrued before 5 April 1997	4.00%	4.00%
Rate of increase in payment of pensions accrued after 6 April 1997	4.25%	4.30%
Inflation assumption (Retail Price Index)	3.50%	3.65%

The mortality assumptions employed as at 31 March 2011 are based on the tables set out below and include allowance for future improvements in life expectancy in line with the 2009 CMI projections with a long term trend of 1.5% per annum.

Member status	Pre-Retirement	Post-Retirement
Active	AM/FC 00	SAPS light series year of birth table allowing for CMI projection and a 1.5% per annum long term trend
Deferred	AM/FC 00	SAPS light series year of birth table allowing for CMI projection and a 1.5% per annum long term trend
Pensioners	N/A	SAPS light series year of birth table allowing for CMI projection and a 1.5% per annum long term trend

It is assumed that 70% of members are married as at the date of death.

As at 31 March 2011, the expected rate of return on the Scheme's assets was 8.3% per annum (31 March 2010: 7.5% per annum). This rate is equal to the weighted average of the long-term expected rates of return on each of the asset classes in which the Scheme was invested in at 31 March 2011.

The fair value of the assets held by the defined benefit scheme, the long-term expected rate of return on each class of assets and the value of the Scheme's liabilities assessed on the assumptions described above are shown in the following table:

	Long-term rate of return expected at 31 March 2011	Value at 31 March 2011 £ million	Long-term rate of return expected at 31 March 2010	Value at 31 March 2010 £ million
Equities	9.00%	11.2	9.00%	9.7
Alternative investments	7.00%	2.8	7.00%	3.0
Corporate bonds	5.00%	1.0	5.00%	0.5
Cash	2.00%	0.2	3.00%	0.5
Fair value of the Scheme's assets		15.2		13.7
Present value of the Scheme's liabilities		(14.7)		(13.7)
Surplus in the Scheme		**0.5**		**0.0**

The surplus of the Scheme for the year ended 31 March 2011 was £463,000 (31 March 2010: £3,000).

The Scheme does not invest in the Company's ordinary shares (31 March 2010: nil) or in any property occupied by the Group, or any other assets used by the Group (31 March 2010: nil).

NOTES TO THE FINANCIAL STATEMENTS

The retirement benefit cost comprises the following:

	Year ended 31 March 2011 £ million	Year ended 31 March 2010 £ million
Defined contribution scheme	0.7	0.6
Defined benefit scheme		
Employer's current service cost	0.2	0.2
Interest on pension liabilities	0.8	0.8
Expected return on Scheme assets	(1.2)	(0.9)
Expense recognised in income statement[1]	0.5	0.7
Actuarial losses/(gains)	0.5	0.2
Expense recognised in statement of comprehensive income	0.5	0.2
Total pension expense	**1.0**	**0.9**

[1] Included in administrative expenses

The actual return on Scheme assets was positive £1.2 million (31 March 2010: positive £2.6 million).

Five year history

	31 March 2011 £ million	31 March 2010 £ million	31 March 2009 £ million	31 March 2008 £ million	31 March 2007 £ million
Fair value of the Scheme's assets	15.2	13.7	11.0	13.5	14.4
Present value of the Scheme's liabilities	(14.7)	(13.7)	(11.5)	(12.1)	(12.7)
Surplus/(deficit) in the Scheme	**0.5**	**–**	**(0.5)**	**1.4**	**1.7**

The analysis of experience gains and losses is as follows:

	31 March 2011 £ million	31 March 2010 £ million	31 March 2009 £ million	31 March 2008 £ million	31 March 2007 £ million
Experience gains/(losses) on Scheme liabilities	0.2	–	(0.4)	0.1	(0.3)
Experience (losses)/gains on Scheme assets	–	1.7	(3.2)	(2.1)	(0.3)

Reconciliation of the fair value of the Scheme's assets	31 March 2011 £ million	31 March 2010 £ million
Opening fair value of the Scheme's assets	13.7	11.0
Expected return on Scheme assets	1.2	0.9
Actuarial gains/(losses)	–	1.7
Employer's contributions	0.7	0.7
Benefits paid and other disbursements	(0.4)	(0.6)
Closing fair value of the Scheme's assets	**15.2**	**13.7**

27. PENSION COMMITMENTS (CONTINUED)

Reconciliation of the present value of the defined benefit obligation	31 March 2011 £ million	31 March 2010 £ million
Opening defined benefit obligation	13.7	11.5
Employer's current service cost	0.2	0.2
Interest on pension liabilities	0.8	0.8
Experience (gains)/losses arising on Scheme liabilities	(0.2)	–
Changes in assumptions underlying the Scheme liabilities	0.6	1.9
Benefits paid and other disbursements	(0.4)	(0.7)
Closing defined benefit obligation	**14.7**	**13.7**

28. RELATED PARTY TRANSACTIONS

In the normal course of its business, the Group has entered into a number of transactions with parties related to Lord Rothschild and Mr Nathaniel Rothschild. These are described below:

Transactions with parties related to Lord Rothschild
The Group has arrangements with a number of related parties including:

- a company governed by a charitable trust over which Lord Rothschild has significant influence but no beneficial interest;
- a partnership in which Lord Rothschild has a majority interest; and
- two companies over which Lord Rothschild has significant influence but no beneficial interest.

The Group has cost-sharing arrangements with these related parties covering the provision and receipt of administrative as well as investment advisory and support services. Under these arrangements the Group paid £102,355 (2010: £199,918) and received £922,205 (2010: £994,829).

Certain related parties occupy office space in St James's Place, which is owned or leased by the Group. The rent, rates and services charged by the Group for the year ended 31 March 2011 amounted to £85,754 (2010: £408,278).

During the year, the Group contributed £54,261 in respect of rent, rates and services towards the cost of the Chairman's office which is located in a property owned by a related party.

Certain activities of the Group are carried out in properties owned by related parties. The Group paid rent of £43,985 in the year ended 31 March 2011 (2010: £103,719).

The balance due by the Group to the parties related to Lord Rothschild at 31 March 2011 was £nil (2010: £76,337), and the balance due to the Group was £nil (2010: £852,250).

Transactions with parties related to Mr Nathaniel Rothschild
Related parties occupy office space at 27 St James's Place, which is owned by the Group. The rent, rates and services charged by the Group for the year ended 31 March 2011 was £38,260 (2010: £55,537).

The balance due by the Group to the parties related to Mr. Nathaniel Rothschild at the year-end was £nil (2010: £nil), and the balance due to the Group was £nil (2010: £nil).

Other
The Company does not hold any security in respect of the above balances due from related parties.

Subsidiary Companies
J. Rothschild Capital Management Limited, a wholly-owned subsidiary of the Company, provides administrative services to the Company and is also its corporate secretary. During the year ended 31 March 2011, the charge for these administrative services amounted to £17.7 million (2010: £15.8 million).

Amounts due from subsidiaries and amounts due to subsidiaries are disclosed on the face of the Company's balance sheet.

The significant balances outstanding between the Company and its subsidiaries are shown below:

	Amounts owed by subsidiaries		Amounts owed to subsidiaries	
	31 March 2011 £ million	31 March 2010 £ million	31 March 2011 £ million	31 March 2010 £ million
RIT Capital Partners Securities Limited	–	–	(112.6)	(79.2)
Atlantic and General Investment Trust Limited	–	–	(44.1)	(44.1)
J. Rothschild Capital Management Limited	–	–	(23.3)	(17.1)
RIT Capital Partners Associates Limited	–	–	(19.4)	(19.6)
RIT Capital Partners Media Inc.	–	–	(4.8)	(6.0)
Other	–	–	(1.0)	(1.0)
	–	**–**	**(205.2)**	**(167.0)**

Additional loans to subsidiaries are disclosed in Note 12; these mainly comprise amounts due from RIT Capital Partners Associates Limited and Augmentum 1 LP.

RITCP Pension and Life Assurance Scheme
The Group's pension scheme is deemed to be a related party of the Company pursuant to IAS 24. Details of the pension contributions made during the year are disclosed in Note 27. There were no amounts owing to or by the pension scheme to the Company, or any subsidiary, at 31 March 2011 (2010: £nil).

Directors and key management personnel
Details of the remuneration and benefits attributable to Directors and key management personnel are set out below.

	Year ended 31 March 2011 £ million	Year ended 31 March 2010 £ million
Salaries	1.8	2.1
Bonus	1.2	0.9
Benefits in kind	0.1	–
Long-term incentive plan (IFRS 2 basis per Note 19)	2.2	2.1
Pension expense	0.4	0.1
	5.7	**5.2**

In the case of members of the defined benefit pension scheme, the pension cost is represented by the increase in the transfer value of the pension rights during the year. For defined contribution members, the cost is equal to the annual amount of the employer's pension contribution.

28. RELATED PARTY TRANSACTIONS (CONTINUED)

Conflicts Committee

In addition to monitoring the Group's compliance with the requirements of rules of the UK Listing Authority on co-investments made by the Group alongside related parties, the Conflicts Committee also considered the following individual investment situations in the year ended 31 March 2011. These did not fall within the scope of the UKLA Rules though were within the Committee's responsibilities relating to the management of conflicts of interest:

- Vallar plc – investment by the Group in the flotation of this company in which Nathaniel Rothschild was interested
- The Economist Limited – sale by the Group of its investment to EXOR S.p.A, a company in which John Elkann was interested
- Banco BTG Pactual SA and BTG Investments LP – co-investment by the Group alongside EXOR S.p.A
- Infinity SDC Limited – investment by the Group in this company introduced by Michael Marks
- Justice Holdings Ltd – investment by the Group in the flotation of this company chaired by Lord Myners

29. FINANCIAL COMMITMENTS

Financial commitments which have not been provided for are as follows:

	31 March 2011		31 March 2010	
	Group £ million	Company £ million	Group £ million	Company £ million
Commitments to provide additional funds[1]	**145.8**	**145.8**	**241.6**	**241.6**

[1] Principally un-called commitments to unquoted funds.

HISTORICAL INFORMATION AND FINANCIAL CALENDAR

HISTORICAL INFORMATION

	Diluted net assets £ million	Diluted net assets per share p	Closing share price p	Premium/ (discount) %	Earnings per share p	Dividend per share p
2 August 1988	280.5	105.9	81.5	(23.0)	n/a	n/a
31 March 1989	344.4	134.2	114.0	(15.1)	29.3	1.65
31 March 1990	334.0	131.0	97.0	(26.0)	(2.5)	2.64
31 March 1991	318.0	131.7	92.0	(30.1)	0.7	2.44
31 March 1992	305.5	140.7	85.2	(39.4)	6.6	1.15
31 March 1993	385.9	181.1	117.0	(35.4)	40.5	1.15
31 March 1994	468.6	221.6	171.0	(22.8)	41.5	1.51
31 March 1995	450.2	213.4	174.0	(18.5)	(8.1)	1.58
31 March 1996	560.8	283.2	223.0	(21.3)	63.3	1.65
31 March 1997	586.1	303.5	242.5	(20.1)	17.2	1.82
31 March 1998	737.5	384.1	327.0	(14.9)	81.5	2.00
31 March 1999	759.7	398.6	341.0	(14.5)	14.6	2.20
31 March 2000	811.4	509.0	439.0	(13.8)	100.2	3.10
31 March 2001	759.8	484.3	436.5	(9.9)	(28.8)	3.10
31 March 2002	758.3	483.4	424.5	(12.2)	2.2	3.10
31 March 2003	674.7	430.2	371.5	(13.6)	(50.2)	3.10
31 March 2004	981.1	628.2	577.5	(8.1)	195.9	3.10
31 March 2005	1,113.1	712.7	694.0	(2.6)	90.0	3.10
31 March 2006	1,534.7	982.7	1,020.0	3.8	270.3	3.10
31 March 2007	1,635.6	1,047.3	1,000.0	(4.5)	67.0	3.10
31 March 2008	1,690.0	1,091.6	1,147.0	5.1	50.6	4.00
31 March 2009	1,350.5	874.3	831.0	(5.0)	(205.2)	7.50
31 March 2010	1,815.7	1,180.1	1,082.0	(8.3)	306.3	4.00
31 March 2011	**1,984.0**	**1,289.4**	**1,307.0**	**1.4**	**109.3**	**–**

Notes:

1. The Company commenced its business as an approved investment trust on 3 August 1988, following the listing of its share capital on the London Stock Exchange.
2. Prior to 31 March 2000, the diluted net assets were arrived at on the assumption that all convertible stock was converted at the balance sheet date. By 31 March 2000, all convertible stock had been converted or redeemed. Thereafter, there was no difference between the NAV and the diluted NAV.
3. The earnings per share is the fully diluted earnings per share, based on the profit after tax and the weighted average fully diluted number of ordinary shares in issue during each period. Where the fully diluted earnings per share exceeded the undiluted earnings per share the latter figure has been shown in accordance with standard accounting practice.

FINANCIAL CALENDAR

Annual General Meeting	Thursday 28 July 2011 at 11.00 a.m. Spencer House, 27 St. James's Place, London, SW1A 1NR
Payment of interim dividend on ordinary shares of 4.0p per share for the year ending 31 March 2012	19 August 2011 to shareholders on the register at 5 August 2011

Notice is hereby given that the Annual General Meeting of RIT Capital Partners plc will be held at Spencer House, 27 St. James's Place, London, SW1A 1NR on Thursday 28 July 2011 at 11.00 a.m. The meeting will be held for the following purposes:

Ordinary Business

As ordinary business, to consider and, if thought fit, pass the following resolutions, each of which is proposed as an ordinary resolution:

1. To approve the Directors' Report and Accounts for the year ended 31 March 2011;
2. To approve the Directors' Remuneration Report for the year ended 31 March 2011;
3. To re-elect Lord Rothschild as a Director;
4. To re-elect Mikael Breuer-Weil as a Director;
5. To re-elect Duncan Budge as a Director;
6. To re-elect John Cornish as a Director;
7. To re-elect Lord Douro as a Director;
8. To re-elect James Leigh-Pemberton as a Director;
9. To re-elect Michael Marks as a Director;
10. To elect Lord Myners as a Director;
11. To re-elect Sandra Robertson as a Director;
12. To elect Rick Sopher as a Director;
13. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company; and
14. To authorise the Directors to fix the remuneration of the auditors.

Special Business

To consider and, if thought fit, pass the following resolutions, which will be proposed as Ordinary Resolutions:

15. THAT the Directors be generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Companies Act 2006 (the "**2006 Act**") to exercise all the powers of the Company to allot shares or grant rights to subscribe for or to convert any security into shares:

    (i) up to a nominal amount of £51,288,687;

    (ii) comprising equity securities (as defined in Section 560(1) of the 2006 Act) up to a further nominal amount of £51,288,687 in connection with an offer by way of a rights issue;

    such authorities to apply in substitution for all previous authorities pursuant to Section 551 of the 2006 Act and to expire on whichever is the earlier of the Company's Annual General Meeting in 2012 and 30 September 2012, but so that the Company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after the authority ends.

    For the purposes of this Resolution "**rights issue**" means an offer to:

    (a) ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

    (b) people who are holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities,

    to subscribe further securities by means of the issue of a renounceable letter (or other negotiable document) which may be traded for a period before payment for the securities is due, but subject in both cases, to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory.

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16. THAT the proposed updated rules of the J Rothschild Capital Management Share Appreciation Rights Plan (the "SAR Plan") produced in draft to this meeting and, for the purposes of identification, initialled by the Chairman, be approved and the Directors be authorised to adopt the SAR Plan as so modified and to do all such other acts and things as they may consider appropriate to implement the proposed amendments to the SAR Plan.

To consider and, if thought fit, pass the following resolutions, which will be proposed as Special Resolutions:

17. THAT subject to the passing of Resolution 15 above:

    the Directors be empowered to allot equity securities (as defined in Section 560(1) of the 2006 Act) wholly for cash:

    (a) pursuant to the authority given by paragraph (i) of Resolution 15 above or where the allotment constitutes an allotment of equity securities by virtue of Section 560(3) of the 2006 Act in each case:

        I. in connection with a pre-emptive offer; and

        II. otherwise than in connection with a pre-emptive offer, up to an aggregate nominal amount of £7,693,303; and

    (b) pursuant to the authority given by paragraph (ii) of Resolution 15 above in connection with a rights issue,

    as if Section 561(1) of the 2006 Act did not apply to any such allotment; such power to expire at the Company's Annual General Meeting in 2012 or on 30 September 2012, whichever is the earlier, but so that the Company may make offers and enter into agreements during this period which would, or might, require equity securities to be allotted after the power ends.

    For the purposes of this Resolution:

    (a) "rights issue" has the same meaning as in Resolution 15 above;

    (b) "pre-emptive offer" means an offer of equity securities open for acceptance for a period fixed by the Directors to holders (other than the Company) on the register on a record date fixed by the Directors of ordinary shares in proportion to their respective holdings, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory;

    (c) references to an allotment of equity securities shall include a sale of treasury shares; and

    (d) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights.

18. THAT the Company be authorised for the purpose of Section 701 of the 2006 Act to make market purchases (as defined in Section 693 of the 2006 Act) up to an aggregate of 23,064,523 ordinary shares of £1 each of the Company (or such a number of ordinary shares as represents 14.99 per cent of the Company's issued capital at the date of the Meeting, whichever is less) at a price (exclusive of expenses) which is:

    (a) not less than £1 per share;

    (b) not more than an amount equal to the higher of: (a) 5 per cent above the arithmetical average of the middle-market quotations (as derived from the Daily Official List of the London Stock Exchange) for the five business days preceding any such purchase; or (b) the higher of the price of the last independent trade and the highest current bid as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy-back programmes and stabilisation of financial instruments (No. 2273/2003).

    AND THAT the authority conferred by this Resolution shall expire at the Company's Annual General Meeting in 2012 or on 30 September 2012, whichever is the earlier (except in relation to the purchase of shares the contract for which was concluded before such date and which might be executed wholly or partly after such date).

19. THAT a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

By order of the Board

J. Rothschild Capital Management Limited
Company Secretary

Registered office:
27 St James's Place
London SW1A 1NR
2 June 2011

Notes

1. A member entitled to attend and vote is entitled to appoint a proxy (or proxies) to attend and to speak and vote at the Annual General Meeting instead of him. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member.
2. A form of proxy is enclosed. The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting in person.
3. To be effective the instrument appointing a proxy must either be (a) sent to the Company's registrars – Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, (b) lodged using the CREST Proxy Voting Service explained in Note 7 below, or (c) lodged electronically through the Company's website – www.ritcap.co.uk. All proxies, however lodged, must be received not less than 48 hours before the time for holding the meeting or adjourned meeting.

   Please note that any power of attorney or other authority under which the instrument is executed (or a duly certified copy of any such power or authority), must accompany the physical instrument appointing a proxy, as these documents cannot be lodged electronically.
4. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 ("**nominated persons**"). Nominated persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.
5. Holders of ordinary shares are entitled to attend and vote at general meetings of the Company. The total number of issued ordinary shares in the Company on 1 June 2011, which is the latest practicable date before the publication of this document is 153,866,062, carrying one vote each on a poll. Therefore, the total number of votes exercisable as at 1 June 2011 is 153,866,062.
6. Entitlement to attend and vote at the meeting, and the number of votes which may be cast thereat, will be determined by reference to the Company's register of members on 26 July 2011 at 6.00 p.m. or, if the meeting is adjourned, no later than 6.00 p.m. on the date two days prior to the date of the adjourned meeting.
7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting services provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to

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be received by the issuer's agent (ID 3RA50) by the latest time for receipt of proxy appointments specified in Note 3 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in the Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

8. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
9. Shareholders should note that, under Section 527 of the Companies Act 2006 members meeting the threshold requirements set out in that section have the right to require the company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting for the financial year beginning 1 April 2010; or (ii) any circumstance connected with an auditor of the Company appointed for the financial year beginning 1 April 2010 ceasing to hold office since the previous meeting at which annual accounts and reports were laid. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 (requirements as to website availability) of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting for the relevant financial year includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.
10. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
11. A copy of this notice and other information required by Section 311A of the Companies Act 2006 can be found at www.ritcap.co.uk.

Inspection of documents

Copies of the following documents may be inspected during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company at 27 St James's Place, London SW1A 1NR up to the conclusion of the Annual General Meeting:

- the executive directors' service contracts and letters of appointment of the non-executive directors; and
- the draft amended rules of the J. Rothschild Capital Management Share Appreciation Rights Plan.

RESOLUTION 1 – REPORT AND ACCOUNTS

The Directors of the Company are required by company law to present the accounts, the Directors' report and the auditors' report on the accounts to the meeting.

RESOLUTION 2 – DIRECTORS' REMUNERATION REPORT

Sections 439 and 440 of the Companies Act 2006 require that the Directors' Remuneration Report be put to a vote by shareholders. The Report is set out on pages 33 to 38 of the Annual Report and Accounts.

RESOLUTIONS 3 TO 12 – ELECTION AND RE-ELECTION OF DIRECTORS

The UK Corporate Governance Code stipulates that all directors of FTSE 350 companies should stand for re-election annually. Accordingly, all directors of the Company are standing for election or re-election at the Annual General Meeting, other than Mr Elkann who has indicated his wish not to stand for re-election.

Non-executive Directors of the Company are chosen on the basis of their background and experience and for the contribution that they can make both generally and in specific areas relevant to the business of the Company.

Following the performance evaluation of the Board, it is confirmed that the performance of each Director, including those standing for re-election, continues to be satisfactory and that each continues to demonstrate commitment in the role.

Biographical information on all the directors, including those standing for election or re-election, is shown on pages 19 and 20 of the Annual Report and Accounts.

RESOLUTION 13 – REAPPOINTMENT OF AUDITORS

Company law requires all companies, at each general meeting at which accounts are laid, to appoint auditors who will remain in office until the next general meeting at which accounts are laid. The Board, having accepted the recommendation of the Audit and Risk Committee, propose that PricewaterhouseCoopers LLP be reappointed as the Company's auditors.

RESOLUTION 14 – REMUNERATION OF AUDITORS

This resolution authorises the Directors to fix the remuneration of PricewaterhouseCoopers LLP as the Company's auditors and is proposed separately from the resolution for the reappointment of auditors in accordance with best practice guidelines.

RESOLUTION 15 – RENEWAL OF DIRECTORS' AUTHORITY TO ALLOT SHARES

This resolution (which will be proposed as an ordinary resolution) will, if approved, allow the Directors to allot ordinary shares in RIT Capital Partners plc.

The authority in paragraph (i) of Resolution 15 will allow the Directors to allot new shares and grant rights to subscribe for, or convert other securities into, shares up to a nominal value of £51,288,687, which is equivalent to approximately 33 per cent of the total issued ordinary share capital of the Company as at 1 June 2011.

The authority in paragraph (ii) in Resolution 15 will allow the Directors to allot new shares and grant rights to subscribe for, or convert other securities into, shares only in connection with a rights issue up to a further nominal value of £51,288,687, which is equivalent to approximately 33% of the total issued ordinary share capital of the Company, as at 1 June 2011. This is in line with corporate governance guidelines.

There are no present plans to undertake a rights issue or to allot new shares. The Directors consider it desirable to have the maximum flexibility permitted by corporate governance guidelines to respond to market developments and to enable allotments to take place to finance business opportunities as they arise.

If the resolution is passed the authority will expire on the earlier of the Company's Annual General Meeting in 2012 or on 30 September 2012.

RESOLUTION 16 – AMENDMENT OF SAR PLAN

Introduction

The operation of the J. Rothschild Capital Management ("JRCM") Share Appreciation Rights Plan (the "SAR Plan") was last approved by shareholders of the Company on 17 July 2008.

The SAR Plan provides for the grant of Share Appreciation Rights ("SARs") over a notional number of shares in the Company.

Employees and persons seconded or engaged to work for the Group are eligible to participate in the SAR Plan at the discretion of the JRCM Directors.

Following the expiry of a three year vesting period, participants in the SAR Plan are entitled to exercise their SARs and receive a payment (the "Share Appreciation Amount"). The Share Appreciation Amount is equal to the growth in value of the notional shares over the vesting period as measured from the SAR price.

The SAR price is determined by the JRCM Directors at the time of grant. It is normally the market price of the Company's shares at the close of business on the day before grant.

The exercise of a SAR is ordinarily subject to the participant's continued service over the vesting period and the extent to which the performance condition applying to the SAR is satisfied.

Details of the performance condition that applies to the SARs granted to the Company's executive directors are disclosed in the Remuneration Report section of the Company's Report and Accounts.

Authority to grant further SARs under the SAR Plan will expire on 10 July 2018.

No payment is required for the grant of a SAR. SARs are not transferable, except on death. SARs are not pensionable.

The SAR Plan is currently restricted to using cash to meet the payment of the Share Appreciation Amount.

SARs may be adjusted following any variation in the share capital of the Company.

The JRCM Directors may, at any time, amend the Plan in any respect, provided that the prior approval of shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, adjustments of SARs on variation in the Company's share capital; and the amendment powers.

The requirement to obtain the prior approval of shareholders does not, however, apply to any minor alteration made to benefit the administration of the SAR Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Company's group.

Proposed amendments to the SAR Plan

Further to a review of the SAR Plan by the Remuneration Committee, which included consultation with major investors, it is proposed that the SAR Plan be updated to provide scope to use ordinary shares in the capital of the Company to settle the Share Appreciation Amount for future and subsisting awards granted under the SAR Plan.

Resolution 16 being put to shareholders at the 2011 AGM seeks shareholder approval for the SAR Plan to provide for such scope to use shares.

Impact of proposed amendments

The impact of the proposed changes would be that the terms of the SAR Plan will provide that on the exercise of a SAR, the Share Appreciation Amount will ordinarily be settled using newly issued shares, treasury shares and/or shares purchased in the market, in each case of market value equal to the Share Appreciation Amount.

Share settling long-term incentive arrangements is in line with market practice. The terms of the SAR Plan will also continue to provide scope for SARs to be cash settled.

Limit on the use of newly issued shares

In the event that any newly issued shares are used under the SAR Plan, the Company will operate a policy where it shall not, in any ten calendar year period, issue (or grant rights to issue) more than:

(a) 10% of the issued ordinary share capital of the Company under the SAR Plan and any other discretionary share based plan or all-employee share based plan adopted within the Group;

(b) 5% of the issued ordinary share capital of the Company under the SAR Plan and any other discretionary share based plan adopted within the Group.

Treasury shares will count as new issue shares for the purposes of such limits unless institutional investors decide that they need not count.

Any shares allotted when a SAR is exercised will rank equally with shares then in issue (except for rights arising by reference to a record date prior to their allotment).

The intention is that the basis for the dilution calculations will be consistent with institutional investor guidelines.

Other amendments to the SAR Plan

In addition to the proposed amendments described above, as a result of the Remuneration Committee's review of the SAR Plan, to reflect best practice, the terms of the SAR Plan have been updated to include "claw-back" provisions which provide scope for the Company within four years of the start of a SAR's peformance period to seek to recover value from awards made under the SAR Plan in the event of a material misstatement of the Company's accounts, flawed calculation of a performance condition or in the event of dismissal for gross misconduct.

Other terms of the SAR Plan to remain identical

Other than as described above, all terms of the SAR Plan as currently approved by shareholders of the Company will remain the same.

RESOLUTION 17 – DISAPPLICATION OF PRE-EMPTION RIGHTS

This special resolution will renew the Directors' authority to allot shares for cash, free from the pre-emption restrictions set out in the Companies Act 2006.

Paragraph (a) of Resolution 17 is to authorise the Directors to allot new shares pursuant to the authority given by paragraph (i) of Resolution 15, or sell treasury shares, for cash (I) in connection with a pre-emptive offer or rights issue or (II) otherwise up to a nominal value of £7,693,303, equivalent to five per cent of the total issued ordinary share capital of the Company as at 1 June 2011, in each case without the shares first being offered to existing shareholders in proportion to their existing holdings.

Paragraph (b) of Resolution 17 authorises the Directors to allot new shares pursuant to the authority given in Resolution 15, or sell treasury shares, for cash only in connection with a rights issue without the shares first being offered to existing shareholders in proportion to their existing holding. This is in line with corporate governance guidelines. This authority will expire at the end of the Annual General Meeting in 2012, or on 30 September 2012 if earlier.

The Directors consider the authority in Resolution 17 to be appropriate in order to allow the Company flexibility to finance business opportunities or to conduct a pre-emptive offer or rights issue without the need to comply with the strict requirements of the statutory pre-emption provisions. This power remains in line with the guidelines of the Pre-emption Group, which is supported by the Association of British Insurers and National Association of Pension Funds.

The Directors intend to observe the institutional guidelines not to allot shares for cash on a non pre-emptive basis (other than pursuant to a rights issue or pre-emptive offer) in excess of an amount equal to 7.5% of the total issued ordinary share capital of the Company within a rolling 3-year period without prior consultation with shareholders.

RESOLUTION 18 – PURCHASE OF OWN SHARES

This resolution will be proposed as a special resolution and will allow RIT Capital Partners plc to make market purchases of up to 23,064,523 of its own ordinary shares (or such a number of ordinary shares as represents 14.99% of the Company's issued capital at the date of the meeting, whichever is less) at prices not less than £1 per share and not more than (a) 5% above the average of the middle market quotations as derived from the London Stock Exchange Daily Official List for the five business days preceding such a purchase, or (b) the higher of the current bid for the Company's ordinary shares on the London Stock Exchange at the time of the purchase and the price of the last independent trade in the ordinary shares on the London Stock Exchange at the time of purchase.

EXPLANATORY NOTES

Pursuant to the Companies Act 2006, the Company can hold the shares which have been repurchased itself as Treasury Shares and either resell them for cash or cancel them, either immediately, or at a point in the future. Accordingly, if the Company were to purchase any of its own shares under the authority conferred by this resolution, the Directors may consider holding them as Treasury Shares or the Directors may cancel the shares. Such a decision will be made by the Directors at the time of purchase on the basis of the Company's and shareholders' best interests.

The Directors only intend to exercise the authority conferred in this resolution in limited circumstances and will only purchase shares for the purposes of the Group's employees share schemes, and in other circumstances where, after taking account of the overall financial position of the Group the Directors consider the effect will be to increase the net asset value per share, and that it is in the best interests of shareholders as a whole.

RESOLUTION 19 – NOTICE OF GENERAL MEETINGS

Under the Companies Act 2006, as amended, the notice period required for all general meetings of the Company is 21 days. Annual General Meeting's will continue to be held on at least 21 clear days' notice but shareholders can approve a shorter notice period for other general meetings, which cannot however be less than 14 clear days.

Resolution 19 seeks such approval. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed.

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AIC

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