

Credit Suisse Asset Management Limited

**Directors' report and financial
statements**

Registered number 1688075

31 December 2000



Directors' report and financial statements

Contents

Directors' report	1
Statement of directors' responsibilities	2
Report of the auditors to the members of Credit Suisse Asset Management Limited	3
Profit and loss account	4
Balance sheet	5
Notes	6 - 11

Directors' report

The directors submit their report and the audited financial statements for the year ended 31 December 2000.

Principal activities

The principal activity of the company is that of global investment management for institutional clients.

The company is regulated by IMRO.

Review of business and future prospects

Funds under management increased from \$34.3bn to \$34.9bn during the year. London continued to be a major centre for global investment management within the Credit Suisse group.

The company expects to expand its business during 2001.

Results and dividends

The results of the company for the year are set out on page 5. No dividend was paid during the year (1999:£7.281m).

Directors and directors' interests

The following are the current directors of the company or directors who served during the year.

The Rt. Hon. Lord Moore PC	(resigned 16 April 2000)
RJ Parker	(Deputy Chairman)
DK Rasgotra	
G Wellman	
S Steincke	(resigned 2 June 2000)
I Chimes	
J Gallagher	(CEO, appointed 2 June 2000)
S Goldman	(appointed 12 October 2000)

None of the directors was beneficially interested, at any time during the year, in the shares of the company.

The company has taken advantage of the exemption from the requirement of Statutory Instrument 1985/802 Section 3, whereby the interest of the directors in the non-UK parent are not disclosed in the financial statements of the company.

Donations

In the course of the year, the company made no political or charitable donations.

Auditors

KPMG Audit Plc have signified their willingness to continue in office and a resolution to re-appoint them will be proposed at the forthcoming annual general meeting.

By order of the board



J. GALLAGHER

Beaufort House
15 St. Botolph Street
London EC3A 7JJ

24 April 2001

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.



KPMG Audit Plc

PO Box 695
8 Salisbury Square
London EC4Y 8BB

Report of the auditors to the members of Credit Suisse Asset Management Limited

We have audited the financial statements on pages 4 to 11.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2000 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

25 April 2001

Profit and loss account
for the year ended 31 December 2000

	<i>Note</i>	2000 £000	1999 £000
Turnover - Continuing operations		38,401	41,087
Administrative expenses		(47,893)	(53,492)
Operating loss on ordinary activities before interest		(9,492)	(12,405)
Interest receivable		487	447
Interest payable	4	(634)	(214)
Loss on ordinary activities before taxation	5	(9,639)	(12,172)
Tax credit on ordinary activities	6	3,791	231
Loss on ordinary activities after taxation		(5,848)	(11,941)
Dividends paid during year		-	(7,281)
Retained loss for the financial year		(5,848)	(19,222)

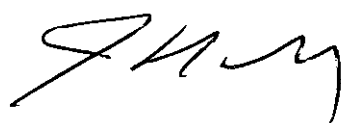
There are no recognised gains or losses for the current financial year (1999: £nil) other than as stated in the profit and loss account.

The notes on pages 6 to 11 form an integral part of these financial statements.

Balance sheet
at 31 December 2000

	<i>Note</i>	2000 £000	1999 £000
Fixed assets			
Investments	7	-	12
Current assets			
Debtors	8	16,285	18,905
Cash at bank and in hand		10,383	16,142
		<hr/>	<hr/>
		26,668	35,047
Creditors: amounts falling due within one year	9	(17,448)	(24,991)
		<hr/>	<hr/>
Net current assets		9,220	10,056
		<hr/>	<hr/>
Total assets less current liabilities		9,220	10,068
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	10	20	19
Share premium account	11	11,989	6,990
Capital reserve	11	15,000	15,000
Profit and loss account	11	(17,789)	(11,941)
		<hr/>	<hr/>
Shareholders' funds (equity interests)	12	9,220	10,068
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 24 April 2001 and were signed on its behalf by:



J. GALLAGHER

Notes

(forming part of the financial statements)

1 Accounting policies

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

The following accounting policies have been adopted:

Segmental analysis

In the opinion of the directors the company has only one class of business and operates in a market which is not delineated by geographical bounds.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions during the period were translated at the month end rates. Exchange differences are dealt with through the profit and loss account.

Turnover

Turnover comprises the value of asset management and advisory fees and commissions earned in the year and is recognised on an accruals basis.

Deferred taxation

Deferred taxation is calculated under the liability method and provided only to the extent that it is considered with reasonable probability that the liability/asset will crystallise within the foreseeable future.

Pension costs

Pension costs are recognised in the profit and loss account over the period in which the benefit is derived from employee services.

Fixed asset investments

Fixed asset investments are valued at the lower of cost and market value.

Capital contributions

Capital contributions are appropriations to reserves and are received from the parent undertaking. Accordingly, such contributions are not taken to the profit and loss account.

Cashflow statement

Under Financial Reporting Standard 1 (Revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that more than 90% of the voting rights are controlled within the group and a consolidated cash flow statement is included in the ultimate parent company's financial statements, which are publicly available.

Related party transactions

Under Financial Reporting Standard 8, the company is exempt from the requirement to disclose related party transactions within the group on the grounds that more than 90% of the voting rights are controlled within the group and the consolidated financial statements of the ultimate parent company are publicly available.

Notes (continued)

2 Employees

	2000 £000	1999 £000
Wages and salaries	21,494	21,589
Social Security costs	1,655	1,317
Pension contributions	1,176	1,244
	<u>24,325</u>	<u>24,150</u>

The average number of employees in the year was 209 (1999:238) all of whom were engaged in investment management activities.

3 Directors' emoluments

	2000 £000	1999 £000
Directors' emoluments	2,162	2,122
Amounts receivable under long term incentive schemes	369	172
	<u>2,531</u>	<u>2,294</u>
Company contributions to money purchase pension schemes	23	27

	2000 £000	1999 £000
Highest paid director:		
Emoluments and amounts receivable under long term incentive schemes	672	721
Accrued pension (member of defined contribution scheme)	146	138

	Number of directors	
	2000	1999
Retirement benefits accruing under:		
Money purchase schemes	3	2
Defined benefit schemes	2	2
	<u>4</u>	<u>4</u>
Directors receiving shares under long term incentive schemes	4	4

Compensation payments accruing during the year were £570,000 (1999:£nil).

Notes (continued)

4 Interest receivable and payable

Interest payable includes amounts payable to a fellow subsidiary undertaking of £633,750 (1999:£214,382).

5 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging:

	2000 £000	1999 £000
Directors' emoluments	2,531	2,294
Auditors' remuneration	55	40
Auditors' remuneration for non-audit services	48	855
	<hr/>	<hr/>

6 Taxation

The taxation credit comprises:

	2000 £000	1999 £000
Overprovision in prior years	(985)	-
UK corporation tax on income for the year provided at 30% (1999:30.25%)	(2,771)	(337)
Deferred tax charge at 30% (1999:30.25%)	(35)	106
	<hr/>	<hr/>
	(3,791)	(231)
	<hr/>	<hr/>

7 Fixed asset investments

	2000 £000	1999 £000
Investment	-	12
	<hr/>	<hr/>

The fixed asset investment of 49,998 redeemable preference shares of £1 each (25p called up and paid) issued by CEGF plc was redeemed during the year.

Notes (continued)

8 Debtors

	2000 £000	1999 £000
Trade debtors	1,141	5,353
Amounts owed by fellow subsidiary undertakings	2,559	5,120
Other debtors	-	995
Prepayments and accrued income	7,719	5,925
Deferred taxation	225	-
Corporation tax recoverable	4,641	1,512
	<u>16,285</u>	<u>18,905</u>

9 Creditors: amounts falling due within one year

	2000 £000	1999 £000
Amounts owed to fellow subsidiary undertakings	16,509	13,945
Accruals and deferred income	939	11,046
	<u>17,448</u>	<u>24,991</u>

Within amounts owed to fellow subsidiary undertakings is a £9,750,000 subordinated loan from Credit Suisse First Boston.

The subordinated loan is repayable and interest rates are reset at such dates as may be agreed between the parties. Interest is payable on the loan up to LIBOR plus one per cent per annum. The loan, together with any interest outstanding thereon, is subordinated in right of repayment to all other indebtedness and liabilities of the company.

Notes (continued)

10 Share capital

	2000 £000	1999 £000
<i>Authorised</i>		
200,000 ordinary shares of 10p each	20	20
<i>Allotted, called up and fully paid</i>		
195,387 ordinary shares of 10p each	20	19
	2000 £000	1999 £000
<i>Authorised</i>		
8,217 deferred shares of US\$1 each	5	5
<i>Allotted, called up and fully paid</i>		
Nil deferred shares of US\$1 each	Nil	Nil

11 Statement of movement on reserves

	Profit and loss account £000	Capital contribution reserve £000	Share premium account £000	Total £000
Balance at 31 December 1999	(11,941)	15,000	6,990	10,049
Retained loss for the year	(5,848)	-	-	(5,848)
New share capital	-	-	4,999	4,999
Balance at 31 December 2000	(17,789)	15,000	11,989	9,200

12 Reconciliation of movement in shareholders' funds

	2000 £000	1999 £000
Capital contribution	-	15,000
New share capital	5,000	-
Loss for the financial year	(5,848)	(19,222)
Opening shareholders' funds	10,068	14,290
Closing Shareholders' funds	9,220	10,068

Notes (continued)

13 Pension scheme

CSAM's employees and seconded staff participate in a number of funded pension schemes operated by the parent company or fellow subsidiary undertakings throughout the world. The total pension cost for 2000 for CSAM relating to employees in the UK is £1.2m (1999:£1.2m). This is split between £1,043,000 for defined contribution schemes and £157,000 for defined benefit schemes. The pension cost for employees who are members of overseas plans is included in periodic management charges from the companies concerned and is included in staff costs.

The Credit Suisse Group (UK) Pension Fund ("the Fund") provides benefits on both a final salary and money purchase basis. The Fund is operated through a fellow subsidiary undertaking, Credit Suisse First Boston (Europe) Limited. The Fund is administered by a Corporate Trustee, whose directors are Directors of Credit Suisse First Boston Trustees Limited. During the year, they were advised by William M. Mercer Limited who also act as actuaries.

The Fund's assets for the final salary section, are managed by Schroder Investment Management Limited and Credit Suisse Asset Management Limited.

An actuarial valuation is performed every three years, and the latest valuation was performed as at 31 December 1999. The results of this valuation, which was performed using the "projected unit" funding method, showed that the assets of the final salary sections amounted to £251.3m and were sufficient to secure 102% of the liabilities of these sections based on projected accrued assets and Final Pensionable Salaries. The main actuarial assumptions used were an investment rate of return of 6.75% per annum pre-retirement/5.25% per annum post retirement, an increase in salaries of 4.75% per annum and an increase in present and future pensions at the rate of 3% per annum (5% for certain employees). The actuaries concluded that the Fund continued to be in a sound financial position.

In accordance with the results of the valuation, employers' contributions were paid at a rate of 15% of members' Pensionable Salaries. These rates are the same as those paid during 1999.

The pension cost relating to overseas schemes is determined in accordance with local best practice and the regulations of the country concerned. Overseas schemes had sufficient assets to meet the accrued benefits due as of the most recent valuation, or were funded at the contribution rate determined by the scheme rules.

14 Related party transactions

The following is a related party transaction in respect of a non-group company:

During the year investment management fees of £1,699,096 (1999:£1,459,618) were receivable from Central European Growth Fund Plc. There was no debtor balance at year end (1999:£446,429).

15 Parent and ultimate holding company

The company is a wholly owned subsidiary of Credit Suisse Asset Management (UK) Holding Limited which is registered in England and Wales. The ultimate holding company is Credit Suisse Group which is incorporated in the Canton of Zurich, Switzerland.

Copies of group accounts of the parent and ultimate holding company, which are those of Credit Suisse Asset Management (UK) Holding Limited and Credit Suisse Group respectively in which the results of the company are consolidated, are available to the public and may be obtained from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff and Credit Suisse Group, Paradeplatz 8, Zurich, Switzerland, respectively.