

# Philadelphia National Limited

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Registered No. 1900910

## **DIRECTORS**

J M Enzmann (Managing Director)  
C C Nielsen

## **SECRETARY**

C C Nielsen

## **AUDITORS**

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

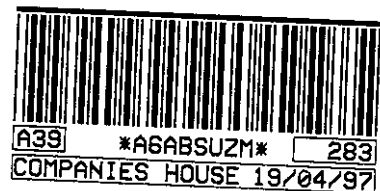
## **SOLICITORS**

Watson Farley & Williams

## **REGISTERED OFFICE**

Centurion House  
24 Monument Street  
London EC3R 8AJ

**ERNST & YOUNG**



# Philadelphia National Limited

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## DIRECTORS' REPORT

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

### RESULTS AND DIVIDENDS

The loss before taxation for the year amounted to £688,000 (1995 - profit £652,000). No dividend is recommended (1995 - £nil).

### PRINCIPAL ACTIVITY

Philadelphia National Limited no longer actively trades, it exists for investment purposes.

### DIRECTORS AND THEIR INTERESTS

The directors during the year were as follows:

J M Enzmann  
C C Nielsen

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

### AUDITORS

A resolution to re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board



C C Nielsen  
Secretary

7/1/97

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE  
ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts 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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE AUDITORS**  
**to the members of Philadelphia National Limited**

We have audited the accounts on pages 5 to 10, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

**Respective responsibilities of directors and auditors**

As described on page 3, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

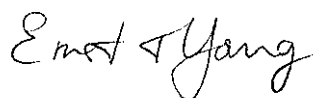
**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

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



Ernst & Young  
Chartered Accountants  
Registered Auditor  
London

7 April 1997

# Philadelphia National Limited

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 1996

	<i>Notes</i>	<i>1996 £000</i>	<i>1995 £000</i>
Foreign exchange loss		(933)	(15)
Net interest received	2	245	667
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>(688)</u>	<u>652</u>
Tax on (loss)/profit on ordinary activities	5	-	(207)
<b>RETAINED (LOSS)/PROFIT FOR THE YEAR</b>		<u>(688)</u>	<u>445</u>
<b>MOVEMENT ON RESERVES</b>			
Profit and loss account:			
Retained profit brought forward		2,034	1,589
Retained (loss)/profit for the year		(688)	445
<b>RETAINED PROFIT</b>		<u>1,346</u>	<u>2,034</u>

There are no recognised gains or losses other than those included in the retained profit for the year.

# Philadelphia National Limited

## BALANCE SHEET at 31 December 1996

	Notes	1996 £000	1995 £000
<b>CURRENT ASSETS</b>			
Debtors	6	-	126
Cash at bank and in hand	7	777	11,292
Investment	8	10,000	-
		<u>10,777</u>	<u>11,418</u>
<b>CREDITORS: amounts falling due within one year</b>			
	9	304	257
		<u>10,473</u>	<u>11,161</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	9,120	9,120
Capital redemption reserve	11	7	7
Profit and loss account		1,346	2,034
	11	<u>10,473</u>	<u>11,161</u>

*Jill M Enzmann April 7, 1997*  
J M Enzmann Managing Director

# Philadelphia National Limited

## STATEMENT OF CASH FLOWS for the year ended 31 December 1996

	<i>Note</i>	<i>1996 £000</i>	<i>1995 £000</i>
NET CASH (OUTFLOW)/INFLOW FROM OPERATIONS	3	(295)	736
TAXATION			
UK corporation tax paid		(220)	(137)
Advance corporation tax received		-	20
TAX PAID		(220)	(117)
INVESTING ACTIVITIES			
Additions of investments		(10,000)	-
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(10,515)	619
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(10,515)	619

NOTES TO THE ACCOUNTS

at 31 December 1996

1. ACCOUNTING POLICIES

*Accounting convention*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

*Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated into sterling at the market rates of exchange prevailing at the balance sheet date. All differences on translation are taken to the profit and loss account.

*Foreign currency forward and futures contracts*

Foreign currency forward and futures contracts, other than hedging contracts, are valued at the market rates ruling at the balance sheet date and the resulting profits or losses are taken into the profit and loss account. Profits and losses on hedging transactions are deferred and apportioned over the period of the contracts.

*Deferred taxation*

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

*Investments*

Investments are stated at the lower of cost and net realisable value.

2. INTEREST RECEIVED

Interest received comprises:

	1996 £000	1995 £000
Interest received from other group companies	245	667

3. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Reconciliation of (loss)/profit before taxation to net cash inflow from operating activities

	1996 £000	1995 £000
(Loss)/profit on ordinary activities before taxation	(688)	652
Decrease in interest receivable	-	4
Decrease in interest payable	-	(6)
Decrease in sundry/trade debtors	126	86
Increase in creditors and accruals	267	-
Net cash (outflow)/inflow from operating activities	(295)	736

Administrative expenses are borne by CoreStates Bank NA.



# Philadelphia National Limited

## NOTES TO THE ACCOUNTS

at 31 December 1996

### 4. DIRECTORS' REMUNERATION AND STAFF COSTS

No management charge (1995 - £nil) in respect of administration costs, directors' emoluments and staff costs has been made.

### 5. TAXATION

The charge/(credit) for taxation is as follows:

	1996 £000	1995 £000
Corporation tax (1995 - 33%) on the (loss)/profit for the year	-	220
Adjustment in respect of prior year	-	(13)
	-	207

### 6. DEBTORS: amounts receivable within one year

	1996 £000	1995 £000
Sundry debtors	-	83
Interest receivable from group companies	-	43
	-	126

### 7. CASH AND CASH EQUIVALENTS

	1996 £000	1995 £000	Change in year £000
Cash at bank and at hand	777	11,292	(10,515)

### 8. INVESTMENT

	1996 £000	1995 £000
Unlisted at cost	10,000	-

The company owns 66.67% of the share capital of Corefund Umbrella Cash Fund PLC, registered in Ireland.

### 9. CREDITORS: amounts falling due within one year

	1996 £000	1995 £000
Creditors in respect of taxation	-	220
Accrued interest payable to group companies	-	37
Sundry creditors	304	-
	304	257

# Philadelphia National Limited

## NOTES TO THE ACCOUNTS at 31 December 1996

### 10. SHARE CAPITAL

	<i>Authorised</i>		<i>Issued and fully paid up</i>	
	<i>1996</i>	<i>1995</i>	<i>1996</i>	<i>1995</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Ordinary shares of £1 each	50,000	50,000	9,120	9,120

### 11. RECONCILIATION OF SHAREHOLDERS' FUNDS

	<i>Share capital</i>	<i>Capital redemption reserve</i>	<i>Profit and loss account</i>	<i>Total shareholders' funds</i>
At 1 January 1996	9,120	7	2,034	11,161
Loss for the year	-	-	(688)	(688)
At 31 December 1996	9,120	7	1,346	10,473

### 12. COMMITMENTS

The company has entered into a foreign exchange forward contract whereby it is obliged to pay £8,535,688 on 6 March 1997 and receive a payment of US\$13,998,528

### 13. ULTIMATE HOLDING COMPANY

Philadelphia National Limited is a wholly-owned subsidiary of CoreStates Bank NA, USA which is the principal operating company in the CoreStates group. The ultimate holding company is CoreStates Financial Corp, incorporated in the United States of America. The group accounts of CoreStates Financial Corp may be obtained from the Headquarters located at Broad and Chestnut Street, Philadelphia, PA. The mailing address is PO Box 7618, Philadelphia, PA 19101-7618.