

**BARING INVESTMENT SERVICES LIMITED**

**Registration Number: 2259590**

**DIRECTOR'S REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2000**



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## **BARING INVESTMENT SERVICES LIMITED**

### **REPORT OF THE DIRECTOR**

Baring Asset Management Holdings Limited, the director of the Company, presents its annual report and the audited financial statements of the Company for the year ended 31 December 2000.

#### **Principal Activity**

The business of the Company is, and will continue to be, the provision of administrative services to group companies.

#### **Results**

The profit for the year amounted to £403,919 (1999 Loss of: £220,300) and has been transferred to reserves. The director does not recommend that a dividend be paid.

#### **Employment Policies**

The director is committed to equal opportunities with the clear intention that individuals should be judged on their merits and capabilities regardless of sex, age, race, religion, ethnic origin or disability.

The director places considerable emphasis and value on the Company's policy of encouraging internal communication between employees and management. Employees are kept informed on matters which affect them and on the performance of the business as a whole through bulletins, a monthly newsletter and managers' briefing sessions.

The director attaches a high priority to developing the skills of all employees and to their training and, where necessary, their retraining. The performance assessment system assists management in career development and succession planning. Promotion from within the Company is strongly supported.

The Company encourages the involvement of all of its employees in its overall performance and profitability through discretionary bonus and profit sharing incentive schemes, which are based on the financial results of the Company and other subsidiary companies of Baring Asset Management Holdings Limited.

#### **Director**

The director who served during the year was:

Baring Asset Management Holdings Ltd

#### **Secretary**

N Donnelly

## **BARING INVESTMENT SERVICES LIMITED**

### **REPORT OF THE DIRECTOR**

#### **Director's Responsibilities**

Company law requires the director 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 these financial statements, the director has:

- selected suitable accounting policies and applied them consistently;
- made reasonable and prudent judgements and estimates;
- followed applicable accounting standards;
- prepared the financial statements on the going concern basis.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to ensure that the financial statements comply with the Companies Act 1985. It is 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.

#### **Director's Interests**

The interests of Baring Asset Management Holdings Limited are disclosed in note 6 to the accounts.

BY ORDER OF THE BOARD



N Donnelly  
Secretary  
London  
30<sup>th</sup> March 2001

## **REPORT OF THE AUDITOR**

### **TO THE MEMBERS OF BARING INVESTMENT SERVICES LIMITED**

We have audited the financial statements pages 5 to 14.

#### **Respective Responsibilities of Director and Auditor**

The director is responsible for preparing the director's report and, as described on page 3, 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 director's 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 audit 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 director 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 profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
8 Salisbury Square  
London  
EC4Y 8BB  
30<sup>th</sup> March 2001.

**BARING INVESTMENT SERVICES LIMITED****PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2000**

|  | <u>Notes</u> | <u>2000</u><br><u>£</u> | <u>1999</u><br><u>£</u> |
|--|--------------|-------------------------|-------------------------|
| <b>Income</b>  | 2            | <b>43,033,100</b>       | 38,713,351              |
| Administrative expenses                              | 3            | (41,545,351)            | (38,329,446)            |
| <b>Operating Profit</b>                              |              | <b>1,487,749</b>        | 383,905                 |
| Interest payable to group undertakings               |              | (755,413)               | (615,007)               |
| <b>Profit on ordinary activities before taxation</b> |              | <b>732,336</b>          | (231,102)               |
| Tax on Profit/(Loss) on ordinary activities          | 7            | (328,417)               | (10,802)                |
| <b>Profit for the financial year</b>                 |              | <b>403,919</b>          | (220,300)               |
| <b>Retained Profit/(Loss) for the year</b>           | 17           | <b>403,919</b>          | (220,300)               |

The notes on pages 7 to 14 form part of these financial statements.

All gains and losses have been recognised in the profit and loss account. In accordance with Financial Reporting Standard No. 3, a Statement of Total Recognised Gains and Losses is therefore not required.

All the results for the year arise from continuing operations.

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS FOR THE YEAR**  
**ENDED 31 DECEMBER 2000**

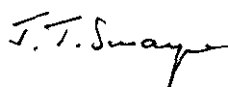
|                                      | <u>2000</u><br><u>£</u> | <u>1999</u><br><u>£</u> |
|--------------------------------------|-------------------------|-------------------------|
| Profit/(Loss) for the financial year | <b>403,919</b>          | (220,300)               |
| Opening shareholders' funds          | <b>44,623</b>           | 264,923                 |
| Closing shareholders' funds          | <b>448,542</b>          | 44,623                  |

**BARING INVESTMENT SERVICES LIMITED****BALANCE SHEET AT 31 DECEMBER 2000**

|  | <u>Notes</u> | <u>2000</u><br><u>£</u> | <u>1999</u><br><u>£</u> |
|--|--------------|-------------------------|-------------------------|
| <b>Fixed Assets</b>                          |              |                         |                         |
| Tangible assets                              | 8            | 13,307,674              | 8,736,001               |
| Investments                                  | 9            | 97,051                  | 83,051                  |
|  |              | <u>13,404,725</u>       | <u>8,819,052</u>        |
| <b>Current Assets</b>                        |              |                         |                         |
| Stocks                                       |              | 16,105                  | 20,822                  |
| Debtors                                      | 10           | 8,385,545               | 7,218,342               |
| Investments                                  | 11           | 4,706,047               | 2,438,862               |
| Cash at bank and in hand                     | 5            | 377,734                 | 455,075                 |
|  |              | <u>13,485,431</u>       | <u>10,133,101</u>       |
| <b>Creditors</b>                             |              |                         |                         |
| Amounts falling due within one year          | 12           | (6,723,477)             | (6,160,227)             |
| <b>Net Current Assets</b>                    |              | <u>6,761,954</u>        | <u>3,972,874</u>        |
| <b>Total Assets Less Current Liabilities</b> |              | <u>20,166,679</u>       | <u>12,791,926</u>       |
| <b>Creditors</b>                             |              |                         |                         |
| Amounts falling due after more than one year | 13           | (19,718,137)            | (12,747,303)            |
| <b>Net Assets</b>                            |              | <u>448,542</u>          | <u>44,623</u>           |
| <b>Capital and Reserves</b>                  |              |                         |                         |
| Called up share capital                      | 16           | 100                     | 100                     |
| Profit and loss account                      | 17           | 448,442                 | 44,523                  |
| <b>Shareholders' Funds</b>                   |              | <u>448,542</u>          | <u>44,623</u>           |

The notes on pages 7 to 14 form part of these financial statements.

The financial statements were approved by the director on 30<sup>th</sup> March 2001 and signed on its behalf by:



J T SWAYNE  
For and on behalf of  
Baring Asset Management Holdings Ltd, Director

## **BARING INVESTMENT SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000**

#### **1. Accounting Policies**

##### **a. Basis of Accounting**

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

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

##### **b. Income**

Income is accounted for on an accruals basis and mostly relates to the recovery of costs incurred on behalf of group undertakings.

##### **c. Depreciation**

Depreciation is provided on a straight line basis to write-off the cost of fixed assets over their expected useful lives as follows:

|                        |             |  |
|------------------------|-------------|--|
| Leasehold property     | -           | Not depreciated if lease is greater than 100 years; over the remainder of the lease term if shorter. |
| Leasehold improvements | - 10 years  |  |
| Furniture & fittings   | - 10 years  | except paintings which are not depreciated.  |
| Office equipment       | - 4 years   |  |
| Computer equipment     | - 2-4 years |  |

##### **d. Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax on a full provision only to the extent that it is probable that an actual liability will crystallise.

##### **e. Fixed Asset Investments**

Investments are stated at the lower of cost and director's valuation.

##### **f. Foreign Currency Translation**

Assets and liabilities denominated in foreign currencies are translated into sterling at rates ruling at the balance sheet date and gains or losses on translations are included in the profit and loss account. Transactions that are effected in foreign currency are translated into Sterling at the rate applicable on the date of the transaction.

##### **g. Operating Leases**

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

## **BARING INVESTMENT SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED** **31 DECEMBER 2000 (continued)**

#### **h. Post-retirement Benefits**

The company participates in the ING Barings group pension schemes, which include both defined benefit and defined contribution schemes. The assets of both schemes are held separately from those of the company in independently administered funds.

For the defined contribution scheme the charge against profits represents the contributions payable to the scheme in respect of the current accounting period.

For the defined benefit scheme, benefits are provided based on the final pensionable pay of employees. Such future liabilities are provided for by the accumulation of assets held in the independently administered funds mentioned above. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the Company.

#### **i. Long Term Incentive Plans**

The Company has made contributions to an independent Guernsey based employee benefit trust (the "Trust") that has made conditional awards under the Baring Asset Management Holdings Limited Long Term Incentive Plan ("LTIP") to employee-beneficiaries who have undertaken duties on behalf of the Company. Once an award has been made, its potential value on redemption is linked to movements in an annual independent valuation of the ordinary shares in Baring Asset Management Holdings Limited. The resulting funds in the Trust have been invested in listed equities, including investments in comparator companies, in order to provide an element of hedge against final liabilities under the LTIP.

The relevant proportion of the listed equities held by the Trust that relate to the Company are stated at their mid-market value within the Company's current assets, while the corresponding liabilities of the LTIP are included in the company's creditors, amounts falling due within one year and amounts falling due after more than one year. Movements in any excess of the liabilities under the LTIP over the mid-market value of the shares held by the Trust are taken to the profit and loss account on an annual basis.

#### **2. Income**

|  | <u>2000</u><br>£  | <u>1999</u><br>£  |
|--|-------------------|-------------------|
| Recovery of costs incurred on behalf of group undertakings | 42,675,685        | 36,498,942        |
| Other income   | 357,415           | 2,214,409         |
|  | <u>43,033,100</u> | <u>38,713,351</u> |



**BARING INVESTMENT SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2000 (continued)****3. Administrative Expenses**

|                          | <u>2000</u><br>£  | <u>1999</u><br>£  |
|--------------------------|-------------------|-------------------|
| Auditor's remuneration   | 27,979            | 10,164            |
| Auditor's other fees     | 27,932            | 164,286           |
| Depreciation             | 3,740,325         | 3,410,836         |
| Operating lease rentals  | 5,885,955         | 4,846,478         |
| Other operating expenses | 31,863,160        | 29,897,682        |
|                          | <u>41,545,351</u> | <u>38,329,446</u> |

**4. Employees**

The average number employed in management and administration by the Company during the year ended 31 December 2000 was 305 (1999: 282)

Aggregate remuneration of all employees was:

|                       | <u>2000</u><br>£  | <u>1999</u><br>£  |
|-----------------------|-------------------|-------------------|
| Salaries              | 12,890,233        | 11,383,708        |
| Social Security costs | 1,265,703         | 978,165           |
| Other pension costs   | 77,785            | 328,632           |
|                       | <u>14,233,721</u> | <u>12,690,505</u> |

**5. Cash at Bank**

The bank balances of the company are held by Barings (Guernsey) Limited, a subsidiary undertaking of ING Groep NV.

**6. Director's Interests**

The interests of Baring Asset Management Holdings Limited, the director of the Company, in the shares of Barings Group companies were as follows:

| <u>Company</u>   | <u>Class of Share</u>                 | <u>2000</u><br><u>Number</u> | <u>1999</u><br><u>Number</u> |
|--|---------------------------------------|------------------------------|------------------------------|
| Financial Services Group Limited                                 | Ordinary £1 Shares                    | 25,626,100                   | 25,626,100                   |
| Baring Investment Services Limited                               | Ordinary £1 Shares                    | 100                          | 100                          |
| Baring Investment Services (Caymans) Limited* ( <i>dormant</i> ) | Ordinary £1 Shares                    | 1                            | 1                            |
| Baring Asset Management Limited                                  | Ordinary £1 Shares                    | 71,999,900                   | 66,701,715                   |
| Baring Global Fund Managers Limited                              | Ordinary £1 Shares                    | 100                          | 100                          |
| Baring International Investment Limited*                         | Ordinary £1 Shares                    | 5,000,000                    | 5,000,000                    |
| Baring International Investment Management Holdings Limited*     | Ordinary £1 Shares                    | 27,601,815                   | 27,601,815                   |
| Baring International Investment Management Limited*              | Ordinary HK\$10 Shares                | 11,966,153                   | 11,966,153                   |
| Baring International Investment Management Limited*              | Deferred HK\$10 Shares                | 599,999                      | 599,999                      |
| Baring Asset Management France S.A *                             | Ordinary FFR100                       | 35,329                       | 35,322                       |
| Baring Asset Management Holdings Inc*                            | Common Stock US\$1                    | 533,033                      | 533,033                      |
| Baring Asset Management Inc*                                     | Class B Voting Preference Stock US\$1 | 1,490,000                    | 1,490,000                    |

# **BARING INVESTMENT SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED** **31 DECEMBER 2000 (continued)**

### **6. Director's Interests (continued)**

| <u>Company</u>   | <u>Class of Share</u> | <u>2000</u><br><u>Number</u> | <u>1999</u><br><u>Number</u> |
|--|-----------------------|------------------------------|------------------------------|
| Baring Asset Management Inc*   | Common Stock US\$1    | 35,757                       | 35,757                       |
| Baring Investment Services Inc.*   | Common Stock US\$1    | 14                           | 14                           |
| Baring Asset Management UK Holdings Limited*                                 | Ordinary £1 Shares    | 1,779,711                    | 1,779,711                    |
| European and Asia Fund Management SA*  | Ordinary £50 Shares   | 4,400                        | 4,400                        |
| Baring Mutual Fund Management SA*  | Ordinary £25 Shares   | 12,800                       | 12,800                       |
| Baring International Fund Managers (Ireland) Limited*                        | Ordinary £1 Shares    | 100,000                      | 100,000                      |
| Baring Asset Management (CI) Limited*  | Ordinary £10 Shares   | 1,000                        | 1,000                        |
| Baring Mutual Fund Management (Ireland) Limited*                             | Ordinary £1 Shares    | 325,000                      | 325,000                      |
| Baring Asset Management (Asia) Holdings Limited*                             | Ordinary HK\$10       | 1,031,942                    | 1,031,942                    |
| Baring International Fund Managers (Bermuda) Limited*                        | Ordinary B\$1         | 7,670                        | 7,670                        |
| Baring Asset Management (Asia) Limited*                                      | Ordinary HK\$10       | 2                            | 2                            |
| Baring International Fund Managers Limited*                                  | Ordinary HK\$10       | 1,000                        | 1,000                        |
| Baring International Investment (Far East) Limited*<br>(liquidated 28/02/01) | Ordinary HK\$10       | 10,000                       | 10,000                       |
| Baring Asset Management (Japan) Limited*                                     | Ordinary Yen50,000    | 5,000                        | 5,000                        |
| Baring Asset Management (Australia) Limited*                                 | Ordinary A\$1         | 180,000                      | 180,000                      |
| Baring (SICE) Taiwan Limited   | Ordinary NT\$10       | 1,000,000                    | 1,000,000                    |
| Barings (Guernsey) Limited*  | Ordinary £1 Shares    | 10,000,000                   | 10,000,000                   |
| Baring Trustees (Guernsey) Limited*  | Ordinary £1 Shares    | 1,000,000                    | 1,000,000                    |
| Baring Private Investment Management Limited*                                | Ordinary £1 Shares    | 5,405,002                    | 5,405,002                    |
| Baring Trust Co. Limited*  | Ordinary £1 Shares    | 850,002                      | 850,002                      |
| Guernsey International Fund Managers Limited*                                | Ordinary £1 Shares    | 1,000,000                    | 1,000,000                    |
| Baring Fund Managers Limited*  | Ordinary £1 Shares    | 1,650,000                    | 1,650,000                    |
| International Fund Managers UK Limited*                                      | Ordinary £1 Shares    | 100                          | 100                          |
| Barings (Isle of Man) Limited*   | Ordinary £1 Shares    | 500,000                      | 500,000                      |
| Barings (Ireland) Limited*   | Ordinary £1 Shares    | 100,000                      | 100,000                      |
| International Fund Managers (Ireland) Limited*                               | Ordinary £1 Shares    | 100,000                      | 100,000                      |
| International Securitisation Managers (Ireland) Limited*                     | Ordinary £1 Shares    | 1,000                        | 1,000                        |
| Ravensbourne Registration Services Limited*                                  | Ordinary £1 Shares    | 125,000                      | 125,000                      |
| International Fund Managers (Jersey) Limited*                                | Ordinary £1 Shares    | 10,000                       | 10,000                       |
| Baring Fonds Service GmbH*   | Ordinary DM1 Shares   | 195,583                      | 100,000                      |
| Baring Investment Administrative Services (SA) Limited *                     | Ordinary ZAR1 Shares  | 2,000,000                    | 2,000,000                    |
| ING Trust (Jersey) Limited*  | Ordinary £1 Shares    | 979                          | 979                          |
| Baring Asset Management Life Limited   | Ordinary £1 Shares    | 100                          | -                            |

\*Indirect holdings

### **7. Taxation**

|  | <u>2000</u><br><u>£</u> | <u>1999</u><br><u>£</u> |
|--|-------------------------|-------------------------|
| UK Corporation Tax at 30% (1999: 30.25%) |                         |                         |
| Current year                             | 154,582                 | -                       |
| Prior year                               | -                       | (50,403)                |
| Deferred taxation                        |                         |                         |
| Current year                             | 128,541                 | (50,928)                |
| Prior year                               | 45,294                  | 90,529                  |
|  | <u>328,417</u>          | <u>(10,802)</u>         |

The taxation charge for the year is more than 30% of profit due to adjustments to capital allowances received on fixed assets purchased in prior years and tax on disallowed expenses.

**BARING INVESTMENT SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2000 (continued)****8. Fixed Assets**

|   | <b><u>Leasehold<br/>Property &amp;<br/>Improvements</u></b> | <b><u>Furniture<br/>&amp;<br/>Fittings</u></b> | <b><u>Office<br/>Equipment</u></b> | <b><u>Computer<br/>Equipment</u></b> | <b><u>Total</u></b> |
|---|---|--|------------------------------------|--------------------------------------|---------------------|
| <b>Cost</b>                                   |   |  |                                    |                                      |                     |
| At 1 January 2000                             | 6,346,746   | 6,758,545                                      | 3,483,397                          | 26,419,103                           | 43,007,791          |
| Additions                                     | 2,955,697   | 301,051  | 424,426                            | 4,660,646                            | 8,341,820           |
| Intra Group Transfer                          | -   | -  | 142,848                            | -                                    | 142,848             |
| Disposals                                     | (9,000)   | (79,830)                                       | (104,238)                          | (7,912,837)                          | (8,105,905)         |
| <b>31 December 2000</b>                       | <b>9,293,443</b>  | <b>6,979,766</b>                               | <b>3,946,433</b>                   | <b>23,166,912</b>                    | <b>43,386,554</b>   |
| <b>Depreciation</b>                           |   |  |                                    |                                      |                     |
| At 1 January 2000                             | 5,708,021   | 3,671,590                                      | 2,999,538                          | 21,892,641                           | 34,271,790          |
| Charge for the year                           | 127,523   | 622,330  | 313,490                            | 2,676,983                            | 3,740,326           |
| Intra Group Transfer                          | -   | -  | 98,192                             | -                                    | 98,192              |
| Disposals                                     | -   | (32,623)                                       | (85,968)                           | (7,912,837)                          | (8,031,428)         |
| <b>31 December 2000</b>                       | <b>5,835,544</b>  | <b>4,261,297</b>                               | <b>3,325,252</b>                   | <b>16,656,787</b>                    | <b>30,078,880</b>   |
| <b>Net book value at<br/>31 December 2000</b> | <b>3,457,899</b>  | <b>2,718,469</b>                               | <b>621,181</b>                     | <b>6,510,125</b>                     | <b>13,307,674</b>   |
| <b>Net book value at<br/>31 December 1999</b> | <b>638,725</b>  | <b>3,086,955</b>                               | <b>483,859</b>                     | <b>4,526,462</b>                     | <b>8,736,001</b>    |

**BARING INVESTMENT SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2000 (continued)****9. Investments****Investment in Subsidiary Undertakings**

|                              | <u>2000</u><br><u>£</u> | <u>1999</u><br><u>£</u> |
|------------------------------|-------------------------|-------------------------|
| At cost                      |                         |                         |
| At 1 January and 31 December | 1                       | 1                       |

The Company owns 100% of the £1 Ordinary shares of Baring Investment Services (Caymans) Limited, a company incorporated in the Cayman Islands. This is a dormant company.

**Other Fixed Asset Investment**

|                               | <u>Fixed Asset<br/>Investment<br/>2000</u> | <u>Fixed Asset<br/>Investment<br/>1999</u> |
|-------------------------------|--|--|
|                               | <u>Corporate<br/>Membership<br/>£</u>      | <u>Corporate<br/>Membership</u>            |
| Cost                          |  |  |
| At 1 January and 31 December  | 83,050                                     | 72,000                                     |
| Additions at cost             | 14,000                                     | 11,050                                     |
| Net book value at 31 December | 97,050                                     | 83,050                                     |
| Total Investments             | 97,051                                     | 83,051                                     |

**10. Debtors**

|                                    | <u>2000</u><br><u>£</u> | <u>1999</u><br><u>£</u> |
|------------------------------------|-------------------------|-------------------------|
| Amounts owed by group undertakings | 2,347,922               | 1,955,568               |
| Other debtors                      | 2,087,814               | 1,789,344               |
| Prepayments and accrued income     | 3,949,809               | 3,473,430               |
|                                    | 8,385,545               | 7,218,342               |

(£427,285 of the above Prepayments and Accrued Income balance relates to a deferred tax asset, see note 14)

**BARING INVESTMENT SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2000 (continued)****11. Current Asset Investments**

These relate to investments in listed securities and are stated at mid-market value. Such investments are used as hedges against the liabilities of the Long Term Incentive Plan, see note 1(i).

**12. Creditors****Amounts Falling Due Within One Year**

|  | <u>2000</u><br>£ | <u>1999</u><br>£ |
|--|------------------|------------------|
| Amounts owed to group undertakings                     | 239,409          | 500,185          |
| Other creditors including taxation and social security | 2,578,276        | 1,623,833        |
| Accruals and deferred income                           | 3,905,792        | 4,036,209        |
|  | <u>6,723,477</u> | <u>6,160,227</u> |

**13. Creditors****Amounts Falling Due After More Than One Year**

|                                    | <u>2000</u><br>£  | <u>1999</u><br>£  |
|------------------------------------|-------------------|-------------------|
| Amounts owed to group undertakings | 17,300,000        | 11,000,000        |
| Other creditors                    | 2,418,137         | 1,747,303         |
|                                    | <u>19,718,137</u> | <u>12,747,303</u> |

**14. Deferred Taxation**

|                           | <u>2000</u><br>£ | <u>1999</u><br>£ |
|---------------------------|------------------|------------------|
| At 1 January              | (601,120)        | (640,720)        |
| Transfer to profit & loss | 173,835          | 39,600           |
| At 31 December            | <u>(427,285)</u> | <u>(601,120)</u> |

**15. Operating Leases**

At 31 December 2000 the company had annual commitments under operating leases as follow:

|                             | <u>2000</u><br>Property<br>£ | <u>1999</u><br>Property<br>£ |
|-----------------------------|------------------------------|------------------------------|
| Expiring within one year    | -                            | 268,392                      |
| Expiring in over five years | 6,417,016                    | 4,472,346                    |
|                             | <u>6,417,016</u>             | <u>4,740,738</u>             |

**BARING INVESTMENT SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2000 (continued)****16. Share Capital**

|                                  | <u>2000</u><br>£ | <u>1999</u><br>£ |
|----------------------------------|------------------|------------------|
| <b>Authorised:</b>               |                  |                  |
| 1,000 Ordinary Shares of £1 each | 1,000            | 1,000            |
|                                  | <hr/>            | <hr/>            |
| <b>Issued and fully paid:</b>    |                  |                  |
| 100 Ordinary Shares of £1 each   | 100              | 100              |
|                                  | <hr/>            | <hr/>            |

**17. Reserves**

|  | <u>2000</u><br>£    | <u>1999</u><br>£   |
|--|---------------------|--------------------|
| Profit & Loss Account                  |                     |                    |
| At 1 January                           | 44,523              | 264,823            |
| Retained Profit for the financial year | 403,919             | (220,300)          |
| <b>At 31 December</b>                  | <hr/> 448,442 <hr/> | <hr/> 44,523 <hr/> |

**18. Pension Scheme**

As stated in note 1(h) the Company participates in ING Barings group pension schemes. The costs of the Company are based on pension costs across the Group as a whole. The most recent actuarial valuation of the defined benefit scheme was effective at 31<sup>st</sup> March 1998. This valuation highlighted that the scheme has a significant surplus of funds to meet future pension cost liabilities, therefore the actuary recommended an indefinite contribution holiday on the Scheme. Particulars of the actuarial valuations of the group defined benefit scheme are disclosed in the accounts of Baring Asset Management Holdings Limited.

**19. Ultimate Holding Company**

The Company is a subsidiary undertaking of ING Groep NV, a company incorporated in the Netherlands.

The largest group in which the results of the Company are consolidated is that headed by ING Groep NV.

The smallest group in which they are consolidated is that headed by ING Bank NV.

The consolidated financial statements of these groups are available to the public and may be obtained from the Secretary, ING Groep NV, Strawinskylaan 2631, 107722 Amsterdam, The Netherlands.

**20. Related Party Transactions**

The company is controlled by Baring Asset Management Holdings Limited, its immediate parent undertaking. The ultimate controlling party is ING Groep NV.

As the company is a wholly owned subsidiary of the ING Groep NV which prepares consolidated financial statements in the Netherlands, it has taken advantage of the exemption contained in FRS8 and has therefore not disclosed separately transactions or balances with entities which form part of the ING Groep NV.