

Registered No : 2290328

CHARTERHOUSE EUROPEAN MANAGERS LIMITED

REPORT AND ACCOUNTS

31 DECEMBER 1995



CHARTERHOUSE EUROPEAN MANAGERS LIMITED

REPORT OF THE DIRECTORS

To be presented at the Sixth Annual General Meeting of Charterhouse European Managers Limited to be held at 85 Watling Street, London EC4M 9BX on 8 March 1996.

DIRECTORS

The Directors of the Company are:

Mr M V Blank
Mr E G Cox
Mr N J Hamway
Mr J G Bonnyman
Mr D Nussbaum
Mr T R Plant

Mr M R B Gatenby resigned on 31 May 1995.

PRINCIPAL ACTIVITY

The principal activity of the Company is to act as general partner of the collective investment scheme known as Charterhouse European Partners.

LOSS AND DIVIDENDS

The loss for the year after taxation was £57,000 (1994 loss £316,000). The Directors do not recommend the payment of a dividend (1994 £250,000). The loss has been deducted from reserves.

DIRECTORS' INTERESTS

The Directors had no interests at 31 December 1995 in the shares of the Company.

There are and have been during the year under review no contracts with the Company in which a Director or Directors of the company are or were interested under the provisions of the Companies Act 1985.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by UK company law to prepare accounts for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that year.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the accounts for the year ended 31 December 1995. The Directors also confirm that applicable accounting standards have been followed and that the accounts have been prepared on the going concern basis.

CHARTERHOUSE EUROPEAN MANAGERS LIMITED

REPORT OF THE DIRECTORS continued

STATEMENT OF DIRECTORS' RESPONSIBILITIES continued

The Directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

AUDITORS

A resolution to reappoint Coopers & Lybrand as the Company's auditors will be proposed at the Annual General Meeting.

By Order of the Board



Secretary

1 March 1996

85 Watling Street
London EC4M 9BX

CHARTERHOUSE EUROPEAN MANAGERS LIMITED**PROFIT AND LOSS ACCOUNT for the year ended 31 December 1995**

	Notes	1995 £'000s	1994 £'000s
Turnover	2	1,289	1,473
Administrative expenses	3	(322)	(1,950)
Operating profit		967	(477)
Interest receivable		9	16
Interest payable		(13)	(10)
Profit/(loss) on ordinary activities before taxation		963	(471)
Taxation on profit on ordinary activities	4	(1,020)	155
Loss on ordinary activities after taxation		(57)	(316)
Dividend payable (1994 £6.25 per share)		-	(250)
Loss for the year		(57)	(566)
Retained profit at 1 January 1995		72	638
Retained profit at 31 December 1995		15	72

All activities are continuing.

The only movement in Shareholders' Funds is the deficit for the year.

STATEMENT OF RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses in the current or prior accounting period other than the loss as stated above.

There is no material difference between reported profits and historical cost profits.

The notes on pages 5 and 6 form part of these accounts.

CHARTERHOUSE EUROPEAN MANAGERS LIMITED

BALANCE SHEET at 31 December 1995

	Notes	1995 £'000s	1994 £'000s
CURRENT ASSETS			
Amounts due from parent undertaking		1,221	240
Taxation recoverable		-	218
Cash at bank with fellow subsidiary undertaking		29	64
		<u>1,250</u>	<u>522</u>
CREDITORS - amounts falling due within one year			
Accruals and deferred income		250	250
Subordinated loan	5	160	160
Taxation payable		785	-
		<u>1,195</u>	<u>410</u>
NET CURRENT ASSETS BEING ALSO TOTAL ASSETS			
LESS CURRENT LIABILITIES		<u>55</u>	<u>112</u>
CAPITAL AND RESERVES			
Called up share capital	6	40	40
Profit and loss account		15	72
EQUITY SHAREHOLDERS' FUNDS		<u>55</u>	<u>112</u>

The accounts were approved by the Board of Directors on 1 March 1996 and were signed on its behalf by:



Director

The notes on pages 5 and 6 form part of these accounts.

NOTES TO THE ACCOUNTS at 31 December 1995

1 ACCOUNTING POLICIES

Basis of accounting

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

Cash flow statement

The cash flow statement of the Company is included in the consolidated group cash flow statement of Charterhouse plc. Consequently the Company is exempt under the terms of the Financial Reporting Standard No. 1 from publishing a cash flow statement.

2 TURNOVER

Turnover represents fees received and receivable by the Company in respect of its management profit share.

The Company receives a management profit share from Charterhouse European Partners in advance. The amount receivable is the greater of 2 per cent of the total commitments called down less the amount returned in respect of the Limited Partners and £1,000,000 per annum.

3 ADMINISTRATIVE EXPENSES

This comprises fees and expenses. Auditors' remuneration has been borne by a fellow subsidiary undertaking.

The Directors do not receive any remuneration for their services to the Company and have not waived any remuneration (1994 nil).

4 TAXATION

	1995 £'000s	1994 £'000s
Corporation tax (charge)/credit for the year at 33% (1994 33%)	(207)	155
Prior year adjustment	(813)	-
	<u>(1,020)</u>	<u>155</u>

The effective rate of taxation on the tax charge for the year is 22%. The main reason for this is timing differences between profits stated in the accounts and taxable profits.

NOTES TO THE ACCOUNTS at 31 December 1995 continued

5 SUBORDINATED LOAN

A subordinated loan has been made by Charterhouse Finance Corporation Limited, the immediate parent undertaking, to the Company. The loan is repayable on demand and with the consent of the Company's regulating body, the Investment Management Regulatory Organisation Limited (IMRO). However, it is unlikely that it will be repaid within one year. The loan bears interest at LIBOR plus one per cent and is subordinated to the rights of senior creditors, being any unsubordinated creditors or subordinated creditors other than those whose claims rank *pari passu* or junior to the claims of Charterhouse Finance Corporation Limited.

6 SHARE CAPITAL

	1995 £'000s	1994 £'000s
Authorised		
250,000 Ordinary shares of £1 each	250	250
Allotted, called up and fully paid		
40,000 Ordinary shares of £1 each	40	40

Under the terms of a demand note issued on 20 September 1989, Charterhouse Finance Corporation Limited has agreed to subscribe, at any time upon the request of the Company, for an additional £200,000 of shares on the same terms as its original subscription.

7 ULTIMATE PARENT UNDERTAKING

The Company is a wholly owned subsidiary undertaking of Charterhouse Finance Corporation Limited, which is registered in Scotland. The parent undertaking of the smallest group of which the Company is a member for which group accounts are drawn up is Charterhouse Development Capital Holdings Limited. Copies of the accounts are available from The Secretary, 85 Watling Street, London EC4M 9BX.

The parent undertaking of the largest group of which the Company is a member and for which group accounts are drawn up is European Corporate Finance Holding SA, the Company regarded by the directors as being the company's ultimate parent undertaking as at 31 December 1995, which is incorporated in Luxembourg and is directly or indirectly jointly owned by Berliner Handels-und Frankfurter Bank and Crédit Commercial de France. Copies of the accounts of European Corporate Finance Holding SA are available from that company at 8 Avenue Marie-Therese, L2132 Luxembourg.

REPORT OF THE AUDITORS TO THE MEMBERS OF CHARTERHOUSE EUROPEAN MANAGERS LIMITED

We have audited the accounts on pages 3 to 6.

Respective responsibilities of directors and auditors

As described on page 1, the Company's Directors are responsible for the preparation of 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 affairs of the Company as at 31 December 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Chartered Accountants and Registered Auditors
London

5 March 1996

CHARTERHOUSE EUROPEAN MANAGERS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Sixth Annual General Meeting of Charterhouse European Managers Limited will be held at 85 Watling Street, London EC4M 9BX on 8 March 1996 for the following purposes:

To receive the Directors' Report and Statement of Accounts for the year ended 31 December 1995 and the Auditors' Report thereon.

To reappoint the auditors Coopers & Lybrand

By Order of the Board



Secretary

1 March 1996

85 Watling Street
London EC4M 9BX

A member entitled to attend and vote may appoint one or more proxies to attend and on a poll to vote on his behalf. A proxy need not be a member.