

REGISTERED NO. 2290328

CHARTERHOUSE EUROPEAN MANAGERS LIMITED



A04
COMPANIES HOUSE

A23E9Z4Z

0679
18/04/01

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000

CHARTERHOUSE EUROPEAN MANAGERS LIMITED

REPORT OF THE DIRECTORS

To be presented at the Eleventh Annual General Meeting of Charterhouse European Managers Limited to be held at 85 Watling Street, London EC4M 9BX on 3 May 2001.

DIRECTORS

The Directors of the Company are:

Mr E G Cox
Mr N J Hamway
Mr J G Bonnyman
Mr T R Plant

PRINCIPAL ACTIVITY

The principal activity of the Company is to act as general partner of the Limited Partnerships number 1, 2 and 3 of Charterhouse European Partners. Although this Fund terminated automatically on 31 December 1999, the Company will continue to act as liquidating trustee to deal with all remaining issues.

PROFIT AND DIVIDENDS

There was no profit for the year after taxation (1999 £122,000). An interim dividend of £500,000 has been paid during the year (1999 nil). The Directors do not recommend the payment of a final dividend.

DIRECTORS' INTERESTS

The Directors had no interests at 31 December 2000 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 which show 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 2000. The Directors also confirm that applicable accounting standards have been followed and that the accounts have been prepared on the going concern basis.

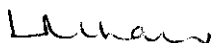
The Directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

REPORT OF THE DIRECTORS (continued)

AUDITORS

During the year, HSBC Holdings plc acquired CCF Charterhouse Group and, as a consequence, it was necessary that PricewaterhouseCoopers resigned as the Company's auditors. KPMG Audit Plc were appointed as the Company's auditors by the Directors during the year. Accordingly, a resolution will be proposed at the Annual General Meeting for their reappointment.

By Order of the Board



Secretary

9 April 2001

85 Watling Street
London EC4M 9BX

CHARTERHOUSE EUROPEAN MANAGERS LIMITED**PROFIT AND LOSS ACCOUNT**

for the year ended 31 December 2000		2000	1999
	Notes	£'000s	£'000s
Turnover	2	-	-
Administrative expenses	3	(1)	(1)
Operating profit		(1)	(1)
Interest receivable		1	1
Profit on ordinary activities before taxation		-	-
Taxation credit on profit on ordinary activities	4	-	122
Profit on ordinary activities after taxation		-	122
Interim dividend £12.50 per share		500	-
(Loss)/retained profit for the year		(500)	122
Retained profit at 1 January 2000		571	449
Retained profit at 31 December 2000		71	571

All income and expenditure arose from continuing activities.

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

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses in the current or prior accounting period other than the profit as stated above. The Company has therefore taken advantage of the exemption for producing a Statement of Total Recognised Gains and Losses.

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 2000

	Notes	2000 £'000s	1999 £'000s
CURRENT ASSETS			
Amounts due from parent undertaking	5	257	757
Cash at bank		14	14
		<u>271</u>	<u>771</u>
CREDITORS - amounts falling due within one year			
Subordinated loan	6	160	160
		<u>160</u>	<u>160</u>
NET CURRENT ASSETS BEING ALSO TOTAL ASSETS LESS CURRENT LIABILITIES		<u>111</u>	<u>611</u>
CAPITAL AND RESERVES			
Called up share capital	7	40	40
Profit and loss account		71	571
		<u>111</u>	<u>611</u>
EQUITY SHAREHOLDERS' FUNDS		<u>111</u>	<u>611</u>

The accounts were approved by the Board of Directors on 9 April 2001 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 2000

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 financial statements of the Company are included in the consolidated financial statements of its ultimate parent company. Consequently, the Company is exempt under the terms of FRS 1 (Revised 1996) Cash Flow Statements from publishing a cash flow statement.

Income

Other income is accounted for on an accruals basis with the exception of dividends and realisation profits which are credited to income as received.

2 TURNOVER

Turnover represented fees received and receivable by the Company in respect of its management profit share. As from 1 January 1999, the General Partner has decided to waive its entitlement to management priority profit share for the remaining life of the Partnerships.

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 (1999 nil).

4 TAXATION

	2000 £'000s	1999 £'000s
Corporation tax - prior period adjustment	-	122

5 AMOUNT DUE FROM PARENT UNDERTAKING

The loan to the parent undertaking is interest free and at call.

6 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). The loan 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.

NOTES TO THE ACCOUNTS AT 31 DECEMBER 2000 (continued)

7 SHARE CAPITAL

	2000 £'000s	1999 £'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.

8 RELATED PARTY TRANSACTIONS

The Company is the General Partner of the Limited Partnerships in Charterhouse European Partners ("CEP"). CEP is not a legal entity but a co-investment vehicle consisting of three UK Limited Partnerships.

As the General Partner, the Company is entitled to receive a management fee by way of a priority profit share from the partnerships based on 2% per annum of the total commitments called down reduced by the acquisition cost of any investments realised or written off. As from 1 January 1999, the General Partner has decided to waive its entitlement to management priority profit share for the remaining life of the Partnerships.

Certain directors and key executives of Charterhouse Development Capital Limited (a fellow subsidiary) co-invest in parallel to the Limited Partners and are entitled to a share of the carried interest payments.

9 ULTIMATE PARENT UNDERTAKING

The Company is a wholly owned subsidiary undertaking of Charterhouse Finance Corporation Limited, which is incorporated in Scotland.

The Company's ultimate controlling party as defined under Financial Reporting Standard 8 "Related Party Disclosures" (FRS 8) is HSBC Holdings plc, which is incorporated in England and Wales. The Company is controlled, as defined in FRS 8, by Crédit Commercial de France SA, which is incorporated in France.

The smallest and largest group in which the financial statements of the Company are consolidated are Crédit Commercial de France SA and HSBC Holdings plc respectively.

The consolidated financial statements of HSBC Holdings plc are available to the public and may be obtained from HSBC Holdings plc, Group Corporate Affairs, 10 Lower Thames Street, London EC3R 6AE.

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

The Directors are responsible for preparing the directors' report and, as described on page 1, 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 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 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 accounts. 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 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

9 April 2001

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Eleventh Annual General Meeting of Charterhouse European Managers Limited will be held at 85 Watling Street, London EC4M 9BX on 3 May 2001 for the following purposes:

1. To receive the Directors' Report and Statement of Accounts for the year ended 31 December 2000 and the Auditors' Report thereon
2. To reappoint the auditors, KPMG Audit Plc.

By Order of the Board



Secretary

9 April 2001

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.