

ALBOUYS NOMINEES LIMITED
REPORT AND FINANCIAL STATEMENTS
30TH JUNE, 1997



ALBOUYS NOMINEES LIMITED

Directors

A.J. O'Connor
L.I. Gabb
P.H. Smith

Company Secretary and Registered Office

R.E. Butlin, FCIS
Austin Friars House
2-6 Austin Friars, London EC2N 2HE

Company Registration No:

2322945

Auditors

KPMG Audit Plc
P.O.Box 695
8 Salisbury Square
London EC4Y 8BB

Report of the Directors

The directors present their report and the audited financial statements for the year ended 30th June, 1997.

Review of Activities

The principal activity of the Company throughout the year has remained and will continue to be that of supplying nominee facilities.

Results and Dividends

The net loss after taxation for the year ended 30th June, 1997 amounted to £17 which has been transferred to reserves.

The directors do not recommend payment of a dividend.

Directors

The directors in office at the year end are listed above.

Board Changes

A.J.O'Connor was appointed to the Board with effect from 1st September, 1996.
P.H.Smith was appointed to the Board with effect from 8th October, 1996.
H.B.Smith resigned from the Board on 31st August, 1996.
P.T.O'Neill resigned from the Board on 7th October, 1996.

ALBOUYS NOMINEES LIMITED

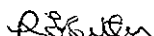
Directors' Interests

None of the directors had any interests in the share capital of the Company at the beginning or end of the year.

Auditors

The Company's auditors KPMG resigned on 4th September, 1996. The directors appointed KPMG Audit Plc as auditors on 4th September, 1996. A resolution for the appointment of KPMG Audit Plc was passed by shareholders at the Annual General Meeting of the Company held on 11th September, 1996 (special notice having been received). The Company has elected to dispense with the obligation to reappoint auditors annually pursuant to Section 386 Companies Act 1985.

By Order of the Board



R.E.BUTLIN, FCIS
Company Secretary

6th October, 1997

ALBOUYS NOMINEES LIMITED

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;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF
ALBOUYS NOMINEES LIMITED

We have audited the financial statements on pages 5 to 8.

Respective Responsibilities of directors and auditors

As described on page 3 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 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 the 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 30th June, 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

6/10/97

KPMG Audit Plc
Chartered Accountants
Registered Auditors

London

ALBOUYS NOMINEES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE, 1997

	<u>Note</u>	<u>1997</u>	<u>1996</u>
Turnover	1(b)	3,000	3,000
Administrative Expenses		3,054	3,072
		<hr/>	<hr/>
Operating Loss		(54)	(72)
Interest Received		37	40
		<hr/>	<hr/>
Loss on Ordinary Activities before Taxation	2	(17)	(32)
Taxation	3	-	-
		<hr/>	<hr/>
Loss for the Financial Year		(£17)	(£32)
		=====	=====
 Summary of Retained Profits			
At 1st July, 1996		2,683	2,715
Loss for the Financial Year		(17)	(32)
		<hr/>	<hr/>
At 30th June, 1997		£2,666	£2,683
		=====	=====

The results above are all derived from continuing activities.

There are no recognised gains or losses (1996: no recognised gains or losses) other than the retained loss (1996: loss) for the financial year.

There is no difference between the reported loss and the historical cost loss for the current and previous year.


The Notes on pages 7 and 8 form part of these Financial Statements.

ALBOUYS NOMINEES LIMITED
BALANCE SHEET AS AT 30TH JUNE, 1997

	<u>Note</u>	<u>1997</u>	<u>1996</u>
Current Assets			
Debtors	4	6	6
Cash at Bank and in Hand		5,675	2,679
		<hr/>	<hr/>
		5,681	2,685
Less: Creditors, Amounts Falling Due within One Year	5	3,013	-
		<hr/>	<hr/>
Net Current Assets		£2,668	£2,685
		=====	=====
Capital and Reserves			
Called Up Share Capital	6	2	2
Profit and Loss Account		2,666	2,683
		<hr/>	<hr/>
Equity Shareholders' Funds		£2,668	£2,685
		=====	=====

These financial statements were approved by the Board of Directors on 6th October, 1997 and signed on its behalf by

L.I.Gabb



The Notes on pages 7 and 8 form part of these Financial Statements.

ALBOUYS NOMINEES LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 1997

1. Principal Accounting Policies

(a) Basis of Accounting

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

As the Company is a wholly owned subsidiary of The Bank of Bermuda Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of The Bank of Bermuda Limited, within which this company is included, can be obtained from Austin Friars House, 2-6 Austin Friars, London EC2N 2HE.

(b) Turnover

Turnover represents fees received for supplying nominee facilities.

(c) Cash Flow Statement

The Company is exempt from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary undertaking and the financial statements of the immediate parent company include a cash flow statement for the Group.

2. Loss on Ordinary Activities before Taxation

	<u>1997</u>	<u>1996</u>
Loss on Ordinary Activities before Taxation is stated after charging:		
Auditors remuneration - Audit Work	£500	£1,000
Directors' emoluments	-	-
	=====	=====

3. Taxation

	<u>1997</u>	<u>1996</u>
United Kingdom Corporation Tax for the year at 32.5%	-	-
	=====	=====

4. Debtors

	<u>1997</u>	<u>1996</u>
Taxation and Social Security	£6	£6
	=====	=====

ALBOUYS NOMINEES LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 1997
Continued

5. Creditors, Amounts Falling Due within One Year

	<u>1997</u>	<u>1996</u>
Amount owed to Parent Undertaking	£3,103	-
	=====	=====

6. Called Up Share Capital

	<u>1997</u>	<u>1996</u>
Authorised: 1,000 shares of £1 each	£1,000	£1,000
	=====	=====
 Allotted, Called Up and Fully Paid: 2 shares of £1 each	 £2	 £2
	=====	=====

7. Reconciliation of Movements in Shareholders' Funds

	<u>1997</u>	<u>1996</u>
Opening Shareholders' Funds	2,685	2,717
Loss for the Financial Year	(17)	(32)
	-----	-----
Closing Shareholders' Funds	£2,668	£2,685
	=====	=====

8. Assets Held as Nominee

Securities and cash held in a trust, agency or fiduciary capacity for customers are not included in the Balance Sheet as such assets are not the property of the Company.

9. Ultimate Holding Company

The largest group in which the results of the Company are consolidated is The Bank of Bermuda Limited, incorporated in Bermuda. The consolidated accounts of this company are available to the public and can be obtained from Austin Friars House, 2-6 Austin Friars, London EC2N 2HE.

The smallest group in which the results of the Company are consolidated is that headed by Bermuda (UK) Holdings Limited, incorporated in Great Britain and registered in England and Wales.