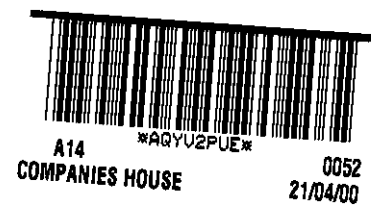


**BARING TRUST CO. LIMITED**

**Registered Number: 2362041**

**DIRECTORS REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 1999**



## **BARING TRUST CO. LIMITED**

### **REPORT OF THE DIRECTORS**

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 1999.

#### **Principal Activity**

The principal activity of the Company is, and will continue to be, trust administration.

#### **Results**

The profit for the year amounted to £116,569 (1998:£172,139) and has been transferred to reserves. The directors do not recommend the payment of a dividend.

#### **Directors**

The directors who served during the year were as follows:

P P Walsh (Chairman)  
M A Daly (Resigned 31<sup>st</sup> January 2000)  
I F R Macdonald (Retired 30<sup>th</sup> September 1999)  
N P De la Rue  
S Briggs (Appointed 31<sup>st</sup> January 2000)

#### **Secretary**

Baring Investment Services Limited

#### **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 for that period. In preparing those statements, the directors have:

- 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 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 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.

#### **Directors' Interests**

None of the Directors who held office at the end of the financial year had any disclosable interests in the shares of the company or other group companies.

#### **Insurance for Directors**

ING Groep NV have purchased Directors' and Officers' insurance in respect of directors of all group subsidiaries.

**BARING TRUST CO. LIMITED**

**REPORT OF THE DIRECTORS (continued)**

**Year 2000**

At the date of signing these financial statements, the Company has not identified any significant problems resulting from the Year 2000 date change. The Company considered the potential impact and extent of Year 2000 on its business operations and put plans in place to address these as appropriate. The Company continues to monitor these issues to ensure the business operates efficiently and that relationships with clients, suppliers and other relevant parties are maintained.

The costs of the Year 2000 problem have not been separately identified as the Company is mainly using its own resources with the addition of outside contractors where necessary.

**BY ORDER OF THE BOARD**

A handwritten signature in black ink that reads "A. H. Routledge". The signature is written in a cursive style with a large, prominent 'R'.

A H ROUTLEDGE

On behalf of

BARING INVESTMENT SERVICES LIMITED, Secretary

London

29<sup>th</sup> March 2000

## **REPORT OF THE AUDITOR**

### **TO THE MEMBERS OF BARING TRUST CO. LIMITED**

We have audited the financial statements on pages 5 to 11.

#### **Respective Responsibilities of Directors and Auditor**

The directors are responsible for preparing the directors' report and, as described on page 2, 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 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 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 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 1999 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 Accountant  
Registered Auditor  
8 Salisbury Square  
London  
EC4Y 8BB  
29<sup>th</sup> March 2000

**BARING TRUST CO. LIMITED****PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 1999**

	<u>Notes</u>	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
<b>Income</b>	2	<b>1,234,440</b>	1,510,753
Administrative expenses	3	(1,073,717)	(1,293,714)
<b>Operating profit</b>		<b>160,723</b>	217,039
Interest receivable from group undertakings		<b>16,016</b>	33,312
<b>Profit on ordinary activities before taxation</b>		<b>176,739</b>	250,351
Tax on profit on ordinary activities	6	(60,170)	(78,212)
<b>Profit for the financial year</b>		<b>116,569</b>	172,139
<b>Retained profit for the financial year</b>	12	<b>116,569</b>	172,139

The notes on pages 7 to 11 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 1999**

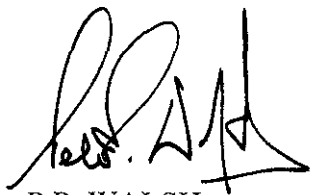
	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
Profit for the financial year	<b>116,569</b>	172,139
Opening shareholders' funds	<b>332,643</b>	160,504
Closing shareholders' funds	<b>449,212</b>	332,643

**BARING TRUST CO. LIMITED****BALANCE SHEET AS AT 31 DECEMBER 1999**

	<u>Notes</u>	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
<b>Current Assets</b>			
Debtors	7	267,971	291,963
Investments	8	113,763	-
Cash at bank	9	495,251	338,282
		<hr/> 876,985	<hr/> 630,245
<b>Creditors: amounts falling due within one year.</b>	10	<b>(326,674)</b>	<b>(297,602)</b>
<b>Net Current Assets</b>		<hr/> 550,311	<hr/> 332,643
<b>Total Assets less Current Liabilities</b>		<hr/> 550,311	<hr/> 332,643
<b>Creditors: Amounts falling due after more than one year</b>			
Other creditors		(101,099)	-
<b>Net Assets / (Liabilities)</b>		<hr/> 449,212	<hr/> 332,643
<b>Capital and Reserves</b>			
Called-up share capital	11	850,002	850,002
Profit and loss account	12	(400,790)	(517,359)
<b>Equity Shareholders' Funds</b>		<hr/> 449,212	<hr/> 332,643

The notes on pages 7 to 11 form part of these financial statements.

The financial statements were approved by the board of directors on 29th March 2000 and signed on its behalf by:



P.P. WALSH  
Chairman

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 1999**

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**

Fee income represents amounts derived from the provision of trustee services to clients and is accounted for on an accruals basis.

c) **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 only to the extent that it is probable that an actual liability will crystallise.

d) **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 employee's working lives with the Company.

e) **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 shares held by the Trust that relate to the company are stated at their mid-market value within the company's current assets, while the matching 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.

**BARING TRUST CO. LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED****31 DECEMBER 1999****(continued)****2. Income**

	<u>1999</u> £	<u>1998</u> £
Trust administration fees	1,234,440	1,510,753

Income is derived from trust administration services provided to UK clients.

**3. Administrative Expenses**

	<u>1999</u> £	<u>1998</u> £
Auditor's remuneration	6,706	6,410
Other operating expenses	1,067,011	1,287,304
	<u>1,073,717</u>	<u>1,293,714</u>

**4. Employees**

The average number employed in management and administration by the Company during the year ending 31 December 1999 was 9 (1998: 9)

Aggregate remuneration of all employees was:

	<u>1999</u> £	<u>1998</u> £
Salaries	365,084	401,707
Social Security costs	34,210	34,039
Other pension costs	6,971	29,062
	<u>406,265</u>	<u>464,808</u>

**5. Remuneration of Directors**

	<u>1999</u> £	<u>1998</u> £
Directors' emoluments	161,407	208,838
Company contributions to money purchase pension schemes	-	14,982

**Number of Directors**

	<u>1999</u>	<u>1998</u>
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	4	5

The aggregate of emoluments of the highest paid director was £107,103 (1998: £124,748). He is a member of a defined benefit scheme under which the accrued pension to which he was entitled from normal retirement date if he were to retire at the year end was £13,311.



**BARING TRUST CO. LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED****31 DECEMBER 1999****(continued)****6. Taxation**

	<u>1999</u> £	<u>1998</u> £
UK Corporation Tax at 30.25% (1998: 31%)	60,069	78,212
Prior year	101	-
	<u>60,170</u>	<u>78,212</u>

**7. Debtors**

	<u>1999</u> £	<u>1998</u> £
Trade debtors	12,902	27,959
Amounts owed by group undertakings	-	6,075
Other debtors	126	576
Prepayments and accrued income	254,943	257,353
	<u>267,971</u>	<u>291,963</u>

**8. 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 (e).

**9. Cash at Bank**

The bank balances of the Company are held at Barings (Guernsey) Limited, a fellow subsidiary undertaking.

**10. Creditors Amounts : falling due within one year**

	<u>1999</u> £	<u>1998</u> £
Amounts owed to group undertakings	96,392	61,859
Other creditors including taxation and social security	222,716	177,734
Accruals and deferred income	7,566	58,009
	<u>326,674</u>	<u>297,602</u>

**BARING TRUST CO. LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 1999  
(continued)****11. Share Capital**

	<u>1999</u> £	<u>1998</u> £
<b>Authorised:</b>		
1,000,000 Ordinary Shares of £1 each	<b>1,000,000</b>	1,000,000
	<hr/>	<hr/>
<b>Issued and fully paid:</b>		
850,002 Ordinary Shares of £1 each	<b>850,002</b>	850,002
	<hr/>	<hr/>

**12. Reserves**

	<u>1999</u> £	<u>1998</u> £
Profit and Loss Account		
At 1 January	<b>(517,359)</b>	(689,498)
Retained profit for the year	<b>116,569</b>	172,139
<b>As at 31 December</b>	<b>(400,790)</b>	(517,359)
	<hr/>	<hr/>

**13. Contingent Liability in relation to Abbotstone Agricultural Property Unit Trust**

The Company was trustee to the above Unit Trust under a trust deed that terminated on 15<sup>th</sup> October 1997. The underlying properties of the Unit Trust, held in the Company's name, are of a nature that may lead to potential future claims which cannot at this time be quantified. The Company has formally written to the Committee of Management stating that although the preferred option would be to obtain comprehensive insurance cover, it is recognised that this would be extremely costly. Therefore the Trustee as an alternative has suggested a cash retention of £3 million.

The terms of the cash retention post termination are presently being discussed with the Trust's lawyers, who have already indicated the statutory limitation periods, but the actual period of retention and investment vehicle have yet to be resolved.

**14. Pension Scheme**

As stated in note 1(d) 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.

**BARING TRUST CO. LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 1999**  
**(continued)**

**15. 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.

**16. Related Party Transactions**

The company is controlled by Baring Private Asset Management 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.