

**SOMERS (U.K.) 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:**

2759673

**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, 1998.

**Review of Activities**

The principal activity of the Company has been and will continue to be the supply of nominee facilities.

**Results and Dividends**

The net profit after taxation for the year ended 30th June, 1998 amounted to £55 which has been transferred to reserves.

The directors do not recommend payment of a dividend.

**Directors' Interests**

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

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

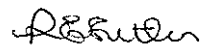


**SOMERS (U.K.) LIMITED**

**Auditors**

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

28th August, 1998.

**SOMERS (U.K.) 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**  
**SOMERS (U.K.) 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, 1998 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 Auditors

28/8/98

London

**SOMERS (U.K.) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30TH JUNE, 1998**

	<u>Note</u>	<u>1998</u>	<u>1997</u>
<b>Turnover</b>	1(b)	3,000	3,000
Administrative Expenses		2,965	3,051
		<hr/>	<hr/>
<b>Operating Profit/(Loss)</b>		35	(51)
Deposit Interest Receivable		20	11
		<hr/>	<hr/>
<b>Profit/(Loss) on Ordinary Activities before Taxation</b>	2	55	(40)
Taxation	3	-	-
		<hr/>	<hr/>
<b>Profit/(Loss) for the Financial Year</b>		£55	(£40)
		=====	=====
 <b>Summary of Retained Profits</b>			
At 1st July, 1997		-	40
Profit/(Loss) for the Financial Year		55	(40)
		<hr/>	<hr/>
At 30th June, 1998		£55	-
		=====	=====

The results above are all derived from continuing activities.

There are no recognised gains or losses (1997: no recognised gains or losses) other than the retained profit (1997:loss) for the financial year.

There is no difference between the reported profit (1997:loss) and the historical cost profit (1997:loss) for the year.

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

**SOMERS (U.K.) LIMITED**  
**BALANCE SHEET AS AT 30TH JUNE, 1998**

	<u>Note</u>	<u>1998</u>	<u>1997</u>
<b>Current Assets</b>			
Debtors	4	750	6
Cash at Bank and in Hand		57	3,020
		<hr/>	<hr/>
		807	3,026
 <b>Less: Creditors, Amounts Falling Due within One Year</b>	 5	 750	 3,024
		<hr/>	<hr/>
<b>Net Current Assets</b>		<b>£57</b>	<b>£2</b>
		<b>=====</b>	<b>=====</b>
 <b>Capital and Reserves</b>			
Called Up Share Capital	6	2	2
Profit and Loss Account		55	-
		<hr/>	<hr/>
<b>Equity Shareholder's Funds</b>		<b>£57</b>	<b>£2</b>
		<b>=====</b>	<b>=====</b>

These financial statements were approved by the Board of Directors on 28th August, 1998 and signed on its behalf by

L.I.Gabb



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

**SOMERS (U.K.) LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE, 1998**

**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.

(d) Related Party Transactions

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.

**2. Profit/(Loss) on Ordinary Activities before Taxation**

	<u>1998</u>	<u>1997</u>
Profit/(Loss) on Ordinary Activities before Taxation is stated after charging:		
Auditors remuneration - Audit Work	£750	£500

**3. Taxation**

	<u>1998</u>	<u>1997</u>
United Kingdom Corporation Tax for the year at 31%	-	-
	=====	=====

**SOMERS (U.K.) LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE, 1998**  
**Continued**

**4. Debtors**

	<u>1998</u>	<u>1997</u>
Taxation and Social Security	-	6
Amounts Owed by Fellow Subsidiary Undertakings	750	-
	<hr/>	<hr/>
	£750	£6
	=====	=====

**5. Creditors, Amounts Falling Due within One Year**

	<u>1998</u>	<u>1997</u>
Amount owed to Parent Undertaking	£750	£3,024
	=====	=====

**6. Called Up Share Capital**

	<u>1998</u>	<u>1997</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>1998</u>	<u>1997</u>
Opening Shareholders' Funds	2	42
Profit/(Loss) for the Financial Year	55	(40)
	<hr/>	<hr/>
Closing Shareholders' Funds	£57	£2
	=====	=====

**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.