

# **CCF CHARTERHOUSE EUROPEAN HOLDINGS LIMITED**

**(FORMERLY CHARTERHOUSE EUROPEAN HOLDINGS LIMITED)**

## **ANNUAL REPORT**

**31 December 1998**

**Registered Number 2803379**



# CCF CHARTERHOUSE EUROPEAN HOLDINGS LIMITED

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## **Directors**

C-H Filippi (Chairman)

G Dard (Deputy Chairman)

F Fournier (Deputy Chairman)

D W Parish (Deputy Chairman)

C R F de Backer

R J Benton

J G Bonnyman

W M F von Guionneau

N R M Kamir

M J Kiss

Y Meynial

G Michas

J-L E Pacquement

## **Secretary**

M G Hotchin

## **Registered office**

1 Paternoster Row, St Paul's, London EC4M 7DH  
Telephone: 0171 248 4000

## **Auditors**

PricewaterhouseCoopers  
1 Embankment Place, London, WC2N 6NN

# CCF CHARTERHOUSE EUROPEAN HOLDINGS LIMITED

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## DIRECTORS' REPORT

The Directors take pleasure in presenting their report and the audited financial statements for the year ended 31 December 1998.

### Review of the business

The Company, which as a result of Crédit Commercial de France SA acquiring the 50 per cent equity interest in European Corporate Finance Holding SA held by BHF-BANK AG on 30 March 1998 became a wholly owned subsidiary undertaking of Crédit Commercial de France SA, is a holding company whose principal investments are the entire issued share capital of CCF Charterhouse plc (formerly Charterhouse plc) and a 25.3 per cent interest in Banque du Louvre SA.

Full reviews of the businesses of CCF Charterhouse plc and Banque du Louvre SA have been given in the financial statements of those companies, which are available from the Company Secretary, CCF Charterhouse plc, 1 Paternoster Row, St. Paul's, London EC4M 7DH and the Company Secretary, Banque du Louvre SA, 139 Boulevard Houssmann, 75008, Paris, respectively.

A Certificate of Incorporation on Change of Name from Charterhouse European Holding Limited to CCF Charterhouse European Holdings Limited was issued by the Registrar of Companies on 7 August 1998.

### Accounts and dividends

The Company made a profit before taxation and dividends for the year ended 31 December 1998 of £53,235,000 (1997 profit: £58,232,000). The profit after taxation and dividends amounted to £854,000 (1997 loss: £16,039,000) which is charged to reserves.

An interim dividend amounting to £39,000,000 (1997: £12,000,000) was paid during the year in respect of the ordinary shares and a second interim dividend amounting to £12,500,000 (1997: £25,000,000) was paid since the year end in respect of ordinary shares. No further interim dividends are proposed (1997: £35,000,000).

### Directors

The present members of the Board of Directors are named on page 1.

Mr G Dard and Mr D W Parish were both appointed Directors on 1 July 1998, whilst Mr C R F de Backer, Mr R J Benton, Mr J G Bonnyman, Mr W M F von Guionneau, Mr N R M Kamir, Mr M J Kiss, Mr Y Meynial and Mr J-L E Pacquement were all appointed Directors on 3 November 1998.

Mr F Fournier and Mr G Michas were appointed Directors on 12 February 1999.

Mr E M Kruse and Mr A Möckel both resigned as Directors on 30 April 1998, whilst Mr M V Blank, Mr M L Hephher, Mr G E de Panafieu, Sir Harry Solomon and Dr H-D Winkhaus all resigned as Directors on 30 June 1998.

Mr H D des Deserts and Mr J R M M Laurent-Bellue, both of whom had been appointed Directors on 1 May 1998, resigned as Directors on 3 November 1998, the date upon which Mr R P M B de La Serre also resigned as a Director.

Mr B P F Grunnenwald, who had been appointed a Director on 1 July 1998, resigned as a Director on 15 April 1999.

### Directors' and officers' liability insurance policy

During the course of the year, the Company has maintained cover for its Directors and Officers and those of its subsidiary undertakings under a Directors' and Officers' liability insurance policy, as permitted by section 137 of the Companies Act 1989.

# CCF CHARTERHOUSE EUROPEAN HOLDINGS LIMITED

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## **DIRECTORS' REPORT (continued)**

### **Corporate governance**

The Directors have reviewed the Company's system of corporate governance and, more specifically, have compared the scope and effectiveness of internal procedures and practices against the standards set by the Hampel Committee on Corporate Governance. As a result of this review, and in order to place beyond doubt the Directors' commitment to the highest standards of corporate behaviour, the Directors have deemed it appropriate to formalise many of the requirements contained in the Code of Best Practice.

The following summary outlines the framework within which the Company operates its system of corporate governance:

The Board, which has a formal schedule of matters specifically reserved to it for decision, has ultimate responsibility for the property stewardship of the group in all its undertakings, meets regularly throughout the year to discharge its responsibilities.

The role originally fulfilled by the Charterhouse Audit Committee has been assumed by the Audit Committee of CCF Charterhouse SA, whilst the role formerly fulfilled by the Charterhouse Remuneration Committee has been transferred to the Charterhouse Group Remuneration Committee, a formal committee of the Board of CCF Charterhouse plc.

### **Payment policies**

Suppliers to the Company and its subsidiary undertakings are numerous and operate in a diverse range of businesses. As such, the Company and its subsidiary undertakings do not employ a single payment policy for their suppliers but ensure that payments are made upon receipt of an invoice from a supplier, or alternatively in accordance with agreed terms and conditions. Creditor payment periods are shown in the financial statements of the Company's major operating subsidiaries.

### **Employment policies**

The Company and its subsidiary undertakings are firmly committed to the continuation of the policy of communication and consultation with their employees. Arrangements, including regular briefing meetings and, in the case of Charterhouse Bank Limited, a joint consultative committee, have been established for the provision of information for all employees on matters which affect them.

The Company and its subsidiary undertakings are committed to giving fair consideration to applications for employment made by disabled persons. Continuing employment and opportunities for training are also provided for employees who become disabled.

### **Year 2000**

The CCF Charterhouse European Holdings Limited group is committed to ensuring that all systems software used by the group is Year 2000 compliant. Testing continues to be carried out on both in-house systems software and software provided by third parties to ensure compliance. Regular reports on Year 2000 compliance are submitted to the Charterhouse Executive Committee, a formal committee of the Board of CCF Charterhouse plc.

The CCF Charterhouse European Holdings Limited group plan to achieve compliance to meet the deadline of 31 December 1999.

# CCF CHARTERHOUSE EUROPEAN HOLDINGS LIMITED

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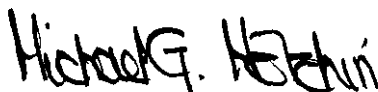
## DIRECTORS' REPORT (continued)

### Auditors

Following the merger of Coopers & Lybrand and Price Waterhouse on 1 July 1998, PricewaterhouseCoopers replaced Coopers & Lybrand as auditors of the Company.

PricewaterhouseCoopers have indicated their willingness to continue in office and resolutions to appoint them and to authorise the Directors to fix their remuneration will be proposed at the Annual General Meeting.

By Order of the Board



Michael G Hotchin

Secretary \_\_\_\_\_

10 September 1999

# CCF CHARTERHOUSE EUROPEAN HOLDINGS LIMITED

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## DIRECTORS' RESPONSIBILITIES

The Directors are required by law to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss for that period. The financial statements must be prepared in accordance with the required formats and disclosures of the Companies Act 1985 and with applicable accounting standards.

In addition, the Directors are required to:

- \* adopt suitable accounting policies and then apply them consistently, supported by judgements and estimates that are reasonable and prudent; and
- \* prepare financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that the financial statements comply with the above requirements.

The Directors are also responsible for maintaining adequate accounting records, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

# CCF CHARTERHOUSE EUROPEAN HOLDINGS LIMITED

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## REPORT OF THE AUDITORS TO THE MEMBERS OF CCF CHARTERHOUSE EUROPEAN HOLDINGS LIMITED

We have audited the financial statements on pages 7 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

### Respective responsibilities of directors and auditors

The Directors are responsible for preparing the annual report, including as described on page 3, the financial statements. Our responsibilities, as independent auditors, are established 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 is not disclosed.

### 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 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 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
London  
10 September 1999

# CCF CHARTERHOUSE EUROPEAN HOLDINGS LIMITED

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 1998

	Notes	1998 £000	1997 £000
Investment income	2	58,629	62,603
Administrative expenses		(290)	(163)
<b>Profit on ordinary activities before interest</b>		<b>58,339</b>	<b>62,440</b>
Interest receivable and similar income	3	82	56
Interest payable and similar charges	4	(5,186)	(4,264)
<b>Profit on ordinary activities before tax</b>	5	<b>53,235</b>	<b>58,232</b>
Tax credit/(charge) on ordinary activities	8	639	(665)
<b>Profit on ordinary activities after tax</b>		<b>53,874</b>	<b>57,567</b>
Dividends	9	(53,020)	(73,606)
<b>Retained profit/(loss) for the financial year</b>	17	<b>854</b>	<b>(16,039)</b>

The Company has no recognised gains and losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

The investment income and operating profit of the Company are derived entirely from continuing operations.

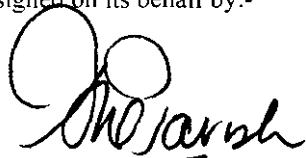


# CCF CHARTERHOUSE EUROPEAN HOLDINGS LIMITED

## BALANCE SHEET as at 31 December 1998

	Notes	1998 £000	1997 £000
<b>Fixed assets</b>			
Investment in subsidiary undertakings	10	181,525	178,651
Other investments	11	8,879	10
		<u>190,404</u>	<u>178,661</u>
<b>Current assets</b>			
Debtors	12	34,119	44,803
Cash at bank	13	1,128	674
<b>Creditors - amounts falling due within one year</b>	14	<u>(38,973)</u>	<u>(59,193)</u>
<b>Net current liabilities</b>		<u>(3,726)</u>	<u>(13,716)</u>
<b>Total assets</b>		<u>186,678</u>	<u>164,945</u>
<b>Creditors - amounts falling due after more than one year</b>	15	<u>(58,879)</u>	<u>(38,000)</u>
<b>Net Assets</b>		<u>127,799</u>	<u>126,945</u>
<b>Capital and reserves</b>			
Called up share capital	16	126,000	126,000
Profit and loss account	17	1,799	945
Equity interests		<u>108,799</u>	<u>107,945</u>
Non equity interests		<u>19,000</u>	<u>19,000</u>
<b>Total shareholders' funds</b>	18	<u>127,799</u>	<u>126,945</u>

The financial statements on pages 7 to 14 were approved by the Board of Directors on 10 September 1999, and signed on its behalf by:-



D W Parish



W M F von Guionneau

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) Directors  
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# CCF CHARTERHOUSE EUROPEAN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 1998

### 1. Accounting policies

#### (a) *Basis of preparation*

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

#### (b) *Investments*

Premiums and discounts on dated fixed and floating rate securities are amortised on a straight line basis. Listed investments are stated individually at cost unless the directors consider there has been a permanent diminution in value in which case the investment is stated at cost less amounts written off.

#### (c) *Investments in subsidiary undertakings*

Investments in subsidiary undertakings are included in the balance sheet at cost. In accordance with the exemption available under Section 288 of the Companies Act 1985, the Company has not prepared consolidated accounts, as the Company's ultimate parent company prepares consolidated financial statements (see note 20).

#### (d) *Taxation*

Taxation is based on the profit for the period. Provision has been made for deferred taxation on timing differences between profits stated in the financial statements and profits computed for taxation purposes at the rate of taxation expected to be applicable on reversal, where there is a probability that a liability or asset will arise in the foreseeable future.

#### (e) *Foreign exchange*

Transactions denominated in foreign currencies are translated into Sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These transaction differences are dealt with in the profit and loss account. Fixed assets in foreign currencies are translated into Sterling at the balance sheet date where these are match funded by long term foreign currency borrowings. Translation differences arising from matched assets and liabilities are taken to reserves.

#### (f) *Cash flow statement*

These financial statements do not contain a cash flow statement by virtue of the exemptions available to the Company under paragraph 5(a) of Financial Reporting Standard No. 1 (Revised 1996), as the Company's financial statements are included in the consolidated financial statements of its ultimate parent company, which are publicly available.

### 2. Investment income

	1998 £000	1997 £000
Dividends receivable	58,629	62,602
Interest receivable on British Government securities	-	1
	<u>58,629</u>	<u>62,603</u>

### 3. Interest receivable and similar income

	1998 £000	1997 £000
Interest receivable on bank deposits with group companies	82	56

# CCF CHARTERHOUSE EUROPEAN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 1998 (continued)

### 4. Interest payable and similar charges

	1998 £000	1997 £000
On bank loans repayable within 1 year not by instalments	(3,440)	(894)
On bank loan repayable between 2 and 5 years not by instalments	(1,746)	(3,370)
	<u>(5,186)</u>	<u>(4,264)</u>

### 5. Profit on ordinary activities before taxation

	1998 £000	1997 £000
Profit on ordinary activities before taxation is stated after charging: Auditors' remuneration in respect of audit services	21	16

### 6. Employees

The Company had no employees during the financial year (1997 : nil).

### 7. Directors' emoluments

	1998 £000	1997 £000
Directors' emoluments (excluding pension contributions and awards under long term incentive schemes)	2,350	1,292
Payments made during the year under long term incentive schemes	3,631	-
Company pension contributions to money purchase schemes	247	-
	<u>6,228</u>	<u>1,292</u>
The emoluments (including payments under long term incentive schemes) of the highest paid Director was :	<u>3,496</u>	<u>776</u>

On behalf of this Director, an amount of £47,396 (1997: nil) was paid into personal pension/money purchase schemes.

	1998	1997
Number of Directors who:		
- are members of a defined benefit scheme	3	-
- are members of a money purchase scheme: (includes 1 director (1997 - nil) who is also a member of a defined benefit scheme)	2	-
- have received awards during the year in the form of long term incentive schemes	4	-

Charterhouse plc group has established long term incentive schemes in which a number of the Group's senior executives may participate. Amounts under these schemes may become payable in the future but, because the amounts are discretionary, they have no monetary value to potential beneficiaries at the balance sheet date. Amounts received by directors will be disclosed in Directors' emoluments if, or when, paid.

In 1998, payments totalling £560,200 were made to one former director in connection with their retirement from office. In 1997, £800,000 was paid into a pension scheme of one former director in connection with their retirement from office. These payments are not included in the emoluments stated above.

# CCF CHARTERHOUSE EUROPEAN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 1998 (continued)

### 8. Tax credit/(charge) on ordinary activities

	1998 £000	1997 £000
Consideration receivable for group relief at 31% (1997: 31.5%) of losses available to be surrendered	1,668	1,436
Deferred taxation	-	-
Tax credit on dividends received	(1,029)	(2,101)
	<u>639</u>	<u>(665)</u>

### 9. Dividends

	1998 £000	1997 £000
Non-equity: 8% Preference Paid and proposed	(1,520)	(1,606)
Equity: Ordinary shares		
First interim paid 36.45p per share (1997: 11.21p)	(39,000)	(12,000)
Second interim proposed 11.68p per share (1997: 23.36p)	(12,500)	(25,000)
Third interim proposed 0p per share (1997: 32.71p)	-	(35,000)
	<u>(53,020)</u>	<u>(73,606)</u>

The dividend on the preference shares are paid on 1 April and 1 October of each year.

### 10. Investment in Subsidiary undertakings

	1998 £000	1997 £000
Cost as at 1 January	178,651	178,428
Additions during the year	2,874	223
	<u>181,525</u>	<u>178,651</u>

At 31 December 1998 the Company held 100% of the equity share capital of Charterhouse plc, the holding company of a group providing a range of banking, development capital and stockbroking services, which it acquired on 28 September 1993. The following are the principal subsidiary undertakings of Charterhouse plc:-

Name of Undertaking	Shareholding %	Business
Charterhouse Bank Limited	100	Merchant Banking
Charterhouse Development Capital Holdings Limited	100	Development Capital
Charterhouse Tilney Securities Limited	100	Stockbroking

With effect from 31 December 1998 the Company purchased 100% of the share capital of the following companies from companies within the Crédit Commercial de France SA and Charterhouse plc groups:

Name of Undertaking	Country of Incorporation	Business
Finanzas Charterhouse Iberica SA	Spain	Merchant banking
CCF Charterhouse SpA	Italy	Merchant banking
Charterhouse Inc.	USA	Merchant banking

In the opinion of the Directors the value at 31 December 1998 of the investment in the Company's subsidiary undertaking was not less than the amount at which it is included in the financial statements.

# CCF CHARTERHOUSE EUROPEAN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 1998 (continued)

### 11. Other investments

	1998 £000	1997 £000
Banque du Louvre SA	8,879	-
British Government securities	-	10
	<u>8,879</u>	<u>10</u>

During the year the Company purchased 25.3% of the ordinary share capital of Banque du Louvre SA, a company incorporated in France. In the opinion of the Directors, the Company does not exercise significant influence over this company and therefore it is not treated as an associate undertaking.

### 12. Debtors - amounts falling due within one year

	1998 £000	1997 £000
Group relief receivable from subsidiary undertakings	1,796	1,378
Dividends receivable from subsidiary undertakings	14,200	30,500
Advance corporation tax recoverable	18,042	12,925
Other debtors	81	-
	<u>34,119</u>	<u>44,803</u>

### 13. Cash at bank

	1998 £000	1997 £000
Deposit with subsidiary undertaking	<u>1,128</u>	<u>674</u>

### 14. Creditors - amounts falling due within one year

	1998 £000	1997 £000
Bank loans from related parties	16,919	12,000
Advance corporation tax payable	6,178	11,180
Amounts due to subsidiary undertaking	2,154	-
Other creditors	104	-
Accruals	738	633
Proposed dividend	12,500	35,000
Accrued preference dividend	380	380
	<u>38,973</u>	<u>59,193</u>

The bank loan is a floating rate facility based on LIBOR.

# CCF CHARTERHOUSE EUROPEAN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 1998 (continued)

### 15. Creditors – amounts falling due after more than one year

	1998 £000	1997 £000
Bank loans with related parties are repayable as follows:		
<i>Between one and two years:</i>		
8.75% Term loan facility repayable in full at final maturity on 30 January 2000	20,000	-
Term loan facility repayable in full at final maturity on 30 January 2000	12,000	-
4.75% Fixed rate loan repayable in full at final maturity on 1 July 2000	8,879	-
<i>Between two and five years:</i>		
8.75% Term loan facility repayable in full at final maturity on 29 July 1999	-	20,000
9.0% Term loan facility repayable in full at final maturity on 30 July 2001	18,000	18,000
	<u>58,879</u>	<u>38,000</u>

The £12m bank loan is a floating rate facility based on LIBOR. All of the above loans are unsecured.

### 16. Share capital

	1998 £000	1997 £000
Authorised, allotted, called up and fully paid 107,000,000 ordinary shares of £1 each	107,000	107,000
Authorised, allotted, called up and fully paid 19,000,000 non-cumulative 8% preference shares of £1 each	19,000	19,000
	<u>126,000</u>	<u>126,000</u>

The preference shares are entitled to, out of profits of the company available for distribution, a non-cumulative dividend payable in arrears on 1 April and 1 October each year. The preference shares are not redeemable, have full voting rights and carry a preferential right to repayment in the event of a winding up.

### 17. Profit and loss account

	1998 £000
Balance at 1 January	945
Retained profit for the financial year	854
Balance at 31 December	<u>1,799</u>

# CCF CHARTERHOUSE EUROPEAN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 1998 (continued)

### 18. Reconciliation of movements in shareholders' funds

	1998 £000	1997 £000
Profit for the financial year	53,874	57,567
Ordinary dividends	(51,500)	(72,000)
Preference dividends	(1,520)	(1,606)
Net movement of shareholders' funds	854	(16,039)
Shareholders' funds at 1 January	126,945	142,984
Shareholders' funds at 31 December	127,799	126,945

### 19. Related party disclosure

Under the terms of the Financial Reporting Standard No. 8, the Company is exempt from disclosing transactions with companies 90% or more controlled within the same group, as the consolidated financial statements in which the company is included are publicly available. The Company has bank loans from the subsidiaries of its ultimate parent undertaking as disclosed in notes 14 and 15. Interest payable on the loans is disclosed in note 4.

#### *Transactions with Directors and their close family members*

No material transactions were undertaken by Directors and their close family members with Charterhouse European Holding Limited, and its subsidiary undertakings.

### 20. Ultimate parent undertaking

The Company is a wholly owned subsidiary undertaking of European Corporate Finance Holding SA, which is incorporated in Luxembourg. Crédit Commercial de France SA, its ultimate parent company and controlling party, is the parent undertaking of the largest group of which the Company is a member and for which group accounts are drawn up.

Copies of the financial statements of Crédit Commercial de France SA are available from that company at 103 avenue des Champs-Élysées, 75008 Paris, France.