

**CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED**

**Report and Financial Statements**

**31 December 2001**



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Registered number: 3045295

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**CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED**

**DIRECTORS**

J.D. GALLAGHER (Chairman)

G. WELLMAN

**OFFICERS**

S.J. HOUGHTON (Secretary)

**Credit Suisse Asset Management (UK) Holding Limited**  
**Beaufort House, 15 St. Botolph Street, London EC3A 7JJ**

Registered in England with number 3045295  
Registered Office  
Beaufort House, 15 St. Botolph Street, London EC3A 7JJ

## **CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED**

### **REPORT OF THE DIRECTORS**

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The Directors submit their report and audited financial statements for the year ended 31 December 2001.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the Company is that of a holding company. The company's subsidiaries provide global investment management services for institutional and retail clients.

#### **REVIEW OF BUSINESS AND FUTURE PROSPECTS**

On 7 December 2001, the company acquired the entire issued share capital of the three principal UK asset management subsidiaries of Sun Life of Canada – SLC Asset Management Limited, SLC Pooled Pensions Limited and Sun Life of Canada Unit Managers Limited\* (see Note 22 for a full list of subsidiaries) for a total consideration of £122m. As a result, funds under management of the company's subsidiaries increased from £24.1bn to £33.0bn, of which £10.8bn was attributable to the acquisition.

\* These companies were renamed Credit Suisse Asset Management (UK) Limited, Credit Suisse Pooled Pensions Limited and Credit Suisse Asset Management Unit Managers Limited respectively on 1 March 2002.

The Directors believe that the company will benefit from the acquisition of these companies due to the increase in the scope of activities carried out by its subsidiaries and the synergies to be realised as a result of the acquisition. The company's subsidiaries plan to develop their product ranges and improve investment performance.

#### **POST BALANCE SHEET EVENT**

On 28 February 2002, the company exchanged a 22% participation in its share capital for the entire issued share capital of Credit Suisse Asset Management Funds (UK) Limited with CSAM Holding Europe (Luxembourg) SA, a fellow subsidiary of Credit Suisse First Boston.

#### **DIRECTORS AND DIRECTORS' INTERESTS**

The following are the current directors of the company or directors who served during the year.

P. M. Colebatch	(resigned 31 January 2002)
J. Gallagher	
G. Wellman	(appointed 22 January 2002)

None of the Directors who served during the period had any interests (either beneficial or non-beneficial) in the shares of the company. The company has taken advantage of the exemption from the requirement of Statutory Instrument 1985/802 Section 3, whereby the interest of the directors in the non-UK parent are not disclosed in the financial statements of the company.

#### **DONATIONS**

In the course of the year, the company made charitable donations totalling £7,800.

**CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED**

**REPORT OF THE DIRECTORS (continued)**

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**AUDITORS**

Pursuant to the elective resolution passed on 12 February 1996, the auditors, KPMG Audit Plc will continue in office.

Deloitte and Touche are the appointed auditors for each of the acquired companies for the year ended 31 December 2001. They are due to resign in 2002, when KPMG Audit Plc will be appointed as auditors of these companies.

By order of the Board.



S. J. HOUGHTON  
Secretary

17 June 2002

## CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

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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 as at the end of the financial year, 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 accounts; and
- 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.

Approved by the Board of Directors and signed on behalf of the Board.



S. J. HOUGHTON  
Secretary

17 June 2002



**KPMG Audit Plc**

PO Box 695  
8 Salisbury Square  
London EC4Y 8BB  
United Kingdom

**Independent auditors' report to the members of Credit Suisse Asset Management (UK) Holding Limited**

We have audited the financial statements on pages 6 to 24.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 4, 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 1985. 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 2001 and of its loss 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*

*17 June 2002*

# CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

## GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 December 2001

	Note	Continuing Operations		2001	2000
		Acquisition			
		£000	£000	£000	£000
<b>Turnover</b>		<b>55,357</b>	<b>1,445</b>	<b>56,802</b>	<b>59,069</b>
Administrative expenses		(58,293)	(1,666)	(59,959)	(66,724)
<b>Operating (loss) on ordinary activities</b>		<b>(2,936)</b>	<b>(221)</b>	<b>(3,157)</b>	<b>(7,655)</b>
Restructuring costs		-	(5,085)	(5,085)	-
<b>Operating loss before interest</b>		<b>(2,936)</b>	<b>(5,306)</b>	<b>(8,242)</b>	<b>(7,655)</b>
Interest receivable and other similar income				750	488
Interest payable	4			(832)	(634)
<b>Loss on ordinary activities before taxation</b>	5			<b>(8,324)</b>	<b>(7,801)</b>
Tax credit on ordinary activities	6			2,411	3,585
<b>Retained loss for year</b>				<b>(5,913)</b>	<b>(4,216)</b>

There are no recognised gains or losses for the current financial year (2000: nil) other than as stated in the profit and loss account.

There is no difference between the retained loss for the year and the retained loss on a historical cost basis.

The notes set out on pages 9 to 24 form an integral part of these financial statements.

# CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

## GROUP BALANCE SHEET as at 31 December 2001

	Note	2001 £000	2000 £000
<b>Fixed assets</b>			
Intangible assets	7	105,870	-
Tangible assets	8	2,077	2,277
		<hr/>	<hr/>
		107,947	2,277
<b>Current assets</b>			
Assets held to cover linked liabilities	10	908,566	-
Debtors	11	46,205	36,489
Investments	12	3,442	-
Cash at bank		40,652	26,066
		<hr/>	<hr/>
		998,865	62,555
<b>Creditors: amounts falling due within one year</b>	13	(123,288)	(42,546)
		<hr/>	<hr/>
<b>Net current assets</b>		875,577	20,009
<b>Linked liabilities</b>	10	(908,566)	-
<b>Provisions for liabilities and charges</b>	14	(6,585)	-
		<hr/>	<hr/>
<b>Net Assets</b>		68,373	22,286
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	15	11,007	11,007
Share premium account	16	14,186	14,186
Capital reserve	16	69,834	17,834
Profit and loss account	16	(26,654)	(20,741)
		<hr/>	<hr/>
<b>Shareholders' funds (equity interests)</b>	16	68,373	22,286
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 17 June 2002 and were signed on its behalf by:



J. D. GALLAGHER  
Director

17 June 2002



# CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

## COMPANY BALANCE SHEET as at 31 December 2001

	Note	2001 £000	2000 £000
<b>Fixed assets</b>			
Tangible assets	8	1,359	2,277
Investments	9	159,179	27,005
		<b>160,538</b>	<b>29,282</b>
<b>Current assets</b>			
Debtors	11	31,027	26,184
Cash at bank		5,120	15,683
		<b>36,147</b>	<b>41,867</b>
<b>Creditors: amounts falling due within one year</b>	13	<b>(103,403)</b>	<b>(31,078)</b>
<b>Net current (liabilities)/assets</b>		<b>(67,256)</b>	<b>10,789</b>
<b>Provisions for liabilities and charges</b>	14	<b>(5,085)</b>	<b>-</b>
<b>Net Assets</b>		<b>88,197</b>	<b>40,071</b>
<b>Capital and reserves</b>			
Called up share capital	15	11,007	11,007
Share premium account	16	14,186	14,186
Capital reserve	16	68,000	16,000
Profit and loss account	16	(4,996)	(1,122)
<b>Shareholder's funds (equity interests)</b>	16	<b>88,197</b>	<b>40,071</b>

These financial statements were approved by the board of directors on 17 June 2002 and were signed on its behalf by:



J. D. GALLAGHER  
Director

17 June 2002

## CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2001

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#### 1. ACCOUNTING POLICIES

##### ***Basis of preparation***

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

The group financial statements have been prepared in compliance with the provisions of Section 227 of, and Schedule 4 to, the Companies Act 1985, modified to include the profit and loss account and balance sheet formats for the Group's insurance subsidiary as set out in Schedule 9(A).

The balance sheet of the company is prepared in accordance with the provisions of Section 228 of, and Schedule 4 to, the Companies Act 1985. As permitted by Section 230 of the Companies Act 1985, no profit and loss account of the company is presented.

##### ***Basis of consolidation***

The financial statements of the Group incorporate the assets, liabilities and results of the Company and its subsidiary undertakings up to 31 December 2001.

The changes in the Group structure referred to in the Directors' Report have been accounted for in accordance with the principles of acquisition accounting set out in FRS 6 (Acquisitions and Mergers) and Schedule 4(A) of the Companies Act 1985. The results of the companies acquired during the period are included from the date of acquisition.

##### ***Cash flow statement***

Under Financial Reporting Standard 1 (Revised), the company is exempt from the requirement to prepare a cashflow statement on the grounds that more than 90% of the voting rights are controlled within the group and a consolidated cashflow statement is included in the ultimate parent company's financial statements, which are publicly available.

##### ***Related parties***

Under Financial Reporting Standard 8, the company is exempt from the requirement to disclose related party transactions within the group on the grounds that more than 90% of the voting rights are controlled within the group and the consolidated accounts of the ultimate parent company are publicly available.

##### ***Segmental analysis***

The company's activities are all UK based and in the opinion of the directors the different classes of business are not yet sufficiently material to provide any meaningful analysis. Accordingly, no segmental information is disclosed.

##### ***Foreign currencies***

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions during the period were translated at the month end rates. Exchange differences are dealt with through the profit and loss account.

## CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2001

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#### 1. ACCOUNTING POLICIES (continued)

##### ***Investment in subsidiaries and goodwill***

In the company's financial statements, investments in subsidiary undertakings are stated at the lower of cost or directors' valuation. Goodwill acquired is capitalised at fair value, where this can be measured reliably, and is amortised over twenty years.

##### ***Investments***

Investments are valued at the lower of cost and market value.

##### ***Assets held to cover linked liabilities:***

Investments held by Credit Suisse Pooled Pensions Limited are shown at market value. Land and buildings held for investment purposes are externally valued monthly at open market value by Insignia Richard Ellis and NAI Gooch Webster, all Chartered Surveyors. The last such valuations were conducted in December 2001.

Although the Companies Act would normally require the systematic annual depreciation of land and buildings held as investment properties, the Directors consider that to do so would not give a true and fair view and accordingly the provisions of SSAP 19 have been adopted.

The increase or decrease in the value of investments reflects net realised and unrealised gains or losses over market values at the start of the year or subsequent cost. Realised gains and losses reflect the difference between net sales proceeds and cost and an adjustment is made to unrealised gains and losses for the difference between cost and market value at the start of the year for those investments sold in the year.

##### ***Investment Income***

Dividends and interest received from investments other than equity investments are credited to revenue on an accruals basis. On purchase or disposal of investments, adjustments are made in order that interest is taken to revenue for the period that the investment is held.

Dividends arising on equity investments are brought into account on the ex-dividend date.

Rents earned on properties held for investment are credited to revenue on an accruals basis.

Policyholder fund investment income, expenses and unrealised gains/losses are dealt with through the technical account (see Credit Suisse Asset Management Pooled Pension Ltd accounts for details). Shareholder fund investment income, expenses and unrealised gains/losses are dealt with through the non-technical account.

##### ***Turnover***

Turnover comprises the value of asset management and advisory fees and commissions earned in the year and is recognised on an accruals basis. Turnover also includes the recharge of the expenses incurred by Credit Suisse Asset Management (UK) Holding Limited on behalf of other entities within the Credit Suisse Group and includes net dealing income from the sale of units in the range of unit trusts and OEICs marketed by the company's subsidiaries.

## CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2001

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#### 1. ACCOUNTING POLICIES (continued)

##### ***Taxation***

Corporation taxation is provided on taxable profits at the current rate.

Deferred taxation is calculated under the liability method and provided only to the extent that it is considered with reasonable probability that the liability/asset will crystallise within the foreseeable future.

##### ***Pension costs***

Pension costs are recognised in the profit and loss account over the period in which the benefit is derived from employee services for the CSAM companies. For the defined benefit scheme, pension contributions are charged to the profit and loss account over the expected service lives of the employees. Variations from the regular cost are allocated to the profit and loss account over the average remaining lives of employees.

##### ***Tangible fixed assets***

All tangible fixed assets are included at original cost less aggregate depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write down the cost of fixed assets to their estimated residual values by equal annual instalments over the period of their estimated useful lives, which is considered to be five years in respect of leasehold improvements and three years for all other tangible fixed assets. The capital payment in respect of the non exclusive licence to use Beaufort House has been depreciated over five years.

##### ***Capital contribution***

Capital contributions are appropriations to reserves and are received from the parent undertaking. Accordingly, such contributions are not taken to the profit and loss account.

##### ***Long term business provision***

The long term business provision is determined by the Appointed Actuary to Credit Suisse Pooled Pensions Limited following his annual investigation of the long term business. The provision represents the amounts credited to the pension deposit accounts of the policyholders of Credit Suisse Pooled Pensions Limited.

##### ***Technical provisions for linked liabilities***

Technical provisions for linked liabilities represent the value of the underlying net assets which are held to meet those liabilities of Credit Suisse Pooled Pensions Limited.

##### ***Premiums***

Premium income is credited to revenue when it becomes due to Credit Suisse Pooled Pensions Limited.

##### ***Claims***

Claims are recognised when the policy or contract to which they relate ceases to participate in the investment linked funds of Credit Suisse Pooled Pensions Limited.

## CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2001

#### 2. EMPLOYEES

An average of 222 people were employed by the Company and its subsidiaries during the year (2000 - 209). All were engaged in investment management activities.

	2001 £000	2000 £000
Wages and salaries	33,708	35,790
Social security costs	2,948	1,969
Pension contributions	1,747	1,374
	<hr/> 38,403	<hr/> 39,133

#### 3. DIRECTORS' REMUNERATION

	2001 £000	2000 £000
Directors' emoluments	3,026	1,012
Amounts receivable under long term incentive schemes	1,664	128
	<hr/> 4,690	<hr/> 1,140

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £3,031,000 (2000: £1,124,000).

#### 4. INTEREST PAYABLE

Interest payable includes amounts payable to fellow subsidiary undertakings of £832,203 (2000: £633,382).

#### 5. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities before taxation in the consolidated profit and loss account is stated after charging:

	2001 £000	2000 £000
Auditors' remuneration	55	55
Auditors' remuneration for non-audit services	109	48
Depreciation	1,678	1,586
	<hr/>	<hr/>

# CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2001

### 6. TAXATION

The taxation credit comprises:

	2001 £000	2000 £000
Over provision in prior years	127	940
UK Corporation tax on income for the year provided at 30% (2000: 30%)	2,384	(234)
Deferred tax (charge)/benefit at 30% (2000: 30%)	(100)	2,879
	<u>2,411</u>	<u>3,585</u>

### 7. INTANGIBLE ASSETS

Group	£000
<b>Cost</b>	
At 1 January 2001	-
Additions	<u>106,219</u>
At 31 December 2001	<u>106,219</u>
<b>Amortisation</b>	
At 1 January 2001	-
Charged in year	<u>(349)</u>
At 31 December 2001	<u>(349)</u>
<b>Net book value at 31 December 2001</b>	<u>105,870</u>

Intangible assets comprise goodwill arising on the acquisition of SLC Asset Management Limited, Sun Life of Canada Unit Managers Limited and SLC Pooled Pensions Limited.

CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2001

8. TANGIBLE FIXED ASSETS

Group	Capital payment	Leasehold improvements	Furniture and equipment	Total
	£000	£000	£000	£000
<b>Cost</b>				
At 1 January 2001	2,040	677	7,818	10,535
Additions	-	87	643	730
Acquisitions	-	4	744	748
31 December 2001	2,040	768	9,205	12,013
<b>Depreciation</b>				
At 1 January 2001	2,040	562	5,656	8,258
Charge for year	-	57	1,621	1,678
31 December 2001	2,040	619	7,277	9,936
<b>Net book value</b>				
At 31 December 2001	-	149	1,928	2,077
At 31 December 2000	-	115	2,162	2,277

CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2001

8. TANGIBLE FIXED ASSETS (continued)

Company	Capital payment	Leasehold improvements	Furniture and equipment	Total
	£000	£000	£000	£000
<b>Cost</b>				
At 1 January 2001	2,040	677	7,818	10,535
Additions	-	87	643	730
At 31 December 2001	2,040	764	8,461	11,265
<b>Depreciation</b>				
At 1 January 2001	2,040	562	5,656	8,258
Charge for year	-	54	1,594	1,648
At 31 December 2001	2,040	616	7,250	9,906
<b>Net book value</b>				
At 31 December 2001	-	148	1,211	1,359
At 31 December 2000	-	115	2,162	2,277

In 1995 the company paid an amount of £2,040,000 in respect of a non-exclusive licence to occupy their current premises of Beaufort House. This was paid to Credit Suisse (UK) Limited, formerly Credit Suisse Asset Management Limited.



# CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2001

### 9. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

Company	£000
Cost at 1 January 2001	27,005
Increase in investment in CSAM Limited	9,000
Acquisitions	123,174
	<hr/>
Cost at 31 December 2001	159,179
	<hr/>

On 7 December 2001, the company acquired the entire issued share capital of the three principal UK asset management subsidiaries of Sun Life of Canada – SLC Asset Management Limited, SLC Pooled Pensions Limited and Sun Life of Canada Unit Managers Limited (see Note 22 for a full list of subsidiaries) for a total consideration of £122m. An additional £1.174m of acquisition cost was added to the acquisition price of £122m.

	Book value £000	Fair value £000
Intangible assets	8,221	8,221
Tangible assets	1,194	753
Current assets	8,378	8,378
Cash	29,107	29,107
Current liabilities	(17,278)	(17,278)
Provisions	(2,506)	(4,006)
	<hr/>	<hr/>
<b>Net asset value</b>	<b>27,116</b>	<b>25,175</b>
	<hr/>	<hr/>

A fair value adjustment has been made in respect of provisions. This relates to a deficit on the pension scheme for which the directors have estimated the shortfall based on advice from actuaries. The directors expect to revise this figure during 2002 when sufficient information will be available to calculate this adjustment accurately.

# CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2001

### 10. ASSETS HELD TO COVER LINKED LIABILITIES

	Group 2001 £000	Company 2001 £000	Group 2000 £000	Company 2000 £000
Investments at cost	<u>884,784</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investments at market value	<u>948,249</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets held to cover linked liabilities	<u>908,566</u>	<u>-</u>	<u>-</u>	<u>-</u>

Of the total net assets held to cover linked liabilities, £438 million (2000: nil) represented managed funds. These are group pension funds which the pooled pension subsidiary administers in its own name but on behalf of others.

### 11. DEBTORS

	Group 2001 £000	Company 2001 £000	Group 2000 £000	Company 2000 £000
Trade debtors	3,774	-	1,141	-
Amounts owed by fellow subsidiary undertakings	24,221	26,329	16,516	19,936
Other debtors	1,254	1,131	2,236	2,236
Prepayments and other accrued income	7,633	69	8,286	567
Deferred taxation	3,638	3,389	3,669	3,444
Corporation tax recoverable	5,685	109	4,641	-
	<u>46,205</u>	<u>31,027</u>	<u>36,489</u>	<u>26,183</u>
Deferred taxation is made up of:				
Accelerated capital allowances	1,153	905	928	703
Deferred compensation	2,485	2,484	2,741	2,741
	<u>3,638</u>	<u>3,389</u>	<u>3,669</u>	<u>3,444</u>

Of the total debtors of £46.2m (Company: £31.0m), approximately £9.2m (Company: £3.5m) is recoverable after one year (2000: Group: £8.3m; Company: £3.4m).

# CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2001

### 12. INVESTMENTS

	Group 2001 £000	Company 2001 £000	Group 2000 £000	Company 2000 £000
Fixed interest securities – listed, at cost	<u>3,365</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fixed interest securities – listed, at market value	<u>3,365</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 13. CREDITORS: amounts falling due within one year

	Group 2001 £000	Company 2001 £000	Group 2000 £000	Company 2000 £000
Trade creditors	2,574	624	37	37
Amounts owed to fellow subsidiary undertakings	88,501	80,071	13,103	2,574
Other creditors	210	-	618	618
Corporation tax payable	2,597	-	3,006	3,006
Accruals and deferred income	29,406	22,708	25,782	24,843
	<u>123,288</u>	<u>103,403</u>	<u>42,546</u>	<u>31,078</u>

# CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2001

### 14. PROVISIONS FOR LIABILITIES AND CHARGES

<b>Group</b>	<b>Pension £000</b>	<b>Restructuring £000</b>	<b>Total £000</b>
Provision charged during year	1,500	5,085	6,585
Balance as at 31 December 2001	1,500	5,085	6,585
<b>Company</b>	<b>Pension £000</b>	<b>Restructuring £000</b>	<b>Total £000</b>
Provision charged during year	-	5,085	5,085
Balance as at 31 December 2001	-	5,085	5,085

#### *Pension*

This relates to a potential deficit on the pension scheme of the former parent in which Credit Suisse Asset Management (UK) Limited participates. The directors have estimated the shortfall based on advice from actuaries and expect to revise this figure during 2002 when sufficient information will be available to calculate this adjustment accurately.

#### *Restructuring*

The restructuring provision covers redundancy costs and property related costs as a result of the acquisition during the year. The redundancies are expected to be completed by the third quarter of 2002.

### 15. SHARE CAPITAL

	<b>2001 £000</b>	<b>2000 £000</b>
<b>Authorised</b>		
20,000,000 ordinary shares of £1 each	20,000	20,000
<b>Allotted, called up and fully paid</b>		
11,006,587 ordinary shares of £1 each	11,007	11,007

**CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 December 2001

**16. COMBINED STATEMENT OF MOVEMENT IN RESERVES AND RECONCILIATION OF EQUITY SHAREHOLDERS' FUNDS**

<b>Group</b>	<b>Share premium account £000</b>	<b>Capital reserve £000</b>	<b>Profit and loss account £000</b>	<b>Total £000</b>
As at 1 January 2001	14,186	17,834	(20,741)	11,279
Loss for the year	-	-	(5,913)	(5,913)
Capital contribution	-	52,000	-	52,000

<b>As at 31 December 2001</b>	<b>14,186</b>	<b>69,834</b>	<b>(26,654)</b>	<b>57,366</b>
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<b>Company</b>	<b>Share premium account £000</b>	<b>Capital reserve £000</b>	<b>Profit and loss account £000</b>	<b>Total £000</b>
As at 1 January 2001	14,186	16,000	(1,122)	29,064
Loss for the year	-	-	(3,874)	(3,874)
Capital contribution	-	52,000	-	52,000

<b>As at 31 December 2001</b>	<b>14,186</b>	<b>68,000</b>	<b>(4,996)</b>	<b>77,190</b>
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Capital reserves are considered to constitute distributable reserves. Accordingly, distributable reserves of the company at 31 December 2001 were £63.0m (2000: £14.9m).

	<b>Group 2001 £000</b>	<b>Company 2001 £000</b>	<b>Group 2000 £000</b>	<b>Company 2000 £000</b>
As at 1 January 2001	22,286	40,071	12,502	26,278
Loss for the year	(5,913)	(3,874)	(4,216)	(207)
New share capital	-	-	14,000	14,000
Capital contribution	52,000	52,000	-	-
<b>As at 31 December 2001</b>	<b>68,373</b>	<b>88,197</b>	<b>22,286</b>	<b>40,071</b>

## CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2001

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#### 17. COMPANY PROFIT AND LOSS ACCOUNT

The company has not presented its own profit and loss account as permitted by Section 230 of the Companies Act 1985. The company made a loss of £3.9m (2000: £0.2m loss) during the financial year.

#### 18. PENSION SCHEME

##### *CSAM (UK) Holding Limited*

CSAM's employees and seconded staff participate in a number of funded pension schemes operated by the parent company or fellow subsidiary undertakings throughout the world. The total pension cost for 2001 for staff of CSAM (UK) Holding Limited relating to employees in the UK is £1.7m (2000: £1.2m). This is split between £ 1.3m (2000: £1.0m) for defined contribution schemes and £0.4m (2000: £0.2m) for defined benefit schemes. The pension cost for employees who are members of overseas plans is included in periodic management charges from the companies concerned and is included in intercompany charges.

The Credit Suisse Group (UK) Pension Fund ("the Fund") provides benefits on both a final salary and money purchase basis. The Fund is operated through a fellow subsidiary undertaking, Credit Suisse First Boston (Europe) Limited. The Fund is administered by a Corporate Trustee, whose directors are Directors of Credit Suisse First Boston Trustees Limited. During the year, they were advised by William M Mercer Limited who also act as actuaries.

The Fund's assets for the final salary section are managed by Schroder Investment Management Limited and Credit Suisse Asset Management Limited. It is not possible to identify CSAM's share of the assets and liabilities of the scheme and therefore it has been treated as a defined contribution scheme for the purposes of financial reporting requirements.

An actuarial valuation is performed every three years and the latest valuation was performed as at 31 December 1999. The results of this valuation, which was performed using the "projected unit" funding method, showed that the assets of the final salary sections amounted to £251.3m and were sufficient to secure 102% of the liabilities of these sections based on projected accrued assets and Final Pensionable Salaries. The main actuarial assumptions used were an investment rate of return of 6.75% per annum pre-retirement / 5.25% per annum post retirement, an increase in salaries of 4.75% per annum and an increase in present and future pensions at the rate of 3% per annum (5% for certain employees). The actuaries concluded that the Fund continued to be in a sound financial position.

In accordance with the results of the valuation, employers' contributions were paid at a rate of 15% of members' Pensionable Salaries. These rates are the same as those paid during 2000.

The pension cost relating to overseas schemes is determined in accordance with local best practice and the regulations of the country concerned. Overseas schemes had sufficient assets to meet the accrued benefits due as of the most recent valuation or were funded at the contribution rate determined by the scheme rules.

## CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2001

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#### 18. PENSION SCHEME (continued)

##### *Companies acquired during the year*

Pension arrangements for employees are provided under the Sun Life of Canada 1988 UK and Irish Employee Benefits Scheme which consists of a defined benefits plan and a number of defined contribution plans.

The total pension cost for 2001 relating to employees of the acquired companies (from the date of acquisition up to 31 December 2001) was £51,281. This is split between £4,259 for defined contribution schemes and £47,072 for defined benefit schemes.

The fund's assets for the final salary section are managed by Credit Suisse Asset Management (UK) Limited (formerly SLC Asset Management Limited). It is not possible to identify the companies' share of the assets and liabilities of the scheme and therefore it has been treated as a defined contribution scheme for the purposes of financial reporting requirements.

The latest valuation of the scheme was performed as at 31 December 2000. The results of this valuation, which was performed using the "projected unit" funding method, showed that the assets of the final salary sections amounted to £247.1m and were sufficient to secure 106% of the liabilities of these sections. The main actuarial assumptions used were an interest rate of 5% per annum for pensioner, 5.75% per annum for all other members, salary increases of 4.75% per annum and an escalation of pensions and of the State Upper Earnings Limit of 2.75% per annum.

#### 19. OPERATING LEASE COMMITMENTS AND CONTINGENT LIABILITY

At 31 December 2001 one of the company's subsidiaries had a contingent liability in respect of an operating lease.

The lease is in respect of the subsidiary's former premises at 8 Hill Street, Mayfair, London W1. These premises were vacated in December 1999 and let under a subtenant's agreement in 2000. The subtenant is now responsible for lease payments. In the event of default by the subtenant, the subsidiary would be responsible for paying the rent under the remaining term of the lease. The total contingent liability on the subsidiary could therefore be an annual rent of £285,000 for a further three years ie £855,000. However, the Directors are of the opinion that the premises at Hill Street are very marketable, and, in the unlikely event of default by the subtenant, a new tenant could be found rapidly.

The operating lease is guaranteed by the former UK parent company, Sun Life of Canada UK Holdings plc, although the Company is under an obligation to use its reasonable endeavours to procure release of this guarantee.

#### 20. RELATED PARTY TRANSACTIONS

The following is a related party transaction in respect of a non-group company:

During the year investment management fees of £49,000 (2000: £1,699,096) were receivable from the Central European Growth Fund plc (in liquidation) by one of the company's subsidiary undertakings. There was no debtor balance at year end (2000: nil).

## **CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)** **for the year ended 31 December 2001**

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#### **21. PARENT AND ULTIMATE HOLDING COMPANY**

The company is a subsidiary of Credit Suisse First Boston AG, a company incorporated in the Canton of Zurich, Switzerland. The accounts of Credit Suisse First Boston AG are available from its head office which is at Uetlibergstrasse 231, Zurich. The largest group in which the results of the company are consolidated is that headed by Credit Suisse Group, which is incorporated in the Canton of Zurich, Switzerland. The smallest group in which they are consolidated is that headed by Credit Suisse First Boston AG. Financial statements for Credit Suisse Group can be obtained from its head office at Paradeplatz 8, Zurich, Switzerland.

#### **22. SUBSIDIARY COMPANIES**

The principal activities of the Company's subsidiary undertakings, which are all wholly owned and incorporated in England and Wales, are as follows:

##### **Direct Subsidiaries**

Credit Suisse Asset Management Limited	Provision of asset management services
Credit Suisse Asset Management (UK) Limited (formerly SLC Asset Management Limited)	Provision of asset management services
Credit Suisse Asset Management Unit Managers Limited (formerly Sun Life of Canada Unit Managers Limited)	Management of Open Ended Investment Companies and Unit Trusts
Credit Suisse Pooled Pensions Limited (formerly SLC Pooled Pensions Limited)	Provision of pooled Corporate Pensions business



## CREDIT SUISSE ASSET MANAGEMENT (UK) HOLDING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2001

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#### 22. SUBSIDIARY COMPANIES (continued)

##### Indirect Subsidiaries

Credit Suisse Property Investment Management Limited (formerly Langbourn Property Investment Services Limited)	Provision of specialist property asset management and consultancy services
Zygo Corporate Investment Solutions Limited	Dormant
Zygo Corporate Pension Investment Solutions Limited	Dormant
Zygo Corporate Pension Solutions Limited	Dormant
Zygo Investment Solutions Limited	Dormant
Zygo Personal Investment Solutions Limited	Dormant
Zygo Property Investment Solutions Limited	Dormant
Zygo Unit Managers Limited	Dormant
Credit Suisse Property Financial Services Limited (formerly Langbourn Financial Services Limited)	Provision of financial, investment and advisory services
Broad Street Mall Limited	Provision of property management services to a limited partnership
Buckingham Estate (General Partner) Limited	Provision of property management services to a limited partnership
Courts Nominees Limited	Provision of nominee services
Eagle Nominees Limited	Provision of nominee services
Mare Nominees Limited	Provision of nominee services
Credit Suisse Property Investment Nominees (No. 1) Limited (formerly SLC Langbourn Nominees (No. 1) Limited)	Provision of nominee services
Credit Suisse Property Investment Nominees (No. 2) Limited (formerly SLC Langbourn Nominees (No. 2) Limited)	Provision of nominee services