

3045295

**Credit Suisse Asset Management (UK) Holding  
Limited**

**Directors' report and financial  
statements**

Registered number 3045295

31 December 2000



## **Directors' report and financial statements**

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## Directors' report

The directors submit their report and the audited financial statements for the year ended 31 December 2000.

### Principal activities

The principal activity of the company is that of a holding company. The company's subsidiary provides global investment management for institutional clients.

### Review of business and future prospects

Funds under management increased from \$34.3 billion to \$34.9 billion during the year. London continued to be a major centre for global investment management within the Credit Suisse Group.

The company's subsidiary expects to expand its business during 2001.

### Results and dividends

The results of the group for the year are set out in detail on page 5. No dividend was paid during the year (1999: £7.281 million).

### Directors and directors' interests

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

PM Colebatch	(Chairman)
The Rt. Hon. Lord Moore PC	(resigned 16 April 2000)
J Gallagher	

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.

### Charitable donations

In the course of the year, the company made no political or charitable donations.

### Auditors

KPMG Audit Plc have signified their willingness to continue in office and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

By order of the board



PM COLEBATCH

Beaufort House  
15 St. Botolph Street  
London  
EC3A 7JJ

17 October 2001

## 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 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; 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.



KPMG Audit Plc

PO Box 695  
8 Salisbury Square  
London EC4Y 8BB

## **Report of the auditors to the members of Credit Suisse Asset Management (UK) Holding Limited**

We have audited the financial statements on pages 4 to 14.

### **Respective responsibilities of directors and auditors**

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 group 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 group'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 affairs of the company and the group as at 31 December 2000 and of the result of the group 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 October 2001

**Consolidated profit and loss account**  
*for the year ended 31 December 2000*

	<i>Note</i>	<b>2000</b> <b>£000</b>	<b>1999</b> <b>£000</b>
<b>Turnover</b>		<b>59,069</b>	<b>44,333</b>
Administrative expenses		(66,724)	(58,576)
<b>Operating loss before interest</b>		<b>(7,655)</b>	<b>(14,243)</b>
Interest receivable and similar income		488	447
Interest payable	4	(634)	(214)
<b>Loss on ordinary activities before taxation</b>	5	<b>(7,801)</b>	<b>(14,010)</b>
Tax credit on ordinary activities	6	3,585	97
<b>Loss on ordinary activities after taxation</b>		<b>(4,216)</b>	<b>(13,913)</b>
Dividends paid during year		-	(7,281)
<b>Retained loss for the year</b>		<b>(4,216)</b>	<b>(21,194)</b>

There are no recognised gains or losses for the current financial year (1999: £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 an historical cost basis.

The result for the year is derived entirely from continuing operations.

The notes on pages 7 to 14 form an integral part of these financial statements.

**Consolidated balance sheet**  
*at 31 December 2000*

	<i>Note</i>	<b>2000</b> <b>£000</b>	<b>1999</b> <b>£000</b>
<b>Fixed assets</b>			
Tangible assets	7	2,277	3,076
Investments	8	-	12
		<hr/>	<hr/>
		2,277	3,088
<b>Current assets</b>			
Debtors	9	36,489	26,531
Cash at bank		26,066	17,324
		<hr/>	<hr/>
		62,555	43,855
<b>Creditors: amounts falling due within one year</b>	10	<b>(42,546)</b>	<b>(34,441)</b>
		<hr/>	<hr/>
<b>Net current assets</b>		<b>20,009</b>	<b>9,414</b>
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>22,286</b>	<b>12,502</b>
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	11	11,007	11,005
Share premium account	12	14,186	187
Capital reserve	12	17,834	17,835
Profit and loss account	12	(20,741)	(16,525)
		<hr/>	<hr/>
<b>Shareholders' funds (equity interests)</b>	13	<b>22,286</b>	<b>12,502</b>
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 17 October 2001 and were signed on its behalf by:



P.M. COLEBATCH

**Company balance sheet**  
*at 31 December 2000*

	<i>Note</i>	<b>2000</b> <b>£000</b>	<b>1999</b> <b>£000</b>
<b>Fixed assets</b>			
Tangible assets	7	2,277	3,076
Investments	8	27,005	22,005
		<hr/>	<hr/>
		29,282	25,081
<b>Current assets</b>			
Debtors	9	26,184	10,715
Cash at bank		15,683	1,182
		<hr/>	<hr/>
		41,867	11,897
<b>Creditors: amounts falling due within one year</b>	10	(31,078)	(10,701)
		<hr/>	<hr/>
<b>Net current assets</b>		10,789	1,196
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		40,071	26,277
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	11	11,007	11,005
Share premium account	12	14,186	187
Capital reserve	12	16,000	16,000
Profit and loss account	12	(1,122)	(915)
		<hr/>	<hr/>
<b>Shareholders' funds (equity interests)</b>	13	40,071	26,277
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 17 October 2001 and were signed on its behalf by:

  
 J. HALLAGHER



## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

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

The following accounting policies have been adopted:

#### *Basis of consolidation*

The group's financial statements consolidate the accounts of the company and its subsidiary.

#### *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.

#### *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 the company on behalf of other entities within the Credit Suisse Group.

#### *Deferred taxation*

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.

#### *Fixed asset investments*

Fixed asset investments are valued at the lower of cost and market value.

#### *Depreciation*

Depreciation is 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 economic 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.

## Notes (continued)

### 1 Accounting policies (continued)

#### *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 party transactions*

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.

### 2 Employees

	2000 £000	1999 £000
Wages and salaries	22,561	22,186
Social Security costs	1,655	1,460
Pension contributions	1,176	1,345
	<hr/> 25,392 <hr/>	<hr/> 24,991 <hr/>

The average number of employees of the company's subsidiary company in the year was 209 (1999: 238) all of whom were engaged in investment management activities.

### 3 Directors' emoluments

	2000 £000	1999 £000
Directors' emoluments	15	55
Company contributions to money purchase schemes	<hr/> - <hr/>	<hr/> - <hr/>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £15,000 (1999: £55,000). He is a member of a defined contribution scheme.

## Notes (continued)

### 3 Directors' emoluments (continued)

Retirement benefits are accruing to the following number of directors under:

	Number of directors	
	2000	1999
Money purchase schemes	1	1

### 4 Interest payable

Interest payable includes amounts payable to a fellow subsidiary undertaking of £633,750 (1999: £214,382).

### 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:

	2000 £000	1999 £000
Auditors' remuneration (company £5,000)	180	45
Auditors' remuneration for non-audit services (company £nil)	48	855
Depreciation	1,586	1,755
Directors' emoluments	15	55

### 6 Taxation

The taxation credit comprises:

	2000 £000	1999 £000
Over provision in prior years	940	-
UK corporation tax on income for the year provided at 30% (1999: 30.25%)	(234)	120
Deferred tax charge/(benefit) at 30% (1999:30%)	2,879	(23)
	3,585	97

## Notes (continued)

### 7 Tangible fixed assets

Group and Company	Capital payment	Leasehold improvements	Furniture and equipment	Total
	£000	£000	£000	£000
<b>Cost</b>				
At beginning of year	2,040	667	6,956	9,663
Additions	-	10	878	888
Disposals	-	-	(16)	(16)
At end of year	2,040	677	7,818	10,535
<b>Depreciation</b>				
At beginning of year	2,040	511	4,036	6,587
Charge for year	-	51	1,628	1,679
Disposals	-	-	(8)	(8)
At end of year	2,040	562	5,656	8,258
<b>Net book value</b>				
At 31 December 2000	-	115	2,162	2,277
At 31 December 1999	-	156	2,920	3,076

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.

### 8 Fixed asset investments

The fixed asset investment of £12,000 in the group balance sheet comprises the 49,998 redeemable preference shares of £1 each (25p called up and paid) issued by Central European Growth Fund Plc was redeemed during the year.

Company	2000 £000	1999 £000
Cost at 31 December	27,005	22,005

Fixed asset investments in the company balance sheet represent a 100% interest in the ordinary share capital of Credit Suisse Asset Management Limited, a company registered in England and Wales. The subsidiary undertaking provides global investment management for institutional clients.

The net asset value of Credit Suisse Asset Management Limited at 31 December 2000 was £9,220,000. The directors are of the opinion that the market value of the subsidiary is in excess of the cost of the investment.

## Notes (continued)

### 9 Debtors

	Group 2000 £000	Company 2000 £000	Group 1999 £000	Company 1999 £000
Trade debtors	1,141	-	5,353	-
Amounts owed by fellow subsidiary undertakings	16,516	19,936	10,561	8,530
Other debtors	2,236	2,236	2,492	1,497
Prepayments and accrued income	8,286	567	6,394	469
Deferred taxation	3,669	3,444	219	219
Corporation tax recoverable	4,641	-	1,512	-
	<u>36,489</u>	<u>26,183</u>	<u>26,531</u>	<u>10,715</u>
	Group 2000 £000	Company 2000 £000	Group 1999 £000	Company 1999 £000
Deferred taxation is made up of:				
Accelerated capital allowances	928	703	219	219
Deferred compensation	2,741	2,741	-	-
	<u>3,669</u>	<u>3,444</u>	<u>219</u>	<u>219</u>

### 10 Creditors: amounts falling due within one year

	Group 2000 £000	Company 2000 £000	Group 1999 £000	Company 1999 £000
Trade creditors	37	37	-	-
Amounts owed to fellow subsidiary undertakings	13,103	2,574	13,402	708
Other creditors	618	618	880	880
Corporation tax payable	3,006	3,006	170	170
Accruals and deferred income	25,782	24,843	19,989	8,943
	<u>42,546</u>	<u>31,078</u>	<u>34,441</u>	<u>10,701</u>

## Notes (continued)

### 11 Share capital

	2000 £000	1999 £000
<i>Authorised</i>		
20,000,000 ordinary shares of £1 each	20,000	20,000
<i>Allotted, called up and fully paid</i>		
11,006,587 ordinary shares of £1 each	11,007	11,005

### 12 Statement of movement on reserves

Group	Share premium account £000	Capital reserve £000	Profit and loss account £000	Total £000
Balance at 31 December 1999	187	17,834	(16,525)	1,496
Loss for the year	-	-	(4,216)	(4,216)
New share capital	13,999	-	-	13,999
<b>Balance at 31 December 2000</b>	<b>14,186</b>	<b>17,834</b>	<b>(20,741)</b>	<b>11,279</b>

  

Company	Share premium account £000	Capital reserve £000	Profit and loss account £000	Total £000
Balance at 31 December 1999	187	16,000	(915)	15,272
Loss for the year	-	-	(207)	(207)
New share capital	13,999	-	-	13,999
<b>Balance at 31 December 2000</b>	<b>14,186</b>	<b>16,000</b>	<b>(1,122)</b>	<b>29,064</b>

Capital reserves are considered to constitute distributable reserves. Accordingly, distributable reserves of the company at 31 December 2000 were £14,880,000 (1999: £15,085,000).

### 13 Reconciliation of movement in shareholders' funds

	Group 2000 £000	Company 2000 £000	Group 1999 £000	Company 1999 £000
Opening shareholders' funds	12,502	26,278	17,696	10,411
Loss for the year	(4,216)	(207)	(21,194)	(134)
New share capital	14,000	14,000	-	-
Capital contribution	-	-	16,000	16,000
<b>Closing shareholders' funds</b>	<b>22,286</b>	<b>40,071</b>	<b>12,502</b>	<b>26,277</b>

## Notes (continued)

### 14 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 incurred a loss of £206,612 (1999: loss £134,000) during the financial year.

### 15 Pension scheme

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 2000 for CSAM relating to employees in the UK is £1.2 million (1999: £1.2 million). This is split between £1,043,000 for defined contribution schemes and £157,000 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 staff costs.

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.

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 unite" funding method, showed that the assets of the final salary sections amounted to £251.3 million 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 1999.

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.

### 16 Related party transactions

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

During the year investment management fees of £1,699,096 (1999: £1,459,618) were receivable from Central European Growth Fund Plc by the company's subsidiary undertaking. There was no debtor balance at year end (1999: £446,429).

## Notes (continued)

### 17 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 ultimate parent undertaking is Credit Suisse Group which is incorporated in the canton of Zurich, Switzerland and whose accounts are available to the public at its head office at Paradeplatz 8, Zurich.