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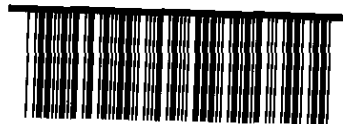
# **CHARTERHOUSE FINANCE CORPORATION LIMITED**

**REGISTERED NUMBER 19600**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2001**

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COMPANIES HOUSE 14/05/02

# **CHARTERHOUSE FINANCE CORPORATION LIMITED**

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## **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2001**

### **Principal activities**

The Company, throughout the year, acted as an investment company in overseas companies by direct investment or through managed funds. No change in the Company's activities is anticipated.

### **Results and dividends**

The Company made a loss on its ordinary activities before taxation during the year under review of £987,000 (2000: profit of £1,601,000) resulting in a profit on its ordinary activities after taxation for the year of £220,000 (2000: £1,454,000).

An interim dividend of £1,204,308.18 is payable for the year ended 31 December 2001 (2000: £2,200,000).

### **Review of the business**

Following a Management Buy-out of the Company's immediate parent undertaking, Charterhouse Development Capital Holdings Limited, on 19 June 2001, the Company became a direct wholly owned subsidiary of CCF Charterhouse Limited.

### **Directors**

The Directors who served during the year were as follows:

T R Plant	resigned 20.06.01
A R May	
I C Cotterill	appointed 20.06.01
R W Dix	appointed 20.06.01
S J Glass	appointed 23.08.01
J G Bonnyman	resigned 20.6.01

### **Directors' interests**

As at 31 December 2001, there were no interests in the shares of the Company or in the securities of any other company in the group of which it is a member, required to be disclosed under the Companies Act 1985.

### **Supplier payment policy**

The Company subscribes to the Better Payment Practice Code, the four principles of which are: to agree payment terms at the outset and stick to them; to explain payment procedures to suppliers; to pay bills in accordance with any contract agreed with the supplier or as required by law; and to tell suppliers without delay when an invoice is contested and settle disputes quickly. Copies of, and information about, the Code is available from: The Department of Trade and Industry, No. 1 Victoria Street, London SW1H 0ET.

It is company practice to organise payment to its suppliers through a central purchasing unit operated by HSBC Bank plc, an intermediate parent undertaking. The payment performance of this unit is incorporated within the results of that company.

## **CHARTERHOUSE FINANCE CORPORATION LIMITED**

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### **Statement of Directors' responsibilities in relation to financial statements**

The Directors are required by the Companies Act 1985 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 for the financial year. The Directors are required to prepare these financial statements on the going concern basis unless it is not appropriate. Since the Directors are satisfied that the Company has the resources to continue in business for the foreseeable future, the financial statements continue to be prepared on the going concern basis.

The Directors consider that in preparing the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and that all accounting standards which they consider to be applicable have been followed.


The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors 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.

### **Valuation of unlisted investments**

The accounting policy of the Company, as highlighted in Note 1 to the Accounts, is to value unlisted investments at the lower of cost and Directors' valuation. At the balance sheet date, the Directors have valued unlisted investments with a carrying value of £10,080,000 (2000: £10,209,000) to be £10,164,000 (2000: £12,275,000).

By order of the board



N S Black  
Secretary

Date: 27 February 2002

Registered Office:  
55 Basinghall Street  
London  
EC2V 5HD

# **CHARTERHOUSE FINANCE CORPORATION LIMITED**

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## **REPORT OF THE AUDITORS, KPMG AUDIT PLC, TO THE MEMBERS OF CHARTERHOUSE FINANCE CORPORATION LIMITED**

We have audited the accounts on pages 4 to 10

### **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 our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

### **Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. 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 2001 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 and Registered Auditor  
8 Salisbury Square  
London EC4Y 8BB

**27** February 2002

# **CHARTERHOUSE FINANCE CORPORATION LIMITED**

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

	Notes	2001 £000	2000 £000
Turnover	2	(972)	1,101
Administrative expenses		(125)	-
<b>Operating (loss)/profit</b>		<b>(1,097)</b>	<b>1,101</b>
Dividends receivable from subsidiary undertaking		-	500
Profit on disposal of subsidiary undertaking	7	71	-
Interest receivable and similar income	3	39	-
<b>(Loss)/profit on ordinary activities before taxation</b>	4	<b>(987)</b>	<b>1,601</b>
Taxation on profit on ordinary activities	5	1,207	(147)
<b>Profit on ordinary activities after taxation</b>		<b>220</b>	<b>1,454</b>
Equity dividends proposed/paid	6	(1,204)	(2,200)
<b>Retained loss for the year</b>	13	<b>(984)</b>	<b>(746)</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 (loss)/profit on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents.

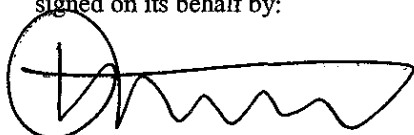
The investment income and operating loss of the Company are derived entirely from continuing operations.

# CHARTERHOUSE FINANCE CORPORATION LIMITED

## BALANCE SHEET at 31 December 2001

	Notes	2001 £000	2000 £000
<b>Fixed assets</b>			
Investments in subsidiary undertakings	7	-	200
Other investments	8	10,080	10,209
		<u>10,080</u>	<u>10,409</u>
<b>Current assets</b>			
Taxation recoverable		1,160	-
Deferred taxation recoverable	9	-	31
Cash at bank	10	1,132	-
		<u>2,292</u>	<u>31</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(4,872)</u>	<u>(1,956)</u>
<b>Net current liabilities</b>		<u>(2,580)</u>	<u>(1,925)</u>
<b>Total assets less current liabilities</b>		<u>7,500</u>	<u>8,484</u>
<b>Capital and reserves</b>			
Called up share capital	12	7,500	7,500
Profit and loss account	13	-	984
<b>Total shareholders' funds</b>	14	<u>7,500</u>	<u>8,484</u>

The financial statements on pages 4 to 10 were approved by the Board of Directors on 27 February 2002 and were signed on its behalf by:



Director

For and on behalf of Charterhouse Finance Corporation Limited.

**NOTES TO THE FINANCIAL STATEMENTS**  
**at 31 December 2001**

**1. Accounting policies**

**(a) Basis of accounting**

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

The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

**(b) Cash flow statement**

Under Financial Reporting Standard No. 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

**(c) Income**

Income is accounted for on an accruals basis with the exception of dividends and realisation profits which are credited to income as received.

**(d) Foreign currencies**

Assets and liabilities in foreign currencies are expressed in sterling at the rate of exchange ruling at the accounting date except for foreign assets financed in sterling which are expressed at the sterling cost of currency used for the purchase. Exchange gains and losses are taken to the profit and loss account.

Where foreign currency borrowings are used to provide a hedge against foreign equity investments, exchange gains and losses arising on the foreign exchange borrowings are taken to reserves and offset against exchange differences arising from the re-translation of investments.

**(e) Investments**

Listed investments are stated individually at the lower of cost and market value 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. Unlisted investments are stated at the lower of cost less amounts written off and Directors' valuation.

**(f) Deferred taxation**

Provision is 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 will arise in the foreseeable future.

**(g) Turnover**

Turnover represents dividends receivable from other investments together with the realisations on the disposal of those investments.

**2. Turnover**

	<b>2001</b>	<b>2000</b>
	<b>£000</b>	<b>£000</b>
Dividends receivable	147	44
Profit on disposal of investments	693	2,228
Loss on disposal of investments	(1,812)	-
Charge of provisions	-	(1,171)
	<b>(972)</b>	<b>1,101</b>

# CHARTERHOUSE FINANCE CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2001 (continued)

<b>3.</b>	<b>Interest receivable and similar income</b>	<b>2001 £000</b>	<b>2000 £000</b>
	Interest receivable on bank deposits with an intermediate Parent undertaking	4	-
	Other	35	-
		<u>39</u>	<u>-</u>
<b>4.</b>	<b>(Loss)/profit on ordinary activities before taxation</b>	<b>2001 £000</b>	<b>2000 £000</b>
	(Loss)/profit on ordinary activities before taxation is stated after charging:		
	Management fees	119	-
	Exchange loss	6	-
		<u>125</u>	<u>-</u>
Auditors' remuneration has been borne by the immediate parent undertaking. All other administrative expenses have been borne by a fellow subsidiary undertaking.			
The Director's emoluments are borne by a fellow subsidiary undertaking and the immediate parent undertaking. It is not practicable to allocate costs to Charterhouse Finance Corporation Limited for the services performed by the Directors in relation to the Company.			
<b>5.</b>	<b>Taxation on profit on ordinary activities</b>	<b>2001 £000</b>	<b>2000 £000</b>
	UK corporation tax @ 30% (2000: 30%)	788	(90)
	Corporation tax prior year adjustment	466	43
	Deferred taxation	(31)	(100)
		<u>1,223</u>	<u>(147)</u>
	Less double taxation relief	-	5
		<u>1,223</u>	<u>(142)</u>
	Overseas tax on dividends received	(16)	(5)
		<u>1,207</u>	<u>(147)</u>
<b>6.</b>	<b>Equity dividends proposed/paid</b>	<b>2001 £000</b>	<b>2000 £000</b>
	Interim dividend paid £nil per share (2000: 29p per share)	-	(2,200)
	Interim dividend proposed of 16p per share (2000: £nil)	(1,204)	-
		<u>(1,204)</u>	<u>(2,200)</u>



# CHARTERHOUSE FINANCE CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2001 (continued)

7. Investment in subsidiary undertakings	Equity £000	Loans £000	Total £000
At 1 January 2001	40	160	200
Loan repayment	-	(160)	(160)
Disposal	(40)	-	(40)
At 31 December 2001	-	-	-

Name of Undertaking	Shareholding %	Business
Mezzanine Capital Corporation Limited	100	Dormant

On 19 June 2001, the Company sold its interest in Charterhouse European Managers Limited. The following summarises the profit on sale:

	£000
Consideration received in cash	111
Cost of investment in subsidiary undertaking	(40)
Profit on sale	71

8. Other investments	Unlisted			Totals £000
	Ordinary £000	Preference £000	Loans £000	
<b>At Cost</b>				
1 January 2001	13,004	287	430	13,721
Additions	1,897	-	-	1,897
Disposals	(859)	-	(10)	(869)
Write-offs	(3,927)	-	-	(3,927)
Foreign exchange	285	8	-	293
31 December 2001	10,400	295	420	11,115
<b>Provisions</b>				
1 January 2001	(2,795)	(287)	(430)	(3,512)
Eliminated on disposal	412	-	10	422
Eliminated on write-off	2,115	-	-	2,115
Foreign exchange	(52)	(8)	-	(60)
31 December 2001	(320)	(295)	(420)	(1,035)
<b>Net book value</b>				
31 December 2001	10,080	-	-	10,080
31 December 2000	10,209	-	-	10,209

The Directors are of the opinion that the number of undertakings in respect of which the Company is required to disclose information under Schedule 5 of the Companies Act 1985 is such that compliance would result in information of excessive length being given. Full information will be annexed to the Company's next annual return.

# CHARTERHOUSE FINANCE CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2001 (continued)

<b>9. Deferred taxation recoverable</b>	<b>2001 £000</b>	<b>2000 £000</b>
At 1 January 2001	31	131
Deferred tax balance released during the year	(31)	(100)
At 31 December 2001	-	31
<b>10. Cash at bank</b>	<b>2001 £000</b>	<b>2000 £000</b>
Deposit held with an intermediate parent undertaking	1,132	-
<b>11. Creditors: amounts falling due within one year</b>	<b>2001 £000</b>	<b>2000 £000</b>
Amounts due to a fellow subsidiary undertaking	3,143	1,411
Taxation payable	525	545
Dividends payable	1,204	-
	4,872	1,956
Amounts due to the fellow subsidiary undertaking are unsecured, interest free and with no fixed terms of repayment.		
<b>12. Share capital</b>	<b>2001 £000</b>	<b>2000 £000</b>
Authorised, allotted, called up and fully paid 7,500,000 Ordinary shares of £1 each	7,500	7,500
<b>13. Profit and loss account</b>	<b>£</b>	
Balance at 1 January 2001	984	
Retained loss for the year	(984)	
Balance at 31 December 2001	-	
<b>14. Reconciliation of movements in shareholder's funds</b>	<b>£</b>	
Balance at 1 January 2001	8,484	
Retained loss for the year	(984)	
Shareholder's funds at 31 December 2001	7,500	
<b>15. Capital commitments</b>		
The Company had contracted capital commitments in respect of investments amounting to £4,725,161 (2000: £6,104,365).		

**NOTES TO THE FINANCIAL STATEMENTS  
at 31 December 2001 (continued)**

**16. Related party transactions**

Under the terms of Financial Reporting Standard No. 8 Related Party Disclosures 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.

There is a contract in place between the Company and Charterhouse Development Capital Limited ("CDC") which, for the period 19 June 2001 and 31 December 2002, provides for administration and monitoring services to be provided for by CDC to this and other group companies for a payment of £6,500 per month. The condition of the contract is that the services are to be provided for by A R May who is a Director of the Company, no other payment is made to A R May in respect of these services.

**17. Ultimate parent undertaking**

The Company's immediate parent undertaking is CCF Charterhouse Limited, which is incorporated in England.

The Company's ultimate controlling party as defined under Financial Reporting Standard 8 "Related Party Disclosures" (FRS 8) is HSBC Holdings plc, which is incorporated in England. The Company is controlled, as defined in FRS 8, by CCF Charterhouse Limited.

The smallest and largest groups in which the financial statements of the Company are consolidated are Crédit Commercial de France SA and HSBC Holdings plc respectively.

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

The consolidated financial statements of HSBC Holdings plc are available to the public and may be obtained from HSBC Holdings plc, Group Corporate Affairs, 10 Lower Thames Street, London, EC3R 6AE.