

BROADGATE INVESTMENT MANAGEMENT LIMITED
(Registered number 2379632)

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 1996



BROADGATE INVESTMENT MANAGEMENT LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 1996

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BROADGATE INVESTMENT MANAGEMENT LIMITED

Directors' Report

The directors present their report and the financial statements for the year ended 31 December 1996.

1. Activities

The Company's principal activity is investment management.

2. Review of the business and future developments

Both the level of business during the year and the financial position at the end of the year were satisfactory. The results for the year are set out in the profit and loss account on page 5 of the financial statements. A profit of £168,000 (1995:loss £109,000) has been transferred to reserves.

The Company's current activity is expected to continue for the foreseeable future.

3. Directors

The directors of the Company during the year ended 31 December 1996 or at the date of this report were:

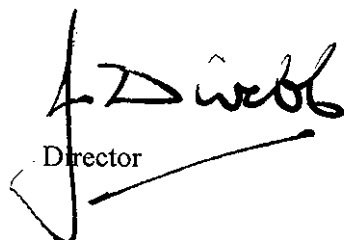
J L J Kenneally
J D Webb

None of the directors had any beneficial or other interests requiring disclosure under the Companies Act 1985 in the shares of the Company or the shares of any subsidiary company in the ABN AMRO Hoare Govett UK Holdings Limited Group.

4. Dividend

The directors do not recommend the payment of a dividend (1995:£nil).

Approved by the Board and signed on its behalf


Director

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BROADGATE INVESTMENT MANAGEMENT LIMITED

REPORT OF THE AUDITORS, ERNST & YOUNG TO THE MEMBERS OF BROADGATE INVESTMENT MANAGEMENT LIMITED

We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the Company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

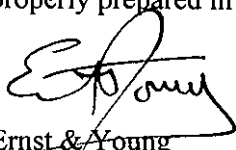
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all 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 as at 31 December 1996 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants

Registered Auditor

28 APR 1997

BROADGATE INVESTMENT MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1996

	Notes	1996 £'000	1995 £'000
Turnover	2	2,373	1,736
Administrative expenses	3	<u>(2,315)</u>	<u>(1,855)</u>
Profit/(loss) on ordinary activities before taxation		58	(119)
Tax on profit/(loss) on ordinary activities	6	<u>110</u>	<u>10</u>
Retained profit/(loss) for the financial year		<u>168</u>	<u>(109)</u>

The above profit and loss account also represents the Company's statement of total recognised gains and losses as required by Financial Reporting Standard 3.

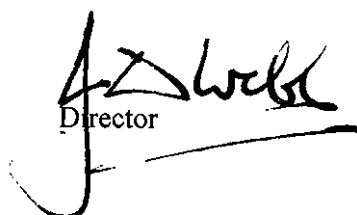
The notes on pages 7 to 10 form an integral part of these financial statements.

BROADGATE INVESTMENT MANAGEMENT LIMITED

BALANCE SHEET AT 31 DECEMBER 1996

	Notes	1996 £'000	1995 £'000
Current Assets			
Debtors	7	1,458	1,138
Creditors: amounts falling due within one year	8	<u>(872)</u>	<u>(720)</u>
Net Current Assets		<u>586</u>	<u>418</u>
Capital and Reserves			
Called up share capital	9	1,000	1,000
Profit and loss account	10	<u>(414)</u>	<u>(582)</u>
		<u>586</u>	<u>418</u>

The financial statements were approved by the Board of Directors on 22 April 1997 and signed on its behalf by:


Director

BROADGATE INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1996

1. *Principal accounting policies*

The financial statements are prepared in accordance with applicable accounting standards.

(a) *Basis of preparation*

The financial statements have been prepared in accordance with the historical cost convention.

(b) *Management fees*

Management fees are recognised on an accruals basis. Fees received on the establishment of a fund are amortised over the period in which the related set up costs are incurred.

(c) *Cash Flow Statement*

A Cash Flow Statement has not been prepared because all the Company's voting rights are controlled by ABN AMRO Holding NV which produces publicly available consolidated financial statements in which the Company is included.

(d) *Related Party Transactions*

The Company has taken advantage of the exemption in Financial Reporting Standard 8 from disclosing transactions with related parties which are part of the group.

2. *Turnover*

Turnover represents management fees earned during the year. The directors are of the opinion that it would not be in the interests of the Company to give separate disclosure in respect of each geographical market.

3. *Administrative expenses*

Administrative expenses comprise direct costs including licence fees plus expenditure recharged by the group service company for central costs and overheads. This includes auditor's remuneration which is paid by Hoare Govett Services Limited and disclosed in the financial statements of that company.

BROADGATE INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued For the year ended 31 December 1996

4. Directors' remuneration

	1996 £'000	1995 £'000
Directors' emoluments (including pension contributions)	<u>463</u>	<u>424</u>
Emoluments (excluding pension contributions) of the highest paid director	<u>233</u>	<u>220</u>
Directors' emoluments (excluding pension contributions) fell within the following bands:		
	1996 No.	1995 No.
£nil - £5,000	-	1
£175,001 - £180,000	-	1
£200,001 - £205,000	1	-
£220,001 - £225,000	-	1
£230,001 - £235,000	1	-

The directors' remuneration disclosed above is the total remuneration paid to the individual directors of this Company for services to the Company.

5. Employees

The Company did not have any direct employees during the year (1995: none) but incurred charges in respect of staff costs from the group service company. No directors' remuneration was paid by the Company, but recharges were incurred in respect of their directorships.

6. Tax on ordinary activities

	1996 £'000	1995 £'000
(Receipt) for group relief prior year	(122)	-
Payment/(Receipt) for group relief current year	<u>12</u>	<u>(10)</u>
	<u>(110)</u>	<u>(10)</u>

7. Debtors

	1996 £'000	1995 £'000
Group relief amount receivable	110	-
Investment management fees receivable	516	366
Amounts owed by fellow subsidiary undertakings	<u>832</u>	<u>772</u>
	<u>1,458</u>	<u>1,138</u>

BROADGATE INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued For the year ended 31 December 1996

8. Creditors: amounts falling due within one year

	1996 £'000	1995 £'000
Amounts owed to parent and fellow subsidiary undertakings	777	647
Other taxation and social security	-	12
Other creditors	<u>95</u>	<u>61</u>
	<u>872</u>	<u>720</u>

9. Share capital

	1996 £'000	1995 £'000
Authorised		
2,000,000 ordinary £1 shares	<u>2,000</u>	<u>2,000</u>
Issued, called up and fully paid		
1,000,000 ordinary £1 shares	<u>1,000</u>	<u>1,000</u>

10. Reconciliation of shareholders' funds and movements on reserves

	Share capital £'000	Profit & loss account £'000	Total £'000
At 1 January 1995	1,000	(473)	527
Loss for the year	-	<u>(109)</u>	<u>(109)</u>
At 1 January 1996	1,000	(582)	418
Profit for the year	-	168	168
At 31 December 1996	<u>1,000</u>	<u>(414)</u>	<u>586</u>

BROADGATE INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued **For the year ended 31 December 1996**

11. *Post Balance Sheet Event*

On 12 February 1997 the Company issued 250,000 ordinary shares of £1 each, at par, to increase the working capital of the Company.

12. *Ultimate parent undertaking*

The ultimate parent undertaking of the Company which presents group financial statements in which the Company is included is ABN AMRO Holding NV, a company incorporated in the Netherlands. Group financial statements are available from ABN AMRO Holding NV, PO Box 600, 1000 AP Amsterdam, The Netherlands.