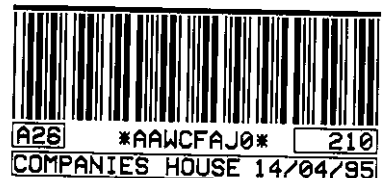


GIBBS HARTLEY COOPER
INTERNATIONAL PROPERTY LIMITED
DIRECTORS' REPORT AND FINANCIAL
STATEMENTS
31 DECEMBER 1994

REGISTERED NO. 2649812



GIBBS HARTLEY COOPER INTERNATIONAL PROPERTY LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 1994.

PRINCIPAL ACTIVITY

The Company's principal activity is that of an agent for an insurance broker. The Company receives commission from the insurance broker in relation to business placed by that broker which has been introduced by the Company.

RESULTS AND DIVIDENDS

The results of the Company for the year are detailed in the profit and loss account on page 4. The directors recommend payment of a final dividend of £384,750 (1993: £274,725) to those shareholders on the Register at the close of business on 31 December 1994.

DIRECTORS AND DIRECTORS' INTERESTS

G.F. Puttergill	(Chairman)
P.D. Playford	(Managing Director)
N.J.R. Burn	
C.J. Shaer	
R.V. Culberson	
A.M.M. Dixon	(Appointed 24 February 1994)

The following directors had interests in the shares of the Company during the year under review.

	No. of shares	
	31 December 1994	31 December 1993
	£1 ordinary shares	
P.D. Playford	225	225
N.J.R. Burn	150	150
R.V. Culberson	150	75
C.J. Shaer	75	75

No director had any disclosable interest in any other group undertaking at any time during the period.

Directors and officers liability insurance was in force throughout the year.

**GIBBS HARTLEY COOPER
INTERNATIONAL PROPERTY LIMITED**

DIRECTORS' REPORT

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;
- 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 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.

AUDITORS

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly have signed their report in their new name. In accordance with Section 385 of the Companies Act 1985 (as amended), a resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Bishops Court
27/33 Artillery Lane
London E1 7LP

By Order of the Board



C.E.R. Ledsam
Secretary
8 February 1995

REGISTERED NO. 2649812

**GIBBS HARTLEY COOPER
INTERNATIONAL PROPERTY LIMITED**

**AUDITORS' REPORT TO THE MEMBERS
OF GIBBS HARTLEY COOPER
INTERNATIONAL PROPERTY LIMITED**

We have audited the financial statements on pages 4 to 11.

Respective responsibilities of directors and auditors

As described on page 2 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

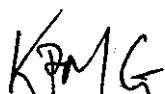
Basis of opinion

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 1994 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG
Chartered Accountants
Registered Auditors
8 February 1995

1 Puddle Dock
Blackfriars
London
EC4V 3PD

**GIBBS HARTLEY COOPER
INTERNATIONAL PROPERTY LIMITED**

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1994**

	Note	1994 £	1993 £
Turnover	1(b)/2	1,296,061	938,319
Staff costs	3	(369,077)	(290,102)
Other operating charges		(399,399)	(258,344)
Interest receivable from Group undertakings		59,639	26,819
Profit on ordinary activities before taxation	4	587,224	416,692
Tax on profit on ordinary activities	6	(199,849)	(141,096)
Profit on ordinary activities after taxation		387,375	275,596
Dividends proposed		(384,750)	(274,725)
Retained profit for the financial year		2,625	871
Retained profit brought forward		3,479	2,608
Retained profit carried forward		6,104	3,479

All gains and losses have been dealt with in the profit and loss account.

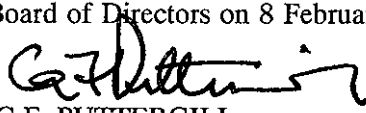
The notes on pages 6 to 11 form part of these financial statements.

**GIBBS HARTLEY COOPER
INTERNATIONAL PROPERTY LIMITED**

BALANCE SHEET AS AT 31 DECEMBER 1994

	Note	1994 £	1993 £
Current assets			
Debtors	7	595,675	418,360
Cash at bank and in hand		2,775	2,775
		598,450	421,135
Creditors: Amounts falling due within one year	8	(589,496)	(414,881)
Net current assets		8,954	6,254
Capital and reserves			
Called up share capital	10	2,850	2,775
Profit and loss account		6,104	3,479
		8,954	6,254

The financial statements were approved
by the Board of Directors on 8 February 1995


G.F. PUTTERGILL


P.D. PLAYFORD

Directors

The notes on pages 6 to 11 form part of these financial statements.

GIBBS HARTLEY COOPER INTERNATIONAL PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements:

a) Basis of Accounting

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

b) Turnover

Turnover comprises commissions receivable in respect of insurance broking.

Commission income is taken into account on the later of:

(a) when the premium is charged to the client

or (b) the inception date of the policy.

c) Cash Flow Statement

The Company is a subsidiary of another company incorporated in Great Britain, whose consolidated accounts include a cash flow statement prepared under FRS 1 and incorporate the cash flows of this Company, which are wholly or partly dependent on the group's overall cash or funding position. Furthermore, the minority shareholding in the Company will in due course be purchased by the parent company. In the circumstances, the directors consider that a cash flow statement is not meaningful in relation to this Company alone.

d) Foreign Currency

Foreign currency balances in respect of business settled in those currencies are translated at the closing rates of exchange on the balance sheet date.

Commission received in foreign currency is translated at the rate of exchange ruling on the later of when the premium is charged to the client or the inception date of the policy.

Differences arising from the translation and conversion of amounts in foreign currencies are dealt with in the profit and loss account.

GIBBS HARTLEY COOPER INTERNATIONAL PROPERTY LIMITED

NOTES TO FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES continued

e) Pension Costs

Pension contributions comprise the normal contributions for the period, determined according to actuarial advice where appropriate, together with the approximate proportion of actuarial deficiencies or surpluses which are recognised over the average expected remaining service lives of the employees concerned.

f) Deferred Taxation

Deferred taxation in respect of the taxation effect of material timing differences is provided only to the extent that it is probable that liabilities will crystallise. No deferred tax asset is recognised.

2. TURNOVER

The analysis of turnover by geographical area is as follows:-

	1994 £	1993 £
United Kingdom	287,689	60,247
Europe	80,199	38,261
Rest of World	928,173	839,811
	1,296,061	938,319

3. STAFF NUMBERS AND COSTS

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:-

	1994 Number	1993 Number
Insurance broking	7	5
Other	4	3
	11	8

**GIBBS HARTLEY COOPER
INTERNATIONAL PROPERTY LIMITED**

NOTES TO FINANCIAL STATEMENTS

3. STAFF NUMBERS AND COSTS continued

The aggregate payroll costs of these persons were as follows:-

	1994 £	1993 £
Wages and salaries	316,682	250,779
Social security costs	30,500	23,668
Other pension costs	21,895	15,655
	369,077	290,102

The majority of staff are members of the Gibbs Pension and Life Assurance Plan, which is a defined benefit scheme based on final pensionable salary. Its assets are held in a separate trustee-administered fund. Annual profits are charged with pension contributions based on the total pension costs for GIH Limited and its subsidiaries as a whole, which are assessed in accordance with the advice of qualified actuaries, (who are employees of Antony Gibbs Actuarial and Advisory Services Limited, a fellow subsidiary undertaking), using the projected unit method. The latest actuarial assessment was made at 1 April 1992 and full details of this scheme are given in the financial statements of GIH Limited, an intermediate holding company.

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging the following:

	1994 £	1993 £
Directors' remuneration (see note 5)	271,978	223,140
Auditors' remuneration - for audit work	2,000	2,500

GIBBS HARTLEY COOPER INTERNATIONAL PROPERTY LIMITED

NOTES TO FINANCIAL STATEMENTS

5. DIRECTORS' EMOLUMENTS

The Chairman of the Company was employed and remunerated as an executive of Gibbs Hartley Cooper Limited. Details of those directors employed and remunerated by Gibbs Hartley Cooper International Property Limited are given below.

Excluding pension contributions, the emoluments of the highest paid director were £106,656 (1993: £105,825). The emoluments of the directors were within the following ranges:-

	1994 Number	1993 Number		1994 Number	1993 Number
0 - 5,000	2	1	50,001 - 55,000	1	1
15,001 - 20,000	-	1	60,001 - 65,000	1	-
30,001 - 35,000	1	1	105,001 - 110,000	1	1

6. TAXATION

The taxation charge consists of the following:-

	1994 £	1993 £
UK Corporation Tax at 33% (1993: 33%)	199,849	141,096

7. DEBTORS

	1994 £	1993 £
Amounts owed by parent and fellow undertakings	575,425	403,270
Advance Corporation Tax	20,250	15,090
	595,675	418,360

Advance Corporation Tax is due after more than one year.

**GIBBS HARTLEY COOPER
INTERNATIONAL PROPERTY LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1994 £	1993 £
Other creditors including taxation and social security	204,746	140,156
Proposed dividend	384,750	274,725
	589,496	414,881
<hr/>		
Other creditors including taxation and social security comprise:		
Corporation Tax	184,496	125,066
Advance Corporation Tax payable	20,250	15,090
	204,746	140,156

At 31 December 1994 there was no material liability or potential liability for deferred taxation (1993: £nil).

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1994 £	1993 £
Share capital issued during the year	75	75
Retained profit for the year	2,625	871
Shareholders' funds brought forward	6,254	5,308
Shareholders' funds carried forward	8,954	6,254

**GIBBS HARTLEY COOPER
INTERNATIONAL PROPERTY LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

10. SHARE CAPITAL

	1994 £	1993 £
Authorised:		
3,000 ordinary shares of £1 each	3,000	3,000
Issued:		
Share capital allotted, called up, and fully paid:		
At 1 January	2,775	2,700
Issued during the year	75	75
At 31 December	2,850	2,775

75 ordinary shares of £1 each were allotted to R.V. Culberson at par on 18 November 1994.

11. HOLDING COMPANIES

The Company's ultimate holding company is HSBC Holdings plc, which is incorporated in Great Britain and registered in England and Wales.

The parent company of the smallest group of which the Company is a member and for which group accounts are prepared is that headed by Gibbs Hartley Cooper Limited, registered in England and Wales. The financial statements of Gibbs Hartley Cooper Limited are available from Bishops Court, 27/33 Artillery Lane, London E1 7LP.

The largest group in which the results of the Company are consolidated is that headed by HSBC Holdings plc. The consolidated financial statements of HSBC Holdings plc are available from 10 Lower Thames Street, London, EC3R 6AE.