

**BARING BROTHERS LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2000**

**Registered No. 3021535  
A10/P10**

**17-Oct-01 at 08:11**



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# BARING BROTHERS LIMITED

## REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

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# **BARING BROTHERS LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISORS**

### **DIRECTORS**

C.E. Bourne	(Appointed 17 February 2000, resigned 2 July 2001)
O. van den Broek	(Appointed 17 February 2000, resigned 11 May 2001)
D.A. Horton	
J.J. Longden	(Appointed 17 February 2000, resigned 1 November 2000)
A.N. Marsh	
T.P. Odgers	
J.R. Peers	
C.J. Steane	(Appointed 17 February 2000)

### **SECRETARY**

A.N. Marsh

### **REGISTERED OFFICE**

60 London Wall  
London  
EC2M 5TQ

### **AUDITORS**

KPMG Audit Plc  
1 Canada Square  
London  
E14 5AG

# **BARING BROTHERS LIMITED**

## **DIRECTORS' REPORT** **FOR THE YEAR ENDED 31 DECEMBER 2000**

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

### **PRINCIPAL ACTIVITIES**

Baring Brothers Limited is an intermediate holding company of a group of companies within the ING Barings investment banking business.

### **REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS**

The profit and loss account for the period is set out on page 5.

### **DIVIDENDS AND TRANSFERS FROM RESERVES**

The directors do not recommend the payment of a dividend. The retained profit for the financial period of £1,570,471 has been transferred to reserves.

### **DIRECTORS AND THEIR INTERESTS**

The directors who served during the year ended 31 December 2000 are listed on page 1 of these financial statements.

The directors shown on page 1 do not own any shares in the company and the register of directors' interests does not contain any disclosable directors' interests.

# BARING BROTHERS LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2000

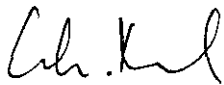
### DIRECTORS' RESPONSIBILITIES

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 these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made reasonable and prudent judgments and estimates;
- followed applicable accounting standards; and
- prepared the financial statements on the going concern basis.

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.

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



A.N.Marsh  
Secretary

18 October 2001

# **BARING BROTHERS LIMITED**

## **REPORT OF THE AUDITORS TO THE MEMBERS OF BARING BROTHERS LIMITED**

We have audited the financial statements on pages 5 to 15.

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

The directors are responsible for preparing the directors' report and, as described on page 3, 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 company 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 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<sup>st</sup> December 2000 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*  
*Registered Auditor*

*18 October* 2001

# BARING BROTHERS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes	Year ended 31 December 2000 £'000	Year ended 31 December 1999 £'000
Interest receivable and similar income		673	1,013
Interest payable		(112)	(505)
<b>NET INTEREST INCOME</b>		<hr/> 561	<hr/> 508
Fees and commissions receivable		-	4,614
Dividend Income		111	-
Other operating income		<hr/> 1,119	<hr/> 5,522
<b>OPERATING INCOME</b>		1,791	10,644
Administrative expenses		(220)	(7,605)
<b>OPERATING PROFIT</b>		1,571	3,039
Income from shares in group undertakings		<hr/> -	<hr/> 9,947
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAX</b>	5	1,571	12,986
Tax on profit on ordinary activities	6	<hr/> -	<hr/> (35)
<b>RETAINED PROFIT FOR THE FINANCIAL PERIOD</b>	18	<hr/> <hr/> 1,571	<hr/> <hr/> 12,951

Movements on reserves can be found in note 18.

There are no recognised gains or losses for the current financial year or comparative period other than as stated in the profit and loss account.

There is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historic cost basis.

The notes on pages 9 to 15 form an integral part of these financial statements.

# BARING BROTHERS LIMITED

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes	Year ended 31 December 2000 £'000	Year ended 31 December 1999 £'000
Profit for the financial period	18	1,571	12,951
Repayment of Capital		-	(37,037)
FX on opening balances		-	137
Net increase/(decrease) in shareholders' funds		1,571	(23,949)
Opening shareholders' funds		15,106	39,055
<b>Closing shareholders' funds</b>		<b>16,677</b>	<b>15,106</b>

The notes on pages 9 to 15 form an integral part of these financial statements.

# BARING BROTHERS LIMITED

## BALANCE SHEET AT 31 DECEMBER 2000

	Notes	2000 £'000	1999 £'000
<b>ASSETS</b>			
Loans and advances to banks	7	-	731
Equity shares	11	3,175	4,309
Amounts due from group undertakings	12	14,441	11,205
Shares in group undertakings	13	163	62
Other assets	14	5,038	5,440
Prepayments and accrued income		-	5
<b>TOTAL ASSETS</b>		<b>22,817</b>	<b>21,752</b>

The notes on pages 9 to 15 form an integral part of these financial statements.

# BARING BROTHERS LIMITED

## BALANCE SHEET AT 31 DECEMBER 2000

	Notes	2000 £'000	1999 £'000
<b>LIABILITIES</b>			
Other liabilities	15	4,120	4,804
Amounts due to group undertakings	16	2,020	1,842
Called up share capital	17	52,963	52,963
Share premium account	18	30,000	30,000
Reserves	18	(66,286)	(67,857)
<b>Shareholders' funds - equity</b>		<b>16,677</b>	<b>15,106</b>
<b>TOTAL LIABILITIES</b>		<b>22,817</b>	<b>21,752</b>

The notes on pages 9 to 15 form an integral part of these financial statements.

The accounts were approved by the Board of Directors on 18 October 2001.  
Signed on behalf of the Board of Directors.



Director

# **BARING BROTHERS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 DECEMBER 2000**

### **1. ACCOUNTING POLICIES**

#### **Accounting convention**

The financial statements have been prepared in accordance with applicable accounting standards on a historical cost basis, modified to include certain dealing assets and liabilities at market value as set out below. A summary of the more important accounting policies is set out below. These have been applied consistently throughout the period under review. Although it is no longer formally applicable, the company decided to prepare these financial statements in accordance with the special provisions of part VII of the Companies Act 1985 relating to banking companies.

#### **Foreign currencies**

Transactions denominated in foreign currency are translated at the exchange rate ruling at the date of the transaction or, where appropriate, at the rate of exchange in a related forward exchange contract.

Assets and liabilities denominated in foreign currency at the balance sheet date are translated at the rate of exchange prevailing at that date or, where appropriate, at the rate of exchange in a related forward foreign exchange contract.

#### **Fees receivable**

Fees receivable that represent a return for services provided are brought into the profit when the related service is performed.

#### **Interest receivable and payable**

Interest receivable and payable is accrued on assets that were held in the banking portfolio, the associated funding deposits and amounts deposited with other group undertakings.

#### **Shares in group undertakings**

Shares in subsidiary and associated companies are stated at the lower of cost and directors' valuation.

#### **Investment securities**

Debt securities, equities and other assets intended for use on a continuing basis in the Company's activities are classified as investment securities. Equities held as investment securities are stated at cost less provision for permanent diminution in value.

#### **Loans and advances**

Loans and advances are stated at cost less any amounts written off and specific provisions.

#### **Deferred taxation**

Deferred taxation is provided using the liability method for all timing differences which, in the opinion of the Directors, will reverse in the foreseeable future.

#### **Group accounts**

The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare group accounts and to deliver them to the Registrar of Companies, since it is a wholly-owned subsidiary of ING Groep N.V., a company incorporated in the Netherlands, in whose consolidated financial statements the financial statements of the company are included. These financial statements present information about the company as an individual undertaking and not about its group

# **BARING BROTHERS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 DECEMBER 2000**

### **1. ACCOUNTING POLICIES (continued)**

#### **Cashflow statement**

Under FRS 1, the company is exempt from the requirement to prepare a cashflow statement as it is a wholly-owned subsidiary of ING Groep N.V. and its cash flows are included in the consolidated cashflow statement within that group's financial statements.

#### **Related party transactions**

Under paragraph 3(c) of FRS 8 the company is exempted from making the related party disclosures required by that standard in respect of entities within the ING Groep N.V.. This is because more than 90% of the company's voting rights are controlled by that group, and consolidated accounts for ING Groep N.V., which include the company, are publicly available.

### **2. INCOME**

Income comprises profits from interest.

### **3. EMPLOYEE INFORMATION**

The company does not directly employ any staff but utilises the services of employees of a fellow group company. No staff costs were recharged for the year (1999: £523,417).

### **4. DIRECTORS' EMOLUMENTS**

The directors received no emoluments in respect of services provided during the year for this company.

# BARING BROTHERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

<b>5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
<b>Profit on ordinary activities before taxation is stated:</b>		
<b>After crediting:</b>		
Aggregate amounts receivable under finance leases	-	9
Income from investments - unlisted	<u>1,119</u>	<u>1,878</u>
<b>After charging:</b>		
Auditors' remuneration:		
Audit fees	<u>-</u>	<u>14</u>
Auditors' remuneration for the year ended 31 December 2000 was borne by a fellow group company.		
<b>6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
UK corporation tax at 30 per cent. (1999: 30.25 per cent)	-	-
Under provision in respect of previous years	<u>-</u>	<u>35</u>
	<u>-</u>	<u>35</u>
No payment will be made for any tax losses surrendered to the company as group relief. Profits for the year are sheltered by tax losses in fellow subsidiaries of ING Bank NV.		
<b>7. LOANS AND ADVANCES TO BANKS</b>	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
Repayable:		
On demand	<u>-</u>	<u>731</u>
	<u>-</u>	<u>731</u>
<b>8. LOANS AND ADVANCES TO CUSTOMERS</b>	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
Repayable:		
On demand	100	100
Three months or less	-	-
One year or less but over three months	-	-
Five years or less but over one year	-	-
Provisions (see note 9)	<u>(100)</u>	<u>(100)</u>
	<u>-</u>	<u>-</u>

# BARING BROTHERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

### 9. PROVISION FOR LOANS AND ADVANCES

Loans and advances to banks and to customers are stated net of the following specific provisions:

	2000 £'000	1999 £'000
Opening balance	100	100
Write back to P&L	-	-
Closing balance	<u>100</u>	<u>100</u>

The closing balance comprises provisions against:

Loans and advances to banks	-	-
Loans and advances to customers	<u>100</u>	<u>100</u>
	<u>100</u>	<u>100</u>

### 10. DEBT SECURITIES

During 1999, the company sold its remaining debt securities (cost £884,000) to a fellow ING group company.

### 11. EQUITY SHARES

Equity shares are all unlisted and held for investment purposes.

The market value of equity shares held for investment is £4,118,484 (1999: £4,485,085).

Movement on equity shares held for investment purposes is as follows:

	2000 £'000	1999 £'000
Opening balance	4,309	5,521
Diminution & write off	(767)	(1,102)
Disposals	<u>(367)</u>	<u>(110)</u>
Closing balance	<u>3,175</u>	<u>4,309</u>

### 12. AMOUNTS DUE FROM GROUP UNDERTAKINGS

	2000 £'000	1999 £'000
Amounts due from parent companies	14,430	11,014
Amounts due from subsidiary undertakings	11	1
Amounts due from fellow subsidiary undertakings	<u>-</u>	<u>190</u>
	<u>14,441</u>	<u>11,205</u>
Loans and advances to banks	12,545	10,130
Other assets	<u>1,896</u>	<u>1,075</u>
	<u>14,441</u>	<u>11,205</u>

# BARING BROTHERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

### 13. SHARES IN GROUP UNDERTAKINGS

	2000 £'000	1999 £'000
Opening balance	62	110
Proceeds from dissolutions	-	(48)
Additions	101	-
Closing balance	<u>163</u>	<u>62</u>

Shares in group undertakings, all of which are unlisted, are stated at cost less provision for permanent diminution in value.

The addition during the year related to the purchase of Bishopscourt Asset Finance Limited.

For the year ended 31 December 1999, the proceeds from dissolutions were the proceeds received on the wind-up of two former subsidiaries, Baring Brothers BV and Bishopscourt Securities Ltd.

The details given below relate only to those subsidiaries which, in the opinion of the directors, are most significant. As at 31 December 2000 the principal subsidiary companies, all of which have 31 December year ends, are:

	Shares Held %	Class of share capital	Country of Incorporation, registration and operation
ING Baring Services Limited	100	Ordinary	England & Wales
ING Barings (London) Limited (formerly Bishopscourt Leasing (Holdings) Limited)	100	Ordinary	England & Wales
Bishopscourt Asset Finance Limited	100	Ordinary	England & Wales

### 14. OTHER ASSETS

	2000 £'000	1999 £'000
Works of art and historical archive	4,384	4,337
Other sundry debtors	654	1,103
	<u>5,038</u>	<u>5,440</u>

### 15. OTHER LIABILITIES

	2000 £'000	1999 £'000
Foreign exchange and interest rate contracts and other derivative products	-	12
Corporation tax payable	4,120	4,120
Other liabilities	-	672
	<u>4,120</u>	<u>4,804</u>

# BARING BROTHERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

### 16. AMOUNTS DUE TO GROUP UNDERTAKINGS

	2000 £'000	1999 £'000
Amounts due to fellow subsidiary undertakings	2,020	1,842
	<u>2,020</u>	<u>1,842</u>
Other liabilities	2,020	1,842
	<u>2,020</u>	<u>1,842</u>

### 17. CALLED UP SHARE CAPITAL

	2000 £'000	1999 £'000
<b>Authorised:</b>		
500,000,000 ordinary shares of £1 each	500,000	500,000
<b>Allotted, issued and fully paid:</b>		
52,962,852 ordinary shares of £1 each (1999: 52,962,852 ordinary Shares of £1 each)	52,963	52,963

### 18. MOVEMENT ON RESERVES

	Share premium		Profit and loss account	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Opening balance	30,000	30,000	(67,857)	(80,945)
Retained profit for the year	-	-	1,571	12,951
FX	-	-	-	137
Closing balance	<u>30,000</u>	<u>30,000</u>	<u>(66,286)</u>	<u>(67,857)</u>

### 19. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

	2000 £'000	1999 £'000
Assets denominated in sterling	22,835	21,743
Assets denominated in currencies other than sterling	-	9
Total assets	<u>22,835</u>	<u>21,752</u>
Liabilities denominated in sterling	22,835	21,752
Liabilities denominated in currencies other than sterling	-	-
Total liabilities	<u>22,835</u>	<u>21,752</u>

As at 31 December 2000 the existence of off-balance sheet items means that the above should not be taken as a measure of the company's exposure to foreign exchange risk.

## **BARING BROTHERS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 DECEMBER 2000**

#### **20. CAPITAL COMMITMENTS AND OTHER CONTINGENT LIABILITIES**

There are no capital commitments or contingent liabilities as at 31 December 2000 (1999 – nil).

#### **21. ULTIMATE HOLDING COMPANY**

The directors regard ING Groep N.V., a company incorporated in the Netherlands, as the ultimate holding company.

ING Groep N.V. is the ultimate undertaking preparing financial statements which include, by way of consolidation, the financial statements of Baring Brothers Limited.

Copies of these consolidated financial statements may be obtained from the secretary, ING Groep N.V., Strawinskylaan 2631, 1077 ZZ Amsterdam, The Netherlands.