

**BARING BROTHERS LIMITED**

**DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2003**

**Registered No. 3021535**



# **BARING BROTHERS LIMITED**

## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS 2003**

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# **BARING BROTHERS LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

A.N. Marsh

J.R. Peers

J.H.T. Russell

S. Brister

S.G. Richards (appointed 14 May 2003)

I.H.J.M van Waesberghe (appointed 13 November 2003)

J.B.T. Trevelyan (appointed 14 May 2003, resigned 11 November 2003)

D.A. Horton (resigned 14 May 2003)

### **SECRETARY**

A.N. Marsh

### **REGISTERED OFFICE**

60 London Wall

London

EC2M 5TQ

### **AUDITORS**

KPMG Audit Plc

One Canada Square

London

E14 5AG

## **BARING BROTHERS LIMITED**

### **DIRECTORS' REPORT** **FOR THE YEAR ENDED 31 DECEMBER 2003**

The Directors present their annual report and the audited financial statements for the year ended 31 December 2003.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the Company is to act as a holding Company.

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

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

#### **DIVIDENDS AND TRANSFERS TO RESERVES**

The Directors do not recommend the payment of a dividend (2002: Nil). The retained profit for the financial year of £854,557 (2002: £3,712,784) has been transferred to reserves.

#### **DIRECTORS AND THEIR INTERESTS**

The Directors who held office during the year are listed on page 1 of these financial statements.

The Directors holding office at 31 December 2003 did not hold any disclosable interests (either directly or indirectly) in the shares of the Company or in any other group Company at 1 January 2003 or at 31 December 2003.

#### **POST BALANCE SHEET EVENT**

On 19 February 2004 an investment of the Company, Yealme Insurance Limited, was liquidated. The liquidation proceeds received were £2,461,559 resulting in a profit of £1,180,290 in 2004.

## **BARING BROTHERS LIMITED**

### **DIRECTORS' REPORT (continued)** **FOR THE YEAR ENDED 31 DECEMBER 2003**

#### **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 year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 the Directors to ensure that the financial statements comply with the Companies Act 1985. The Directors 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  
27 October 2004.

## **BARING BROTHERS LIMITED**

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

We have audited the financial statements on pages 5 to 11.

The report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might be able to state to the Company's members those matters that we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of the 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 1985. 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 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 December 2003 and of its profit for the year ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG Audit Plc**  
*Chartered Accountants*  
*Registered Auditor*  
*London*

27 October 2004

# BARING BROTHERS LIMITED

## **PROFIT AND LOSS ACCOUNT** **FOR THE YEAR ENDED 31 DECEMBER 2003**

	Notes	2003 £	2002 £
Other operating charges		(652)	(40,039)
Other operating income		89,717	28,095
<b>OPERATING PROFIT/(LOSS)</b>		<b>89,065</b>	<b>(11,944)</b>
Profit on disposal of shares in group undertakings	4	92,146	3,134,481
Amounts written off investments		-	(115,342)
Dividend income		125,045	174,230
Interest receivable and similar income		557,532	620,013
Interest payable and similar charges		(9,231)	(88,654)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>854,557</b>	<b>3,712,784</b>
Tax on result on ordinary activities	5	-	-
<b>RETAINED PROFIT FOR THE YEAR</b>	11	<b>854,557</b>	<b>3,712,784</b>

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

The notes on pages 7 to 11 form an integral part of these accounts

# BARING BROTHERS LIMITED

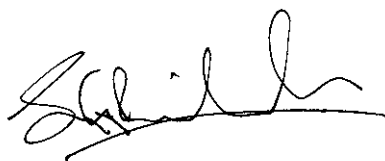
## **BALANCE SHEET** **AT 31 DECEMBER 2003**

	Notes	2003 £	2002 £
<b>FIXED ASSETS</b>			
Investments	6	1,772,534	1,772,534
Shares in group undertakings	7	1,270,102,393	275,162,778
Works of art and historical archive		4,446,547	4,443,547
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	8	21,243,738	20,331,795
<b>CREDITORS: amounts falling due within one year</b>	9	(1,276,471,487)	(281,471,486)
<b>NET CURRENT LIABILITIES</b>		<u>(1,255,227,749)</u>	<u>(261,139,691)</u>
<b>NET ASSETS</b>		<u>21,093,725</u>	<u>20,239,168</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	52,962,852	52,962,852
Share premium account	11	30,000,000	30,000,000
Profit and loss account	11	<u>(61,869,127)</u>	<u>(62,723,684)</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>21,093,725</u>	<u>20,239,168</u>

The notes on pages 7 to 11 form an integral part of these accounts

The accounts were approved by the Board of Directors on 27 October 2004.

Signed on behalf of the Board of Directors.



S.G. Richards  
Director



## **BARING BROTHERS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 DECEMBER 2003**

#### **1. ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the directors are described below.

##### **Accounting convention**

The financial statements are prepared under the historical cost convention.

##### **Investment valuations**

Fixed asset investments are valued at lower of cost or net realisable value unless the Directors have reason to believe that there has been an impairment of investment in which case the loss would be reflected in the profit and loss account.

##### **Works of art valuations**

Works of art are valued at cost unless the Directors have reason to believe that there has been an impairment of investment in which case the loss would be reflected in the profit and loss account.

##### **Income recognition**

Dividends are recognised on a cash receipt basis.

##### **Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

##### **Deferred taxation**

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

##### **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.

##### **Cashflow statement**

Under FRS 1 (revised 1996), 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.

# BARING BROTHERS LIMITED

## **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 DECEMBER 2003**

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

#### **Related parties disclosure**

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. DIRECTORS' EMOLUMENTS**

The directors do not receive emoluments in respect of their services to this Company.  
No employees are employed by the Company.

### **3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

Any expenditure in relation to the Company has been borne by another group Company.  
Audit fees have been borne by another Group Company.

<b>4. PROFIT ON DISPOSAL OF FIXED ASSET INVESTMENTS</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Profit on sale of investments	<u>92,146</u>	<u>3,134,481</u>

The Company received a second distribution proceeds of £71,325 from its shareholding of Rothsay Holdings Limited that put into liquidation in 2002.

ING Baring International Advisers Limited was liquidated on 17 March 2003. The Company received liquidation proceeds amounting to £81,207 on 30 December 2003 relating to the liquidation. The Company held 60,386 £1 ordinary shares prior to liquidation.

### **5. TAX ON RESULT ON ORDINARY ACTIVITIES**

The Company has no corporation tax charge or credit for the current year (2002: £nil), as all profits are group relieved for £nil consideration.

<i>Current tax reconciliation</i>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	<u>854,557</u>	<u>3,712,784</u>
Current tax at 30%	256,367	1,113,835
Profit on disposal of shares in group undertakings not taxable	(27,644)	(940,344)
Amounts written off investments not tax deductible	-	34,602
Utilisation of group relief at nil consideration	(228,723)	(208,093)
Tax charge	<u>-</u>	<u>-</u>

# BARING BROTHERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

6. INVESTMENTS	2003	2002
Equity shares	£	£
<b>Cost</b>		
At 1 January	1,772,534	2,690,110
Additions	-	-
Disposals	-	(802,234)
Amounts written off investment	-	(115,342)
At 31 December	<u>1,772,534</u>	<u>1,772,534</u>

Equity shares are all unlisted and held for investment purposes.

7. SHARES IN GROUP UNDERTAKINGS	2003	2002
	£	£
<b>Cost</b>		
At 1 January	275,162,778	100,152,783
Additions	1,579,999,991	274,999,995
Disposals	(585,060,376)	(99,990,000)
At 31 December	<u>1,270,102,393</u>	<u>275,162,778</u>

### ADDITIONAL INFORMATION ON SUBSIDIARY UNDERTAKINGS

	Shares held %	Country of Incorporation or registration	Class of Share Capital	Principal Activity
ING UK Nominees Limited	100	England & Wales	Ordinary	Nominee
ING Baring Services Limited	100	England & Wales	Ordinary	Employment services
Bishopscourt Asset Finance Limited	100	England & Wales	Ordinary	Leasing
ING (London) Limited	100	England & Wales	Ordinary	Investment
ING (London) (No.2) Limited	100	England & Wales	Ordinary	Investment
ING (London) (No.3) Limited	100	England & Wales	Ordinary	Investment
ING (London) (No.4) Limited	100	England & Wales	Ordinary	Investment
ING (London) (No.5) Limited	100	England & Wales	Ordinary	Investment
ING (London) (No.6) Limited	100	England & Wales	Ordinary	Investment
ING (London) (No.7) Limited	100	England & Wales	Ordinary	Investment

Shares in group undertakings, all of which are unlisted, are stated at cost less provision for impairment in value. The additions during the year related to the purchase of ordinary shares in ING (London) Limited, ING (London) (No.2) Limited, ING (London) (No.3) Limited, ING (London) (No.5) Limited, ING (London) (No.6) Limited, ING (London) (No.7) Limited. The disposals related to ING Baring International Advisors Limited, ING (London) (No.2) Limited and ING (London) (No.3) Limited.

# BARING BROTHERS LIMITED

## **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 DECEMBER 2003**

<b>8. DEBTORS: amounts falling due within one year</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Amounts due from group companies	21,236,862	20,324,774
Amounts due from group undertakings	6,876	6,876
Other assets	-	145
	<u>21,243,738</u>	<u>20,331,795</u>

Other assets are stated net of the following specific provision:

Provision against doubtful debt	<u>-</u>	<u>574,398</u>
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<b>9. CREDITORS: amounts falling due within one year</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Amounts due to group companies	4,119,881	4,119,881
Amounts due to group undertakings	1,272,351,606	277,351,605
	<u>1,276,471,487</u>	<u>281,471,486</u>

<b>10. CALLED UP SHARE CAPITAL</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Authorised:		
500,000,000 ordinary shares of £1 each	<u>500,000,000</u>	<u>500,000,000</u>
Allotted, issued and fully paid:		
52,962,852 ordinary shares of £1 each	<u>52,962,852</u>	<u>52,962,852</u>

## **11. MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>Ordinary share capital £</b>	<b>Share premium £</b>	<b>Profit &amp; loss account £</b>	<b>Total £</b>
At 1 January	52,962,852	30,000,000	(62,723,684)	20,239,168
Retained profit for the financial year	-	-	854,557	854,557
At 31 December	<u>52,962,852</u>	<u>30,000,000</u>	<u>(61,869,127)</u>	<u>21,093,725</u>

## **BARING BROTHERS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 DECEMBER 2003**

#### **12. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

There are no capital commitments or contingent liabilities as at 31 December 2003 (2002 – nil).

#### **13. 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 the parent's consolidated financial statements may be obtained from:

The Secretary  
ING Groep N.V.  
Amstelveenseweg 500  
1081 KL Amsterdam  
The Netherlands.