

**Company Number: 890308**

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**Avebury Asset Management Limited**

**Financial Statements**

**for the year ended 31st March 2002**

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**Avebury Asset Management Limited**

**Company Information**

**Company No: 890308**

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**Registered Office**

The Quadrangle  
180 Wardour Street  
London  
W1F 8FY

**Directors**

M J W Daley  
H E Flight  
S J McClennon  
M J Smith

**Secretary**

M J W Daley

**Auditors**

Brebner Allen & Trapp  
The Quadrangle  
180 Wardour Street  
London  
W1F 8LB

**Bankers**

Bank of Scotland  
38 Threadneedle Street  
London  
EC2P 2EH

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4	Profit and Loss Account
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# **Avebury Asset Management Limited**

## **Directors' Report**

**for the year ended 31st March 2002**

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The directors submit their report together with the audited financial statements for the year ended 31st March 2002.

### **Directors' Statement**

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 loss for that year. 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 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.

### **Results and Dividends**

The loss on the ordinary activities of the company before taxation amounted to £19,860. After deducting taxation, the balance of £18,684 has been transferred from reserves.

The directors do not recommend a dividend.

### **Principal Activity and Business Review**

The company's principal activity is currently the management of global fixed income and associated currency overlay programmes for US-based ERISA pension plans. The Directors are satisfied with the results for the year which reflect the expansion of the company's management team. The directors are hopeful for a return to profitability for the forthcoming year, and have continued their marketing plan under the current management designed to significantly increase assets under discretionary management in the United States and elsewhere.

Avebury Asset Management Limited is regulated by The Financial Services Authority (FSA) in the United Kingdom and the Securities & Exchange Commission in the United States.

**Avebury Asset Management Limited**

**Directors' Report**

**for the year ended 31st March 2002**

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**Directors and their Interests**

The directors who served during the year and their beneficial interests in the share capital of the company were as follows:

	<b>Ordinary shares of £1 each</b>	
	<b>2002</b>	<b>2001</b>
	<b>No.</b>	<b>No.</b>
H E Flight	14,000	-
S J McClennon (appointed 31 March 2002)	5,600	-
M J Smith (appointed 31 March 2002)	14,000	-

H E Flight's interest in the shares arises by virtue of being within the class of beneficiary of the trust holding the shares.

The interest of M J W Daley in the shares of the ultimate parent company is disclosed in the directors' report of that company.

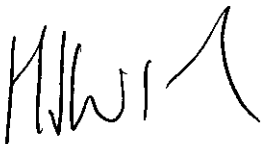
H E Flight, J McClennon and M J Smith have no interest in the shares of the ultimate parent company.

**Auditors**


In accordance with Section 386 of the Companies Act 1985, the company elected to dispense with the obligation to appoint auditors annually.

Brebner Allen & Trapp, Chartered Accountants are therefore deemed to be reappointed as the company's auditors for each succeeding year.

On behalf of the Board:



M J W Daley, Director



25/7/02

**Independent Auditors' Report to**  
**the shareholders of Avebury Asset Management Limited**

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We have audited the financial statements of Avebury Asset Management Limited for the year ended 31st March 2002 which are set out on pages 4 to 12. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 7.

We have audited the financial statements of Avebury Asset Management Limited for the year ended 31st March 2002 which comprise the Profit and Loss Account, the Balance Sheet, the Cashflow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

**Respective responsibilities of the directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of Audit Opinion**

We conducted our audit in accordance with United Kingdom 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 information and explanations which we consider 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 the 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 31st March 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Brebn Allen & Trapp*

**Brebn Allen & Trapp**  
**Chartered Accountants**  
**and Registered Auditors**

The Quadrangle  
180 Wardour Street  
London  
W1F 8LB

25/7/02

**Avebury Asset Management Limited****Profit and Loss Account****for the year ended 31st March 2002**

	Notes	2002 £	2001 £
<b>Turnover</b>		394,597	203,721
Administrative expenses		(418,278)	(191,840)
<b>Operating (loss)/profit</b>	2	(23,681)	11,881
Interest receivable		3,821	3,017
<b>(Loss)/Profit on ordinary activities before Taxation</b>		(19,860)	14,898
Tax on (loss)/profit on ordinary activities	4	1,176	(1,176)
<b>(Loss)/Profit on ordinary activities after Taxation</b>		(18,684)	13,722
Dividends	5	-	(41,728)
<b>Retained for the year</b>	10	(18,684)	(28,006)

*All amounts relate to continuing activities.*

*There have been no recognised gains or losses, other than the results for the financial year, and all profits or losses have been accounted for on an historical cost basis.*

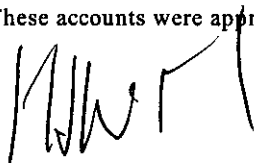
**Avebury Asset Management Limited**

**Balance Sheet**

**as at 31st March 2002**

	Notes	2002 £	2002 £	2001 £	2001 £
<b>Fixed Assets</b>					
Tangible fixed assets	6		6,996		10,408
<b>Current Assets</b>					
Debtors	7	89,647		88,369	
Cash at bank		87,176		124,076	
		176,823		212,445	
<b>Creditors:</b>					
Amounts falling due within one year	8	(59,963)		(117,131)	
<b>Net Current Assets</b>			116,860		95,314
<b>Total Assets Less Current Liabilities</b>			123,856		105,722
<b>Capital and Reserves</b>					
Share capital	9		140,140		105,000
Share premium account	10		1,678		-
Profit and loss account	10		(17,962)		722
<b>Equity Shareholders' Funds</b>	11		123,856		105,722

These accounts were approved by the board on . 25th July 2002



M J W Daley

Director



**Avebury Asset Management Limited****Cash Flow Statement****for the year ended 31st March 2002**

	Notes	2002 £	2001 £
Cash flow from operating activities	13	(63,564)	(8,138)
Returns on investments and servicing of finance	14	3,821	3,017
Taxation		-	(31)
Capital expenditure and financial investment	14	(975)	(12,270)
Equity dividends paid		(13,000)	(28,728)
Cash (outflow) before use of liquid resources and financing		(73,718)	(46,150)
Financing	14	36,818	5,000
Decrease in cash in the year	15	(36,900)	(41,150)
Reconciliation of net cash flow to movement in net debt			
Decrease in cash in the year		(36,900)	(41,150)
Net funds at 1st April 2001		124,076	165,226
Net funds at 31st March 2002	15	87,176	124,076

**1 Principal Accounting Policies**

***Accounting Convention***

The Financial Statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention.

***Turnover***

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

***Depreciation***

Depreciation is calculated to write down the cost, less estimated residual value, of all tangible fixed assets over their expected useful lives. The rates generally applicable are:

Fixtures and fittings 33 1/3% straight line

***Foreign Currencies***

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All other exchange differences are dealt with through the profit and loss account.

***Contribution to Pension Funds***

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

***Deferred Taxation***

Deferred tax is provided using the tax rates estimated to arise when the timing differences reverse.

**2 Operating (Loss)/Profit**

***The operating (loss)/profit is stated after charging or crediting:***

	2002	2001
	£	£
Amounts payable to the auditors in respect of audit services	3,000	3,000
Amounts payable to the auditors in respect of non-audit services	11,140	8,850
Exception Items - (2002 :transaction costs) ; (2001: recruitment fee)	9,519	18,750
Depreciation - owned assets	4,387	1,862
Loss on foreign exchange	2,050	535

**Avebury Asset Management Limited**

**Notes to the Financial Statements**

**for the year ended 31st March 2002**

**3 Directors and Employees**

Staff costs during the year were as follows:

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Wages and salaries	156,351	5,770
Social security costs	15,540	659
Other pension costs	6,224	-
	<u>178,115</u>	<u>6,429</u>

The average monthly number of employees, including directors, during the year was as follows:

	<b>2002</b>	<b>2001</b>
	<b>Number</b>	<b>Number</b>
Management	<u>5</u>	<u>3</u>

Remuneration in respect of directors was as follows:

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Aggregate amount of emoluments paid in respect of qualifying services	<u>10,000</u>	<u>-</u>

Other directors disclosures in respect of qualifying services:

	<b>2002</b>	<b>2001</b>
	<b>Number</b>	<b>Number</b>
The number of directors to whom retirement benefits are accruing under money purchase pension schemes	<u>2</u>	<u>-</u>

**Avebury Asset Management Limited**

**Notes to the Financial Statements**

**for the year ended 31st March 2002**

<b>4</b>	<b>Tax on (Loss)/Profit on Ordinary Activities</b>	<b>2002</b>	<b>2001</b>
		<b>£</b>	<b>£</b>
	<b>(a) Analysis of charge in the year</b>		
	<i>Based on the (loss)/profit for the year:</i>		
	U.K. Corporation tax on (loss)/profit of the year	<u>(1,176)</u>	<u>1,176</u>
	<b>(b) Factors affecting tax (credit)/charge for the year</b>		
	The tax assessed for the year is lower than the relevant rate of corporation tax in the UK at 20%. The differences are explained below:		
		<b>£</b>	<b>£</b>
	(Loss)/profit on ordinary activities before tax	<u>(19,860)</u>	<u>14,898</u>
	(Loss)/profit on ordinary activities multiplied by the relevant rate of corporation tax in the UK of 20% (2001: 15.6%)	<u>(3,972)</u>	<u>2,318</u>
	<i>Effects of:</i>		
	Expenses not deductible for tax purposes	252	141
	Capital allowances for the year in excess of depreciation	574	(1,283)
	Utilisation of tax losses	<u>1,970</u>	<u>-</u>
	Current tax (credit)/charge for period (note 4(a))	<u>(1,176)</u>	<u>1,176</u>
	<b>(c) Factors that may affect future tax charges</b>		
	Losses carried forward at 31st March 2002 amounted to £8,169.		
	<b>(d) Deferred Taxation</b>		
	As at 31st March 2002 accelerated capital allowances of £5,372 have been fully offset by losses carried forward and hence no deferred tax liability arises.		
<b>5</b>	<b>Dividends</b>	<b>2002</b>	<b>2001</b>
		<b>£</b>	<b>£</b>
	<b>Equity</b>		
	Ordinary shares - interim paid nil pence per share (2001: 28.728 pence per share)	-	28,728
	Ordinary shares - final proposed of nil pence per share (2001: 12.381 pence per share)	<u>-</u>	<u>13,000</u>
		<u>-</u>	<u>41,728</u>

**Avebury Asset Management Limited**

**Notes to the Financial Statements**

**for the year ended 31st March 2002**

**6 Tangible Fixed Assets**

	<b>Fixtures and fittings £</b>
<b>Cost</b>	
At 1st April 2001	12,270
Additions	975
At 31st March 2002	<u>13,245</u>
<b>Depreciation</b>	
At 1st April 2001	1,862
Charged for the year	4,387
At 31st March 2002	<u>6,249</u>
<b>Net Book Value</b>	
At 31st March 2002	<u>6,996</u>
At 31st March 2001	<u>10,408</u>

**7 Debtors**

	<b>2002 £</b>	<b>2001 £</b>
Trade debtors	26,680	12,643
Amounts owed by parent undertaking	2,604	-
VAT recoverable	5,009	13,927
Other debtors	10,505	4,500
Prepayments and accrued income	44,849	57,299
	<u>89,647</u>	<u>88,369</u>

**8 Creditors: Amounts falling due within one year**

	<b>2002 £</b>	<b>2001 £</b>
Trade creditors	31,877	-
Amounts owed to parent undertaking	-	965
Corporation tax	-	1,176
Proposed dividends	-	13,000
Other creditors	484	83
Accruals and deferred income	27,602	101,907
	<u>59,963</u>	<u>117,131</u>

**Avebury Asset Management Limited**

**Notes to the Financial Statements**

**for the year ended 31st March 2002**

**9 Share Capital**

<b>Authorised</b>	<b>2002 £</b>	<b>2001 £</b>
1,000,000 Ordinary shares of £1 each (2001: 1,000,000)	1,000,000	1,000,000
	<u>1,000,000</u>	<u>1,000,000</u>

<b>Allotted and fully paid</b>	<b>2002 £</b>	<b>2001 £</b>
140,140 Ordinary shares of £1 each (2001: 105,000)	140,140	105,000
	<u>140,140</u>	<u>105,000</u>

**Movements during the year**

	<b>Ordinary shares of £1 each</b>
At 1st April 2001	105,000
Issues during the year	35,140
At 31st March 2002	<u>140,140</u>

On 28 September 2001 and 27 March 2002 the company issued 13,816 and 21,324 shares respectively at £1.047752 per share in order to provide additional financial resources.

**10 Share Premium Account and Reserves**

	<b>Share Premium Account £</b>	<b>Profit and Loss Account £</b>
At 1st April 2001	-	722
Deficit for the year	-	(18,684)
Premium on allotment	1,678	-
At 31st March 2002	<u>1,678</u>	<u>(17,962)</u>

**11 Reconciliation of the Movement in Shareholders' Funds**

	<b>2002 £</b>	<b>2001 £</b>
(Loss)/Profit for the financial year	(18,684)	13,722
Dividends	-	(41,728)
	<u>(18,684)</u>	<u>(28,006)</u>
New share capital subscribed	36,818	5,000
	<u>36,818</u>	<u>5,000</u>
Increase/(Decrease) in shareholders' funds	18,134	(23,006)
Opening shareholders' funds	105,722	128,728
	<u>105,722</u>	<u>128,728</u>
Closing shareholders' funds	<u>123,856</u>	<u>105,722</u>

**Avebury Asset Management Limited**

**Notes to the Financial Statements**

**for the year ended 31st March 2002**

**12 Ultimate Parent Undertaking**

The company's ultimate parent company is Strategic Value Management Limited, a company registered in England and Wales.

The company is controlled by M J W Daley, director.

**13 Reconciliation of Operating (Loss)/Profit to Operating Cash Flows**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Operating (loss)/profit	(23,681)	11,881
Depreciation charges	4,387	1,862
(Increase) in debtors	(1,278)	(82,019)
(Decrease)/Increase in creditors	(42,992)	60,138
Net Cash (Outflow) from Operating Activities	<u>(63,564)</u>	<u>(8,138)</u>

**14 Analysis of Cash Flows for headings netted in the Cash Flow Statement**

<b>Returns on investments and servicing of finance</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Interest received	3,821	3,017
Net cash inflow for returns on investments and servicing of finance	<u>3,821</u>	<u>3,017</u>

<b>Capital expenditure and financial investment</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Purchase of tangible fixed assets	(975)	(12,270)
Net cash (outflow) for capital expenditure and financial investment	<u>(975)</u>	<u>(12,270)</u>

<b>Financing</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Issue of share capital	36,818	5,000
Net cash inflow from financing	<u>36,818</u>	<u>5,000</u>

**15 Analysis of changes in Net Funds**

	<b>At</b>	<b>Cashflows</b>	<b>At</b>
	<b>1st April</b>		<b>31st March</b>
	<b>2001</b>		<b>2002</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash in hand, at bank	<u>124,076</u>	<u>(36,900)</u>	<u>87,176</u>

**16 Pension Costs**

The company operates a money purchase pension scheme for the benefit of its employees. The assets of the scheme are administered separately from the company. The pension costs charge represents contributions payable by the company which amounted to £6,224 (2001: £nil).