

REGISTERED NO. 2290328

# **CHARTERHOUSE EUROPEAN MANAGERS LIMITED**



**REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2002**

**REPORT OF THE DIRECTORS**

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To be presented at the Thirteenth Annual General Meeting of Charterhouse European Managers Limited to be held at 85 Watling Street, London EC4M 9BX on 26 March 2003.

**DIRECTORS**

The Directors of the Company, each of whom was in office throughout the year, are:

Mr E G Cox  
Mr N J Hamway  
Mr J G Bonnyman  
Mr T R Plant

**PRINCIPAL ACTIVITY**

The principal activity of the Company was to act as general partner of the Limited Partnerships comprising Charterhouse European Partners. Although Charterhouse European Partners terminated on 31 December 1999, the Company continues to act as liquidating trustee.

**PROFIT AND DIVIDENDS**

There was a nil profit for the year after taxation (2001 nil). No interim dividend was paid during the year (2001 nil). The Directors do not recommend payment of any final dividend (2001 £71,000).

**DIRECTORS' INTERESTS**

The Directors had no interests at 31 December 2002 in the shares of the Company or in the shares of any other company in the group of which it is a member.

There are and have been during the year under review no contracts with the Company in which a Director or Directors of the company have or had a disclosable interest under the provisions of the Companies Act 1985.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are required by UK company law to prepare accounts for each financial year which show a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that year.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the accounts for the year ended 31 December 2002. The Directors also confirm that applicable accounting standards have been followed and that the accounts have been prepared on the going concern basis.

The Directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

**REPORT OF THE DIRECTORS (continued)**

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**AUDITORS**

During the year, PricewaterhouseCoopers resigned as auditors of the Company and indicated that there were no circumstances connected with their resignation which they considered should be brought to the notice of the shareholders or creditors. Ernst & Young LLP were appointed as the Company's auditors by the Directors during the year. Accordingly, a resolution will be proposed at the Annual General Meeting for their reappointment.

**By Order of the Board**



**Secretary**

14 February 2003

85 Watling Street  
London EC4M 9BX

**CHARTERHOUSE EUROPEAN MANAGERS LIMITED**

**PROFIT AND LOSS ACCOUNT**

for the year ended 31 December 2002

	Notes	2002 £'000s	2001 £'000s
Turnover	2	-	-
Administrative expenses	3	1	(3)
Operating loss		(1)	(3)
Interest receivable		1	3
Profit on ordinary activities before taxation		-	-
Tax on profit on ordinary activities		-	-
Profit on ordinary activities after taxation		-	-
Final dividend nil (2001 £1.78 per share)		-	(71)
Profit/(loss) for the year		-	(71)
Retained profit at 1 January 2002		-	71
Retained profit at 31 December 2002		-	-

The only movement in Shareholders' Funds is the profit for the year.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

There are no recognised gains and losses in the current or prior accounting period other than the profit/(loss) as stated above. The Company has therefore taken advantage of the exemption for producing a Statement of Total Recognised Gains and Losses.

There is no material difference between the reported loss and historical cost equivalent.

The notes on pages 5 and 6 form part of these accounts

**CHARTERHOUSE EUROPEAN MANAGERS LIMITED**

**BALANCE SHEET**

at 31 December 2002

	Notes	2002 £'000s	2001 £'000s
<b>CURRENT ASSETS</b>			
Amounts due from parent undertaking		35	-
Cash at bank		5	114
		<u>40</u>	<u>114</u>
<b>CREDITORS - amounts falling due within one year</b>			
Amount due to fellow subsidiary		-	3
Proposed final dividend		-	71
		<u>-</u>	<u>74</u>
<b>NET CURRENT ASSETS BEING ALSO TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>40</u>	<u>40</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	4	40	40
Profit and loss account		-	-
		<u>40</u>	<u>40</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>			
		<u>40</u>	<u>40</u>

The accounts were approved by the Board of Directors on 14 February 2003 and were signed on its behalf by:



**Director**

The notes on pages 5 and 6 form part of these accounts

NOTES TO THE ACCOUNTS AT 31 DECEMBER 2002

1 ACCOUNTING POLICIES

**Basis of accounting**

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

**Cash flow statement**

The financial statements of the Company are included in the consolidated financial statements of its ultimate parent company. Consequently, the Company is exempt under the terms of FRS 1 (Revised 1996) Cash Flow Statements from publishing a cash flow statement.

2 TURNOVER

Turnover represented fees received and receivable by the Company in respect of its management profit share. As from 1 January 1999, the General Partner has decided to waive its entitlement to management priority profit share for the remaining life of the Partnerships.

3 ADMINISTRATIVE EXPENSES

This comprises fees and expenses. Auditors' remuneration has been borne by a fellow subsidiary undertaking.

The Directors do not receive any remuneration for their services to the Company and have not waived any remuneration (2001 nil).

4 SHARE CAPITAL

	2002 £'000s	2001 £'000s
<b>Authorised</b>		
250,000 Ordinary shares of £1 each	250	250
<b>Allotted, called up and fully paid</b>		
40,000 Ordinary shares of £1 each	40	40

NOTES TO THE ACCOUNTS AT 31 DECEMBER 2002 (continued)

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**5 RELATED PARTY TRANSACTIONS**

The Company is the General Partner of the Limited Partnerships in Charterhouse European Partners ("CEP"). CEP is not a legal entity but a co-investment vehicle consisting of three UK Limited Partnerships.

As the General Partner, the Company is entitled to receive a management fee by way of a priority profit share from the partnerships based on 2% per annum of the total commitments called down reduced by the acquisition cost of any investments realised or written off. As from 1 January 1999, the General Partner has decided to waive its entitlement to management priority profit share for the remaining life of the Partnerships.

Certain directors and key executives of Charterhouse Development Capital Limited (a fellow subsidiary) co-invest in parallel to the Limited Partners and are entitled to a share of the carried interest payments.

**6 ULTIMATE PARENT UNDERTAKING**

The Company's ultimate parent undertaking and ultimate controlling party as defined under Financial Reporting Standard 8 "Related Party Disclosures" (FRS 8) is Charterhouse Capital Partners Limited, which is incorporated in England and Wales.

The ultimate parent undertaking of the smallest and largest group in which the financial statements of the Company are consolidated is Charterhouse Capital Limited.

The consolidated financial statements of Charterhouse Capital Limited may be obtained from the Company Secretary, 85 Watling Street, London EC4M 9BX.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
CHARTERHOUSE EUROPEAN MANAGERS LIMITED**

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We have audited the Company's financial statements for the year ended 31 December 2002 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 6. These financial statements have been prepared on the basis of the accounting policies set out therein.

This 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 state to the Company's members those matters we are required to state to them in an auditors' 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 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 United Kingdom law and 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.

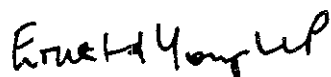
**Basis of audit opinion**

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 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 2002 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP  
London  
14 February 2003



**CHARTERHOUSE EUROPEAN MANAGERS LIMITED**


**NOTICE OF ANNUAL GENERAL MEETING**

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Notice is hereby given that the Thirteenth Annual General Meeting of Charterhouse European Managers Limited will be held at 85 Watling Street, London EC4M 9BX on 26 March 2003 for the following purposes:

1. To receive the Directors' Report and Statement of Accounts for the year ended 31 December 2002 and the Auditors' Report thereon
2. To reappoint the auditors, Ernst & Young LLP

**By Order of the Board**



**Secretary**

14 February 2003

85 Watling Street  
London EC4M 9BX

A member entitled to attend and vote may appoint one or more proxies to attend and on a poll to vote on his behalf. A proxy need not be a member.