

SPV MANAGEMENT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1999

Registered No: 2548079



LD4
COMPANIES HOUSE

LEUGU07F

0167
31/10/00

SPV MANAGEMENT LIMITED

CONTENTS

	Page
Directors and administration	3
Directors' report	4 & 5
Statement of directors' responsibilities	6
Report of the auditors to the members	7
Profit & loss account	8
Statement of recognised gains and losses	8
Balance sheet	9
Notes to the financial statements	10-16

SPV MANAGEMENT LIMITED

DIRECTORS AND ADMINISTRATION

**REGISTERED OFFICE AND PRINCIPAL
PLACE OF BUSINESS**

78 Cannon Street
London
EC4P 5LN

REGISTERED NUMBER

Registered in England number 2548079

DIRECTORS

A.F. Raikes (Chairman)
P. Minoprio
M.McDermott
G.H.Fryer
E.L.S. Weiss
AL.Brooke

SECRETARY

Clifford Chance Secretaries Limited
200 Aldersgate Street
London EC1A 4JJ

REGISTERED AUDITORS

KPMG
PO Box 695
8 Salisbury Square
London EC4Y 8BB

BANKERS

The Royal Bank of Scotland plc

SPV MANAGEMENT LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1999.

PRINCIPAL ACTIVITY

The company is engaged in providing management and consultancy services, primarily, though not exclusively, to special purpose companies involved in asset backed financing transactions.

RESULTS AND DIVIDEND

The company's profit for the financial year amounted to £363,398 (1998:£94,999), before the payment of dividends on preference shares amounting to £837 (1998:£1,313). The directors have elected not to pay a dividend on ordinary shares (1998:nil).

DIRECTORS AND DIRECTORS' INTERESTS

The directors who held office during the year were as follows:

	Date Appointed	Date Resigned
Mr A.F. Raikes		
Mr P. Minoprio		
Mr M. McDermott	24 May 1999	
Mr G.H. Fryer		
Mr J.R. Saffery		5 April 1999
Mr E.L.S. Weiss		
Mr AL.Brooke	2 August 1999	

The directors who held office at the end of the financial year had the following interests in the issued share capital of the company:

	Interest at end of year		Interest at beginning of year	
	Ordinary	Preference	Ordinary	Preference
Mr A F Raikes	22,500	25,000	22,500	25,000
Mr P Minoprio	2,500	-	2,500	-

CHARITABLE DONATIONS

During the year the company made charitable donations of £1,550 (1998: £963).

INSURANCE OF DIRECTORS

The company maintains insurance for itself and for its directors and officers in respect of their duties as directors of special purpose companies to which the company provides services.

SPV MANAGEMENT LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

YEAR 2000

The directors are satisfied that they took sufficient steps to address the year 2000 issue and to date there has been no significant effect on the business operations and trading activities of the company as a result of the issue. The costs of addressing the issue were not significant and any future costs are also not anticipated to be significant.

AUDITORS

Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditors annually and KPMG will therefore continue in office.

By Order of the Board

For and on behalf of

CLIFFORD CHANCE SECRETARIES LTD


Authorised Signatory

Clifford Chance Secretaries Limited
Secretary

78 Cannon Street
London
EC4P 5LN

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 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;
- prepare financial statements on a 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 have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



REPORT OF THE AUDITORS

TO THE MEMBERS OF SPV MANAGEMENT LIMITED

We have audited the financial statements on pages 8 to 16.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the financial statements as described on page 6. Our responsibilities, as independent auditors, are established 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 at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

31 October 2000

SPV MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER

	Notes	1999 £	1998 £
Turnover	2	1,498,776	834,019
Less Administrative expenses.....	3, 4 & 5	(977,260)	(718,604)
OPERATING PROFIT		521,516	115,415
Add interest receivable		9,175	7,999
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		530,691	123,414
Taxation on profit on ordinary activities	6	(167,293)	(28,415)
PROFIT FOR THE FINANCIAL YEAR		363,398	94,999
Dividends on Preference shares.....		(837)	(1,313)
Dividends on Ordinary shares.....		-	-
RETAINED PROFIT FOR THE YEAR	16	362,561	93,686

**STATEMENT OF TOTAL RECOGNISED GAINS
AND LOSSES**

FOR THE YEAR ENDED 31 DECEMBER

	1999 £	1998 £
PROFIT FOR THE FINANCIAL YEAR.....	363,398	94,999
TOTAL RECOGNISED GAINS RELATING TO THE FINANCIAL YEAR	363,398	94,999


SPV MANAGEMENT LIMITED

BALANCE SHEET AS AT 31 DECEMBER

	notes	1999 £	1998 £
FIXED ASSETS			
Tangible fixed assets	7	23,718	22,605
Investments	8	54,568	25,660
Long term loans.....	9	280,335	-
		<u>358,621</u>	<u>48,265</u>
CURRENT ASSETS			
Debtors.....	10	659,781	285,706
Bank balances and short term deposit		184,835	156,362
		<u>844,616</u>	<u>442,068</u>
CREDITORS			
(amounts falling due within one year)	11	(603,547)	(247,158)
NET CURRENT ASSETS		<u>241,069</u>	<u>194,910</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		599,690	243,175
CREDITORS			
(amounts falling due after more than one year)	12	(37,788)	(43,834)
NET ASSETS		<u><u>561,902</u></u>	<u><u>199,341</u></u>
CAPITAL AND RESERVES			
Share capital	13	50,000	50,000
Profit and loss account.....	16	511,902	149,341
Equity shareholders' funds		536,902	174,341
Non-equity shareholders' funds.....	14	25,000	25,000
TOTAL SHAREHOLDERS' FUNDS	17	<u><u>561,902</u></u>	<u><u>199,341</u></u>

Approved by the Board on 31 October 2000
and signed on its behalf by

A.F. Raikes



)
)
) Director
)
)

**NOTES TO THE FINANCIAL STATEMENTS -
YEAR ENDED 31 DECEMBER 1999**

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

- i) **Basis of accounting:** The financial statements are prepared in accordance with the historical cost accounting rules. For the current period there were no discontinued operations or acquisitions therefore all the turnover and result for the current period arise from continuing operations.
- ii) **Long term loans:** In the course of arranging some special purpose vehicles the company makes long term loans to the holding companies of the vehicles.
- iii) **Consolidated financial statements:** SPV Management Limited and its subsidiary qualify as a small sized group under the terms of section 248 (1) of the Companies Act 1985. As a consequence it is exempt from the requirement to prepare consolidated financial statements.
- iv) **Cash flow statement:** The company is exempt from the requirement of the Financial Reporting Standard No1 to prepare a cash flow statement as it is entitled to the filing exemptions as a small company under sections 246 to 249 of the Companies Act 1985 when filing accounts with the Registrar of Companies.
- v) **Recognition of income and expenses:** Fees for initial advice on structuring transactions are recognised when the funding arrangements are finalised. Other consultancy and management fees and administrative expenses are stated on an accruals basis.
- vi) **Tangible fixed assets:** Tangible fixed assets are recorded at historic purchase cost less accumulated depreciation. Depreciation has been provided to write off the cost less estimated residual value of tangible fixed assets by equal instalments over the estimated useful economic lives of the relevant assets as follows:

Office furniture & equipment	5 years
Computer Equipment	3 years
- vii) **Deferred income:** Consultancy fees received in respect of periods subsequent to the balance sheet date are carried forward as deferred income.
- viii) **Pension scheme:** The company participates in a pension scheme of the defined contribution type. Contributions are charged to the profit and loss account in the period to which they relate.
- ix) **Operating leases:** Costs in respect of operating leases are charged on a straight line basis over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS -
YEAR ENDED 31 DECEMBER 1999 - CONTINUED**

- x) **Taxation:** The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

2. TURNOVER

Turnover mainly arises from United Kingdom counterparties and represents the amounts (excluding value added tax) derived from the company's principal activity.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION IS STATED AFTER CHARGING:

	1999	1998
Auditors' remuneration		
Audit	£7,000	£5,500
Other services.....	£8,762	£1,000
Depreciation	£11,748	£11,328
Hire of plant & machinery/operating lease	£9,207	£14,555

4. REMUNERATION OF DIRECTORS

	1999	1998
Directors' emoluments.....	<u>£372,922</u>	<u>£277,925</u>
Contributions to pension schemes	<u>£5,300</u>	<u>£300</u>

5. STAFF NUMBERS AND COSTS

During the year, the company employed five employees (1998: four) in addition to the directors.

The employment costs of all employees (including directors) were as follows:-

	1999	1998
	£	£
Salaries and directors' fees	479,642	363,659
Consultancy fees	40,837	43,897
Social security costs	53,375	37,064
Other pension, and employment costs	58,704	55,234
	<u>632,558</u>	<u>499,854</u>

SPV MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS -
YEAR ENDED 31 DECEMBER 1999 - CONTINUED**

6. TAXATION

	1999 £	1998 £
U.K. corporation tax at 29.49% (1998:21%)		
on the profit for the current period	166,923	28,917
Under/(over) provision for previous year	370	(502)
	<u>167,293</u>	<u>28,415</u>

7. TANGIBLE FIXED ASSETS

	Office furniture & equipment £	Computer Equipment £	Total £
Cost			
At beginning of year.....	36,469	29,242	65,711
Additions at cost	8,581	4,280	12,861
At end of year.....	<u>45,050</u>	<u>33,522</u>	<u>78,572</u>
Depreciation			
At beginning of year.....	22,635	20,471	43,106
Charge for the year.....	5,638	6,110	11,748
At end of the year.....	<u>28,273</u>	<u>26,581</u>	<u>54,854</u>
Net book value			
At 31 December 1999	<u>16,777</u>	<u>6,941</u>	<u>23,718</u>
At 31 December 1998	<u>13,834</u>	<u>8,771</u>	<u>22,605</u>

SPV MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS -
YEAR ENDED 31 DECEMBER 1999 - CONTINUED**

8. FIXED ASSET INVESTMENTS	Interest in Group Undertakings 1999 £	Interest in Group Undertakings 1998 £
Cost		
At beginning of year.....	25,660	25,660
Addition	28,908	-
At end of year.....	54,568	25,660

Details of subsidiary undertakings are as follows:

Name of company and country of incorporation and operation	£1 ordinary shares and reserves at 31.12.99 £	Profit for period ended 31.12.99 £
SPV Jersey Limited..... (Registered in Jersey)	10,000	807

SPV Management Limited is the sole owner of SPV Jersey Limited. The business of SPV Jersey Limited is to provide management and consultancy services, primarily, though not exclusively, to special purpose companies involved in asset backed financing transactions, outside the United Kingdom. Due to the immaterial size of this company's trading results, the results of this subsidiary undertaking have not been consolidated into the accounts of SPV Management Limited.

Name of company and country of incorporation and operation	US\$1 ordinary shares and reserves at 31.12.99 US\$	Profit for period ended 31.12.99 US\$
SPV Cayman Limited..... (Registered in Cayman Islands, BWI)	25,000	Nil
	£ 19,908	£ Nil

SPV Management Limited is the sole owner of SPV Cayman Limited. The business of SPV Cayman Limited is to provide management and consultancy services, primarily, though not exclusively, to special purpose companies involved in asset backed financing transactions, outside the United Kingdom. The company was incorporated on 18 August 1999 and had not commenced trading at 31 December 1999.

SPV MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS -
YEAR ENDED 31 DECEMBER 1999 - CONTINUED**

9. LONG TERM LOANS

	1999	1998
	£	£
Loans advanced during the year	301,435	-
Less: provision for doubtful debt	<u>(21,100)</u>	<u>-</u>
	<u>280,335</u>	<u>-</u>

Long term loans are amounts advanced to fund special purpose companies.

10. DEBTORS

	1999	1998
	£	£
Trade debtors.....	487,662	183,780
Prepayments and accrued income	125,682	87,938
Other debtors.....	<u>46,437</u>	<u>13,988</u>
	<u>659,781</u>	<u>285,706</u>

11. CREDITORS: amounts due within one year

	1999	1998
	£	£
Trade creditors	42,707	5,425
Owed to SPV Jersey Limited	4,199	-
Owed to Lord Securities Corporation	11,014	8,190
Corporation tax	166,923	29,097
Other taxes and social security costs.....	150,690	52,734
Accruals.....	27,081	24,777
Deferred income.....	<u>200,933</u>	<u>126,935</u>
	<u>603,547</u>	<u>247,158</u>

12. CREDITORS:

	1999	1998
(amounts falling due after more than one year)	£	£
Deferred income.....	<u>37,788</u>	<u>43,834</u>
	<u>37,788</u>	<u>43,834</u>

Included in deferred income is an amount of £13,604 (1998:£19,650) due after more than five years.

SPV MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS -
YEAR ENDED 31 DECEMBER 1999 - CONTINUED**

13. SHARE CAPITAL

	1999 £	1998 £
Authorised share capital:		
50,000 ordinary shares of £1 each.....	50,000	50,000
25,000 redeemable preference shares of £1 each..	25,000	25,000
	<u>75,000</u>	<u>75,000</u>
Issued and fully paid share capital:		
25,000 ordinary shares of £1 each	25,000	25,000
25,000 redeemable preference shares of £1 each..	25,000	25,000
	<u>50,000</u>	<u>50,000</u>

14. NON-EQUITY INTERESTS

Shareholders funds include non-equity interests in the following stock:

	1999 £	1998 £
25,000 redeemable preference shares of £1 each...	<u>25,000</u>	<u>25,000</u>

15. PENSION CONTRIBUTIONS

The company operates individual executive pension schemes. The schemes are of the defined contribution type and their assets are held in separately administered funds. The rates of contribution payable are determined by a professionally qualified independent actuary.

The total pension cost for the company in the period was £29,000 (1998:£20,150).

16. RESERVES

	Profit and Loss account £
At beginning of year.....	149,341
Retained profit for the year.....	362,561
	<u>511,902</u>

**NOTES TO THE FINANCIAL STATEMENTS -
YEAR ENDED 31 DECEMBER 1999 - CONTINUED**

17 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1999	1998
	£	£
Profit for the year.....	362,561	93,686
Opening shareholders' funds	<u>199,341</u>	<u>105,655</u>
Closing shareholders' funds.....	<u><u>561,902</u></u>	<u><u>199,341</u></u>

18 LEASE COMMITMENTS

The company occupies leasehold accommodation with an annual rental of £50,000 (1998: £50,000) under a lease expiring in December 2008, with an option to break in December 2003.

In addition, the company had two lease hire motor vehicles, which both expired in October 1999, that incurred rental payments of £5,958 and £3,249 respectively.