

**CWB CAPITAL PARTNERS  
(INVESTMENTS) LIMITED**

**REPORT AND FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 1998**



Registered In England No. 2708886

**CWB CAPITAL PARTNERS (INVESTMENTS) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE**  
**YEAR ENDED 31 DECEMBER 1998**

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# CWB CAPITAL PARTNERS (INVESTMENTS) LIMITED

## REPORT OF THE DIRECTORS

The Directors present their Report to the members together with the financial statements for the year ended 31 December 1998 which were approved by them on 27 April 1999.

### Business review

The company acts as the General Partner to ten Limited Partnerships (collectively CWB Capital Partners Funds I, "the Fund") whose objective is to make equity and equity related investments in European businesses. This will continue to be the activity of the company in the future.

### Results and dividend

The results for the year are set out in the profit and loss account on page 6. The directors recommend the payment of a dividend for the year of £6,250,000 (1997 - £9,500,000).

### Liability Insurance

The Company has professional indemnity insurance in place in respect of the duties of the company's Directors.

### Directors

The directors of the company during the year were:-

	Appointed	Resigned
N. E. Doughty	17.7.92	-
R. T. Long	10.2.95	-
R. Diester	10.3.98	-

### Directors' interests

The interests of the Directors in office at 31 December 1998 in the fully paid 25p share capital of Standard Chartered PLC according to the register maintained under Section 325 of the Companies Act 1985 were as follows:-

Director	Shares		Options	
	1.1.98	31.12.98	1.1.98	31.12.98
R. T. Long	8,078	11,926	51,277	46,838

### Introduction of the Euro

The Directors have considered the implications of European Monetary Union on the business operations and financial statements of the Group. The Directors are not aware of any material issues arising.

### Year 2000

The Directors have considered the implications of the Year 2000 issue in relation to going concern and financial statements of the Group and are not aware of any material issues in that regard.

The review, including testing, indicated that the Group's systems are compliant with the possible exception that certain Microsoft products, which form a significant element of the business infrastructure, may require upgrade. Upgrades and service packs will be applied when they are made available.

# **CWB CAPITAL PARTNERS (INVESTMENTS) LIMITED**

## **REPORT OF THE DIRECTORS (CONTINUED)**

### **Auditors**

During the year the auditors, Coopers & Lybrand ("C&L"), merged with Price Waterhouse on 1 July, following which C&L resigned and the directors appointed the new firm, PricewaterhouseCoopers ("PwC"), as auditors. A resolution to reappoint PwC as auditors to the Company will be proposed at the Annual General Meeting.

### **Statement Of Directors' Responsibilities**

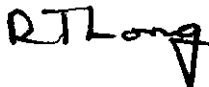
Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing those financial statements, the Directors are required to:

- 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 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.

The Directors confirm that the financial statements comply with the above requirements.

By order of the Board.



R. T. Long  
Director  
27<sup>th</sup> April 1999

Registered Office  
45 Pall Mall  
London  
SW1Y 5JG

## **REPORT OF THE AUDITORS TO THE MEMBERS OF CWB CAPITAL PARTNERS (INVESTMENTS) LIMITED**

We have audited the financial statements on pages 6 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 8 and 9.

### **Respective responsibilities of Directors and Auditors**

The directors are responsible for preparing the Annual Report including, as described on pages 3 to 4 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and 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 or 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

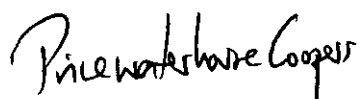
### **Basis of opinion**

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 accounts. 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 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
1 Embankment Place  
London WC2N 6NN

29 April 1999

# CWB CAPITAL PARTNERS (INVESTMENTS) LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1998

	Notes	1998 £'000	1997 £'000
<b>Turnover - continuing operations</b>			
Income from Limited Partnerships		537	949
Other income	1	<u>7,380</u>	<u>14,263</u>
		7,917	15,212
Administrative expenses - continuing operations		<u>(604)</u>	<u>(1,226)</u>
<b>Operating profit - continuing operations</b>		7,313	13,986
Interest receivable and similar income		555	153
Interest payable and similar charges		<u>(5)</u>	<u>(6)</u>
<b>Profit on ordinary activities before taxation</b>	2	7,863	14,133
Taxation	5	<u>(2,436)</u>	<u>(3,464)</u>
<b>Profit on ordinary activities after taxation</b>		5,427	10,669
Dividends (equity)	6	<u>(6,250)</u>	<u>(9,500)</u>
<b>Retained (loss) / profit for the year</b>		<u>(823)</u>	<u>1,169</u>

The company has no recognised gains or losses other than the profits above and therefore no separate statement of recognised gains or losses has been presented.


There is no material difference between either the profit on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents.

# CWB CAPITAL PARTNERS (INVESTMENTS) LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 1998

	Notes	1998 £'000	1997 £'000
<b>Fixed assets</b>			
Investments	7	<u>77</u>	<u>74</u>
<b>Current assets</b>			
Debtors	8	458	14
Cash		<u>2,709</u>	<u>7,094</u>
		<u>3,167</u>	<u>7,108</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>(2,798)</u>	<u>(5,913)</u>
<b>Net current assets</b>		<u>369</u>	<u>1,195</u>
<b>Total assets less current liabilities</b>		<u>446</u>	<u>1,269</u>
<b>Capital and Reserves</b>			
Called-up share capital	10	100	100
Profit and loss account		<u>346</u>	<u>1,169</u>
<b>Shareholders' funds (equity)</b>	11	<u>446</u>	<u>1,269</u>

The financial statements on pages 6 to 13 were approved by the Board of Directors on 27 April 1999 and were signed on its behalf by:-

  
N.E. Doughty  
Director

# **CWB CAPITAL PARTNERS (INVESTMENTS) LIMITED**

## **ACCOUNTING POLICIES**

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards except in respect of the consolidation of the Limited Partnership funds as disclosed below.

A summary of the more important Group accounting policies which have been applied consistently is set out below.

The headings and formats adopted in the profit and loss account have been adapted from those specified in the Companies Act 1985 as, in the opinion of the Directors, those adopted more appropriately reflect the nature of the Group's business.

### **Basis of consolidation**

The consolidated accounts include in full the Company and, except for certain investments held by Limited Partnerships, its subsidiary undertakings. Where subsidiaries are acquired during the year, their results are included in the consolidated accounts from the date of acquisition. Goodwill arising on the acquisition of subsidiary undertakings is written off immediately against reserves.

### **Limited Partnerships and Investments**

As at 31 December 1998, the Company managed ten venture capital Limited Partnerships in which it has a small participating interest, and for which it acts as the General Partner. Investments held through the Limited Partnerships are made with the express intention of capital appreciation. The Limited Partnerships and certain of the Investments held by the Limited Partnerships technically fall within the definition of subsidiary or associated undertakings of the General Partner under the Companies Act 1985 and Financial Reporting Standard ("FRS") No. 2 and are required by that Act and that Standard to be consolidated into the Group accounts.

In the opinion of the Directors, consolidation would not give a true and fair view of the interest of the Group in the Limited Partnerships and their investments since the nature of these Partnerships and their investment activities is such that they are effectively funds to which the Company provides investment management services. In addition, there are severe long term restrictions upon the ability of the General Partner to exercise control or dominant influence other than for the interests of the Limited Partners. Accordingly they have been excluded from consolidation and details of the Companies so effected are listed in note 7.

The General Partner considers that to equity account for its interest in subsidiaries or associates would not present a true and fair view and it is appropriate for the balance sheet to show all investments at the lower of cost or General Partner's valuation and that it would be misleading not to adopt a uniform accounting treatment for all investments as allowed by FRS No. 9. If they had been consolidated in full the effect would have been to increase net assets and minority interests by £30,422,980 (1997 - £31,367,121) and the profit before tax by £16,829,202 (1997 - £67,915,358).

### **Fixed asset investments**

Investments are valued at cost less provision, if appropriate, for permanent diminution in value.



# **CWB CAPITAL PARTNERS (INVESTMENTS) LIMITED**

## **ACCOUNTING POLICIES (CONTINUED)**

### **Deferred taxation**

Provision is made for deferred taxation under the liability method to the extent that, in the opinion of the directors, the asset or liability is expected to crystallise in the foreseeable future

### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year and foreign exchange differences are taken to the profit and loss account in the year in which they arise.

### **Income recognition**

Partnership income is recognised when earned, which is usually the date upon which the individual limited partnership agreements are signed.

### **Deferred income**

Preferential drawings received prior to the due date are accounted for as deferred income.

# CWB CAPITAL PARTNERS (INVESTMENTS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

### 1 Other income

This comprises amounts received in respect of the interests of the Company in both CWB Capital Partners Funds I of £3,166,635 (1997 - £11,956,226) and in Doughty Hanson & Co Funds II of £4,213,071 (1997 - £2,306,658).

### 2 Profit on ordinary activities

Profit on ordinary activities before taxation is stated after charging

	1998 £'000	1997 £'000
Remuneration of auditors – audit fee	8	8
Remuneration of auditors – taxation advice	-	2
Management charge payable to parent undertaking	-	76
Management charge payable to Doughty Hanson & Co Managers Limited	487	1,149

### 3 Directors' emoluments

No directors received emoluments during the year in respect of their services as directors of the Company.

### 4 Employee information

There were no employees of the company during the year.

### 5 Tax on profit on ordinary activities

	1998 £'000	1997 £'000
The tax charge for the year comprises		
Corporation tax at 31% (1997 – 31.5%)	2,241	3,452
Under provision in respect of prior years	<u>195</u>	<u>12</u>
	<u>2,436</u>	<u>3,464</u>

### 6 Dividends (equity)

	1998 £'000	1997 £'000
Dividends on equity shares		
Dividend paid (£62.50 per share) (1997 - £95)	<u>6,250</u>	<u>9,500</u>

**CWB CAPITAL PARTNERS (INVESTMENTS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 1998 (CONTINUED)**

**7 Investments**

	1998 £'000	1997 £'000
<b>Interests in Limited Partnerships of the Fund</b>		
Limited Partnership No. 1	12	12
Limited Partnership No. 2	1	1
Limited Partnership No. 3	5	5
Limited Partnership No. 4	1	1
Limited Partnership No. 5	4	4
Limited Partnership No. 6	1	1
Limited Partnership No. 7	5	5
Limited Partnership No. 8	1	1
Limited Partnership No. 9	10	10
Limited Partnership No. 10	<u>1</u>	<u>1</u>
	<u>41</u>	<u>41</u>

Companies which are subsidiaries under the provisions of the Companies Act 1985 and Financial Reporting Standard ("FRS") No. 2, but which are not consolidated for reasons given in the statement of accounting policies are as follows.

**Bran & Luebbe GmbH**

This company is registered in Germany and manufactures process control equipment.

**Elaxis Elektroholding AG**

This company is registered in Germany and is the holding company of a specialist engineering group.

**Norden Pac International AB**

This company is registered in Sweden and manufactures packaging equipment.

The Company also has investments totalling DM100,000 (£36,087) in the 13 Limited Partnerships which together constitute Doughty Hanson & Co Funds II, for which it does not act as general partner.

<b>Reconciliation of movements in investments</b>	1998 £'000	1997 £'000
At 1 January	74	79
Exchange movement - Doughty Hanson & Co Funds II	<u>3</u>	<u>(5)</u>
At 31 December	<u>77</u>	<u>74</u>

# CWB CAPITAL PARTNERS (INVESTMENTS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998 (CONTINUED)

<b>8 Debtors</b>	<b>1998</b>	<b>1997</b>
	<b>£'000</b>	<b>£'000</b>
Prepayments and accrued income	101	-
Advance corporation tax recoverable	293	-
Amounts due from Limited Partnerships	<u>64</u>	<u>14</u>
	<u>458</u>	<u>14</u>
<b>9 Creditors: Amounts falling due within one year</b>	<b>1998</b>	<b>1997</b>
	<b>£'000</b>	<b>£'000</b>
Accruals, sundry creditors and deferred income	49	396
Advance corporation tax payable	1,563	2,375
Amount owing to parent company	4	1,943
Corporation tax	<u>1,182</u>	<u>1,199</u>
	<u>2,798</u>	<u>5,913</u>
<b>10 Share capital</b>	<b>1998</b>	<b>1997</b>
	<b>£'000</b>	<b>£'000</b>
<b>Authorised</b>		
1,000,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
100,000 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>11 Reconciliation of movements in shareholders' funds</b>	<b>1998</b>	<b>1997</b>
	<b>£'000</b>	<b>£'000</b>
Opening shareholders' funds	1,269	100
Profit for the financial year	5,427	10,669
Dividends	<u>(6,250)</u>	<u>(9,500)</u>
Closing shareholders' funds	<u>446</u>	<u>1,269</u>
<b>12 Cashflow statement</b>		

The company is exempt under FRS 1 (Revised 1996) from the requirement to prepare a cashflow statement, as the company is a wholly owned subsidiary of CWB Capital Partners Limited. CWB Capital Partners Limited prepares consolidated accounts in which a consolidated cashflow statement is presented, and are publicly available.

## **CWB CAPITAL PARTNERS (INVESTMENTS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998 (CONTINUED)**

#### **13 Ultimate parent company**

CWB Capital Partners (Investments) Limited is a wholly owned subsidiary undertaking of CWB Capital Partners Limited registered in England and Wales and the consolidated financial statements are available from Companies House, Crown Way, Cardiff, Wales, CF4 3UZ.

The ultimate controlling party is Standard Chartered PLC, a company registered in England and Wales. The consolidated financial statements are available from the Company Secretary at 1 Aldermanbury Square, London EC2V 7SB.

#### **14 Related parties**

The controlling party is CWB Capital Partners Limited and the ultimate controlling party is Standard Chartered PLC. The company has taken advantage of the exemption in Financial Reporting Standard No.8 ("FRS 8") from the requirement to disclose intra group transactions which are defined as related party transactions under FRS 8. Other related party transactions are as follows.

The company is the general partner in ten Limited Partnerships which together constitute CWB Capital Partners Funds I ("Fund I") in which it holds special capital. This entitles the company to a share of income and capital distributions made by the Limited Partnerships in accordance with the Limited Partnership agreements. During the year, the company received £2,419,984 (1997 - £12,904,901) from the Limited Partnerships.

Nigel Doughty, a director of the company has an entitlement to receive capital and income distributions from the Limited Partnerships constituting Fund I and Doughty Hanson & Co Funds II in accordance with these Limited Partnership agreements.

The company paid management fees of £487,130 (1997 - £1,148,675) to Doughty Hanson & Co Managers Limited, a company of which Nigel Doughty is a director.