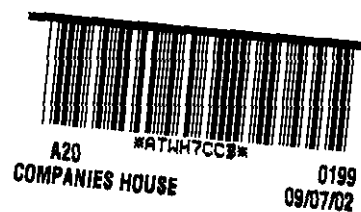


# STRAND PARTNERS LIMITED

*(Company number 2780169)*

Financial statements

31 March 2002



## Strand Partners Limited

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## Strand Partners Limited

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### DIRECTORS' REPORT

for the year to 31 March 2002

The Directors present their report on the affairs of the Company, together with the financial statements and auditors' report, for the year to 31 March 2002.

#### Principal activity and business review

The principal activity of the Company is the provision of corporate finance and related advisory services, and is regulated by the Financial Services Authority under the Financial Services and Markets Act 2000.

The Directors do not expect a change in the Company's activities in the foreseeable future.

#### Results for the year

The results for the year are set out on page 6. The Directors recommend the payment of a dividend of £134,644 (2001: £593,455).

#### Directors' details and interests

The Directors who have served since 1st April 2001 are:

	<i>Date appointed</i>	<i>Date resigned</i>
Patrick Burgess		
Sir Michael Edwardes		
Richard Fenhalls		
Karen Hack		14 February 2002
Simon Hunt	24 May 2001	
Rory Murphy	1 November 2001	
Simon Raggett		
Anthony Rawlinson		2 August 2001
Andrew Ross		
Jo Welman	5 September 2001	

No Director has any beneficial interest in the shares of the Company. Throughout the year, Mr Fenhalls held 565 shares of Strand Associates Limited, the ultimate parent company.

#### Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year that 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.

## Strand Partners Limited

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### DIRECTORS' REPORT (continued)

for the year to 31 March 2002

In preparing the 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; and prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

After making inquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and 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.

#### Auditors

During the year, Arthur Andersen resigned as auditors and the Directors appointed Hazlewoods to fill the casual vacancy. Hazlewoods have expressed a willingness to continue in office and a resolution re-appointing them will be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD OF DIRECTORS



CHRISTOPHER ROOTS  
Company Secretary

110 Park Street  
London W1K 6NX

13 May 2002

## **Strand Partners Limited**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF STRAND PARTNERS LIMITED**

We have audited the financial statements of Strand Partners Limited on pages 6 to 19 for the year ended 31 March 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

#### **Respective responsibilities of the directors and auditors**

As described in the statement of directors' responsibilities on page 2 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 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 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 or material inconsistencies with the financial statements.

#### **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.

## Strand Partners Limited

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF STRAND PARTNERS LIMITED (continued)

#### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



HAZLEWOODS  
Chartered Accountants and Registered Auditors

Windsor House  
Barnett Way  
Barnwood  
Gloucester GL4 3RT

13 May 2002

## Strand Partners Limited

### PROFIT AND LOSS ACCOUNT

for the year to 31 March 2002

		<b>2002</b>	<b>2001</b>
	<i>Notes</i>	£	£
Turnover	1f	<b>2,467,682</b>	3,248,222
Operating expenses		<b>(2,356,479)</b>	(2,426,600)
<b>Operating profit</b>		<b>111,203</b>	821,622
Investment income	2	<b>51,513</b>	21,374
<b>Profit on ordinary activities before taxation</b>	3	<b>162,716</b>	842,996
Tax on profit on ordinary activities	5	<b>(28,072)</b>	(249,541)
<b>Profit on ordinary activities after taxation</b>		<b>134,644</b>	593,455
<b>Proposed dividend</b>	10	<b>(134,644)</b>	(593,455)
<b>Retained profits brought forward</b>		-	-
<b>Retained profits carried forward</b>		-	-

There are no recognised gains or losses in either year other than the profit for the year and all income is derived from continuing operations.

The accompanying notes are an integral part of this profit and loss account.

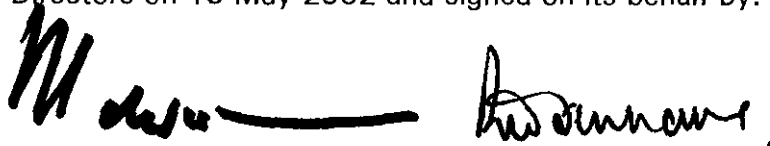
# Strand Partners Limited

## BALANCE SHEET

at 31 March 2002

		2002	2001
	Notes	£	£
<b>Fixed assets</b>			
Tangible assets	6	-	-
<b>Current assets</b>			
Debtors	7	664,437	947,567
Cash and deposits		789,762	1,427,031
		<u>1,454,199</u>	<u>2,374,598</u>
<b>Creditors:</b>			
Amounts falling due within one year	8	(454,199)	(1,374,598)
<b>Net current assets</b>		<u>1,000,000</u>	<u>1,000,000</u>
<b>Net assets</b>		<u><u>1,000,000</u></u>	<u><u>1,000,000</u></u>
<b>Capital and reserves</b>			
Called-up share capital	9	1,000,000	1,000,000
Profit and loss account		-	-
<b>Shareholders' funds (all equity)</b>	10	<u><u>1,000,000</u></u>	<u><u>1,000,000</u></u>

The financial statements on pages 6 to 19 were approved by the Board of Directors on 13 May 2002 and signed on its behalf by:



SIR MICHAEL EDWARDES  
Director

RICHARD FENHALLS  
Director

The accompanying notes are an integral part of this balance sheet.



## Strand Partners Limited

### CASH FLOW STATEMENT

for the year to 31 March 2002

	<i>2002</i>	<i>2001</i>
<i>Notes</i>	<i>£</i>	<i>£</i>
<b>Net cash inflow from operating activities</b> <i>11a</i>	<b>76,076</b>	<b>327,446</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	51,513	71,374
<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>51,513</b>	<b>71,374</b>
<b>Taxation paid – UK Corporation tax</b>	<b>(192,124)</b>	<b>(372,929)</b>
<b>Capital expenditure</b>		
Purchases of tangible fixed assets	(48,300)	(35,524)
Purchases of investments	-	(700,000)
Proceeds on sale of tangible fixed assets	69,021	45,018
Proceeds on sale of investments	-	650,000
<b>Net cash inflow/(outflow) from capital expenditure</b>	<b>20,721</b>	<b>(40,506)</b>
<b>Equity dividends paid</b>	<b>(593,455)</b>	<b>(743,703)</b>
<b>Cash (outflow) before management of liquid resources</b>	<b>(637,269)</b>	<b>(758,318)</b>
<b>Management of liquid resources</b>		
Amounts from term deposits	404,072	964,457
<b>(Decrease)/increase in cash</b> <i>11c</i>	<b>(233,197)</b>	<b>206,139</b>

The Company has no borrowings and therefore no analysis of movement in net debt is presented.

The accompanying notes are an integral part of this cash flow statement.

# **Strand Partners Limited**

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## **NOTES TO THE FINANCIAL STATEMENTS**

31 March 2002

### **1. Principal accounting policies**

A summary of the principal accounting policies is set out below:

#### **a. Basis of accounting**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

#### **b. Tangible fixed assets**

Fixed assets are shown at cost, net of accumulated depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Fixtures and fittings	1 year
Office equipment	1 year
Motor vehicles	1 year
Leasehold premises	5 years

Fixed assets purchased at an original cost of under £15,000 are immediately written off in the year.

#### **c. Investments**

Fixed asset investments are shown at cost less provision for permanent impairment.

#### **d. Taxation**

Corporation tax payable is provided on taxable profits at the current rate.

Full provision is made for deferred tax arising from timing differences between the differing treatment of certain items for taxation and accounting purposes. Deferred tax assets are recognised only to the extent that the Directors consider there are suitable taxable profits from which the underlying timing differences can be deducted.

## **Strand Partners Limited**

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### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

31 March 2002

**e. Foreign currency**

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

**f. Turnover**

Turnover represents fee income, excluding Value Added Tax, for corporate finance advice provided in the normal course of business and is generated from services provided in the United Kingdom.

**g. Pension costs**

The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

**h. Leases**

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

## Strand Partners Limited

### NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2002

#### 2. Investment income

The following investment income/(charges) were credited/(charged) to the profit and loss account during the year

	2002 £	2001 £
Bank deposit interest	50,869	47,056
Loan interest	644	24,133
Other interest	-	185
Loss on sale of investments	-	(50,000)
	<u>51,513</u>	<u>21,374</u>

#### 3. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after (crediting)/charging:

	2002 £	2001 £
Profit on sales of fixed assets	(20,721)	(44,828)
Depreciation and amount written off tangible fixed assets	-	35,334
Assets costing under £15,000 written off	15,362	54,656
Operating lease rentals		
Land and buildings	157,000	157,000
Other	3,052	3,052
Auditors' remuneration:		
Audit fees	11,600	13,000
Non-audit fees	12,093	11,700
Staff costs (see note 4)	<u>1,607,014</u>	<u>1,442,434</u>

## Strand Partners Limited

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### NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2002

#### 4. Staff costs

Particulars of employees (including executive directors) are as follows:

	2002	2001
	£	£
Wages and salaries	1,415,372	1,257,020
Pension contributions	70,088	57,362
Social security costs	121,554	128,052
	<hr/>	<hr/>
	1,607,014	1,442,434
	<hr/>	<hr/>

The average number of staff employed during the year, including executive directors, was 14 (2001: 13).

Directors' remuneration in respect of directors of the Company was £1,050,532 (2001: £825,776).

The remuneration of the highest paid director was £408,242 (2001: £333,890).

Pension contributions include £37,777 (2001: £23,175) paid on behalf of Directors. At 31 March 2002, 4 (2001: 5) Directors were members of money purchase schemes. No contributions were paid in respect of the Chief Executive Officer.

## Strand Partners Limited

### NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2002

#### 5. Tax on profit on ordinary activities

The tax charge comprises:

	2002 £	2001 £
Corporation Tax on profits for the year	28,071	250,023
Underprovision/(overprovision) in prior year	1	(482)
	<u>28,072</u>	<u>249,541</u>

The tax rate for the current year varied from the standard rate of Corporation Tax due to the following factors:

	2002 %	2001 %
UK Corporation Tax standard rate	30.0	30.0
Reduction to small companies rate	(7.5)	-
Expenses not allowable for tax purposes	0.8	2.4
Capital allowances in excess of depreciation	(6.0)	(2.8)
	<u>17.3</u>	<u>29.6</u>

# Strand Partners Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2002

### 6. Tangible fixed assets

The movements during the year were:

	<i>Leasehold premises</i> £	<i>Fixtures &amp; fittings</i> £	<i>Office equipment</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
<b>Cost</b>					
1 April 2001	155,189	9,500	18,648	54,559	237,896
Additions	-	-	-	48,300	48,300
Disposals	-	-	(1,884)	(102,859)	(104,743)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
31 March 2002	<u>155,189</u>	<u>9,500</u>	<u>16,764</u>	<u>-</u>	<u>181,453</u>
<b>Depreciation</b>					
1 April 2001	155,189	9,500	18,648	54,559	237,896
Disposals	-	-	(1,884)	(54,559)	(56,443)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
31 March 2002	<u>155,189</u>	<u>9,500</u>	<u>16,764</u>	<u>-</u>	<u>181,453</u>
<b>Net book value</b>					
1 April 2001	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 March 2002	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

## Strand Partners Limited

### NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2002

#### 7. Debtors

The following are included in the net book value of debtors:

	2002 £	2001 £
Trade debtors	23,500	417,038
Amounts owed by group companies	472,445	431,995
Taxation	36,929	-
Other debtors	64,533	18,194
Prepayments and accrued income	67,030	80,340
	<u>664,437</u>	<u>947,567</u>

Included in other debtors above is an amount of £16,850 (2001: £16,850) relating to a deposit on lease commitments which falls due for repayment after one year.

#### 8. Creditors: Amounts falling due within one year

The following amounts are included in creditors falling due within one year:

	2002 £	2001 £
Amounts owed to group companies	43,900	43,900
Taxation and social security	55,457	293,534
Other creditors	132,582	298,967
Accruals and deferred income	87,616	144,742
Proposed dividend	134,644	593,455
	<u>454,199</u>	<u>1,374,598</u>

#### 9. Called-up share capital

	2002 £	2001 £
<i>Authorised, allotted, called-up and fully paid</i>		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>



## Strand Partners Limited

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### NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2002

#### 10. Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Opening shareholders' funds	1,000,000	1,000,000
Profit for the financial year	134,644	593,455
Proposed dividend	(134,644)	(593,455)
	<hr/>	<hr/>
Closing shareholders' funds	<u>1,000,000</u>	<u>1,000,000</u>

On 13 May 2002, the Directors declared a dividend of 13.4644p per share (2001: 59.3455p).

# Strand Partners Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2002

### 11. Cash flow information

#### *a) Reconciliation of operating profit to net cash inflow from operating activities*

	2002 £	2001 £
Operating profit	111,203	821,622
Depreciation charges	-	35,334
Profit on sales of tangible assets	(20,721)	(44,828)
Decrease in debtors	320,059	(382,213)
(Decrease) in creditors falling due within one year	(334,465)	(102,469)
Net cash inflow from operating activities	<u>76,076</u>	<u>327,446</u>

#### *b) Analysis of changes in cash during the year*

	2002 £	2001 £
Balance at beginning of year	256,949	50,810
Net cash (outflow)/inflow	(233,197)	206,139
Balance at end of year	<u>23,752</u>	<u>256,949</u>

#### *c) Analysis of the balances of cash as shown in the balance sheet*

	31 March 2002 £	1 April 2001 £	Change in year £
Cash	23,752	256,949	(233,197)
Term deposits	766,010	1,170,082	(404,072)
	<u>789,762</u>	<u>1,427,031</u>	<u>(637,269)</u>

## Strand Partners Limited

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### NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2002

#### 12. Lease commitments

Annual lease commitments for non-plant and machinery payable in the next financial year are:

	<i>2002</i> £	<i>2001</i> £
Leases expiring over 5 years	-	-
Leases expiring over 1 year and under 5 years		
Land and buildings	157,000	157,000
Other	-	3,052
Leases expiring under 1 year		
Other	1,526	-
	<u>          </u>	<u>          </u>

#### 13. Ultimate parent company

The Directors regard Strand Associates Limited, a company incorporated in Guernsey, as the ultimate parent undertaking and ultimate controlling party.

Strand Associates Limited is the parent of the largest and smallest group of which the Company is a member and for which group accounts are drawn up.

## Strand Partners Limited

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### NOTES TO THE FINANCIAL STATEMENTS (continued)

31 March 2002

#### 14. Transactions with related parties

The Company had the following material transactions with related parties during the year:

- Turnover includes fees amounting to £482,398 (2001: £435,843) for services provided to the ultimate holding company, Strand Associates Limited. At 31 March 2002, the Company was owed £472,445 (2001: £431,995) by the ultimate holding company.
- During the year, the Company lent various amounts up to £225,000 (2001: £894,011) to its ultimate holding company. The loan advances were repaid on time and loan interest amounting to £644 (2001: £12,221) was received.
- In previous years, taxable losses amounting to £146,335, have been passed to the Company from Strand Associates Limited, another group company registered in England, under the provisions of Group Relief. At 31 March 2002, creditors include £43,900 due to Strand Associates Limited in respect of this transfer.
- The financial statements include an amount of £49,724 payable for legal services to Gouldens, a firm of solicitors, where Patrick Burgess, one of the Directors of the Company, is a partner. At 31 March 2002, creditors include £45,534 payable to Gouldens.
- During the year, the Company purchased a motor vehicle from Richard Fenhalls, a Director of the Company, at market value of £48,300.