

ELECTRA GP (UNQUOTED UK) LIMITED
(Formerly Electra Fleming GP (Unquoted UK) Limited)

REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH SEPTEMBER 1999**

**REGISTERED NUMBER
3053568**



ELECTRA GP (UNQUOTED UK) LIMITED

Board of Directors

Hugh Anthony Lewis Holland Mumford (*Chairman*)
Philip John Dyke
Robert John Lewis
Stephen Daryl Ozin
Julian David Knott (Alternate Director for HALH Mumford)
Kalvin Bret Booth (Alternate Director for RJ Lewis)
Stephen Daryl Ozin (Alternate Director for RJ Lewis)

Secretary and Registered Office

Philip John Dyke
65 Kingsway
London
WC2B 6QT

ELECTRA GP (UNQUOTED UK) LIMITED

Report of the Directors

The Directors present their Report and the Financial Statements of the Company for the year ended 30th September 1999.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

During the year under review, the Company was a General Partner of a Limited Partnership which invests in unquoted securities. The Company changed its name during the year from Electra Fleming GP (Unquoted UK) Limited to Electra GP (Unquoted UK) Limited. As of 29th June 1999, the priority profit share appropriated by the Company from the Limited Partnership has been cancelled. Accordingly no management charge has been raised against the Company. On 16th April 1999 the ultimate parent undertaking changed from Electra Fleming Holdings Limited to Electra Investment Trust PLC. On 11th August 1999 Electra Fleming Holdings Limited changed its name to Electra Kingsway Holdings Limited. On 15th November 1999 Electra Partners Limited purchased the entire share capital of Electra Kingsway Holdings Limited, a subsidiary of Electra Investment Trust PLC.

YEAR 2000

The Directors have assessed the impact and extent of the Year 2000 issue on its business and operations for the Company and for the group. The cost associated with addressing this issue, including the acquisition of a Year 2000 compliant accounting system, has been borne by another group company. While the Directors believe that the Company will achieve an acceptable state of readiness, it is not possible, given the complexity of the problem, for any organisation to guarantee Year 2000 compliance. For the period since 31 December 1999 the Company has not incurred any adverse effects from this issue.

RESULTS AND DIVIDENDS

The profit on ordinary activities after tax amounted to £9,759,954 (1998: £1,375,382). Directors do not recommend the payment of a final dividend (1998: £200,000), leaving the profit of £9,759,954 (1998: £1,175,382) to be transferred to reserves.

DIRECTORS

Mr PJ Dyke, Mr RJ Lewis, Mr HALH Mumford and Mr SD Ozin were Directors throughout the year ended 30th September 1999. Mr KB Booth and Mr SD Ozin were Alternate Directors for Mr RJ Lewis and Mr JD Knott was an Alternate Director for Mr HALH Mumford throughout the year ended 30th September 1999. No other person was a Director during any part of the year under review.

DIRECTORS' INTERESTS

The interests of the Directors and of their families, all of which are beneficial except where noted, in the share capital of the Company's ultimate holding company, Electra Investment Trust PLC ("EIT") are set out below. Other than as here disclosed, no Director had any notifiable interests in the securities of any further subsidiary of EIT or in the securities of the Company.

Number of Ordinary Shares in EIT

Director	30.09.99	01.10.98
P J Dyke	5,570*	5,570*
JD Knott	3,415	3,415
RJ Lewis	2,841	2,841
HALH Mumford	43,261	43,261
SD Ozin	386	386
KB Booth	1,861	1,861

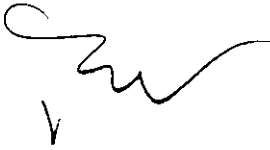
* 500 shares held non-beneficially

ELECTRA GP (UNQUOTED UK) LIMITED

Report of the Directors (Continued)

ELECTIVE RESOLUTIONS

On 20th May 1998, elective resolutions were duly passed whereby the Company is no longer required to hold Annual General Meetings, with the result that PricewaterhouseCoopers will continue as Auditors, and the Directors are no longer required to lay financial statements before the Company in general meeting.



By Order of the Board of Directors
RJ Lewis, Director
65 Kingsway
London WC2B 6QT

19 January 2000

ELECTRA GP (UNQUOTED UK) LIMITED

Directors' Responsibilities for Preparing the Financial Statements

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 as at the end of that year and of its profit or loss for that year. In preparing those Financial Statements the Directors are required to:

- select appropriate accounting policies and then apply them consistently on the basis of 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 ensuring that proper accounting records are kept 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 taking such steps as are reasonably open to them for safeguarding the assets of the Company and for the prevention and detection of fraud and other irregularities. The Directors confirm that they have complied with these requirements.

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

ELECTRA GP (UNQUOTED UK) LIMITED

Report of the Auditors to the Members of Electra GP (Unquoted UK) Limited

We have audited the financial statements on pages 6 to 10 which have been prepared under the historical cost convention and the accounting policies on page 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors are responsible for preparing the Annual Report, including as described on page 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. 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 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 AUDIT 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 judgments 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 30 September 1999 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
London

19 January 2000

ELECTRA GP (UNQUOTED UK) LIMITED

Profit and Loss Account

	Note	Year ended 30th September 1999 £	Year ended 30th September 1998 £
Turnover	2	10,793,220	10,420,368
Operating expenses	3	285	8,427,061
Profit on Ordinary Activities before Taxation		10,792,935	1,993,307
Tax on Profit on Ordinary Activities	5	1,032,981	617,925
Profit on Ordinary Activities after Taxation		9,759,954	1,375,382
Dividends	6	-	200,000
Retained (Loss)/Profit for the year		9,759,954	1,175,382
Retained Profits brought forward		1,845,943	670,561
Retained Profits carried forward		11,605,897	1,845,943

All results and comparatives shown in the profit and loss account above are from discontinued operations.

The Company has no recognised gains and losses other than those included in the profit and loss account as shown above and, therefore, no separate statement of total recognised gains and losses has been presented.

There is no difference between the results shown above and the results on an unmodified historical cost basis, therefore, no separate note of historical cost profits or losses has been presented.

ELECTRA GP (UNQUOTED UK) LIMITED

Balance Sheet

	Note	30th September 1999		30th September 1998	
		£	£	£	£
Fixed Assets					
Investments	7		10,000		10,000
Current Assets					
Debtors	8	21,465,188		25,226,979	
Creditors					
Amounts falling due within one year	9	9,869,289		23,391,034	
Net Current Assets		11,595,899		1,835,945	
Net Assets			11,605,899		1,845,945
Capital and Reserves					
Called-up share capital	10		2		2
Profit and loss account			11,605,897		1,845,943
Total Equity Shareholder's Funds	11		11,605,899		1,845,945

The Financial Statements on pages 6 to 10 were approved by the Board of Directors on 19 January 2000 and were signed on its behalf by:-



RJ Lewis *Director*

ELECTRA GP (UNQUOTED UK) LIMITED

Notes to the financial statements

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. The more significant accounting policies are listed below.

- (a) The financial statements have been prepared under the historical cost convention.
- (b) Partnership Income is profits from interests in Limited Partnerships and is accounted for on an accruals basis.
- (c) Expenses are accounted for on an accruals basis.
- (d) Investment in the Limited Partnership is held as a Fixed Asset Investment at the lower of cost or net realisable value.
- (e) The Company is a wholly-owned subsidiary of an EU company which publishes consolidated accounts that include a consolidated cash flow statement and therefore is not required to produce a cash flow statement.
- (f) The financial statements contain information about Electra GP (Unquoted UK) Limited as an individual company and do not contain information as the parent of the group. The Company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation, or the reasons for their exclusions, in the consolidated financial statements of its parent, Electra Kingsway Holdings Limited, a company registered in England and Wales.

	Year ended 30th September 1999 £	Year ended 30th September 1998 £
2. TURNOVER		
Partnership income - UK	10,329,818	10,420,368
Other income	463,402	-
	<u>10,793,220</u>	<u>10,420,368</u>

Other income is in respect of a creditor balance with the Limited Partnership which is no longer payable.

3. OPERATING EXPENSES

Fees to group undertakings	285	8,427,061
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The audit fee of £3,300 (1998:£3,300) for the year have been borne by another group company.

4. DIRECTORS AND EMPLOYEES

No remuneration was paid to the Directors during the year ended 30th September 1999 (1998: £nil). There were no employees of the Company (1998: none).

ELECTRA GP (UNQUOTED UK) LIMITED

Notes to the financial statements *(Continued)*

	Year ended 30th September 1999 £	Year ended 30th September 1998 £
5. TAXATION		
UK Corporation tax	-	617,925
Tax credits on franked investment income	1,032,981	-
	<u>1,032,981</u>	<u>617,925</u>

On 6th April 1999, Advance Corporation Tax was abolished. The Company has made no provision for current corporation tax on the basis that any such charge will be fully eliminated by Group relief. The Corporation tax rate for the year to 30th September 1998 was 31%.

6. DIVIDENDS		
Interim of nil per share (1998: £100,000)	-	200,000

	30th September 1999 £	30th September 1998 £
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7. FIXED ASSET INVESTMENTS		
Electra Private Equity Partners 1995	10,000	10,000

8. DEBTORS		
Amounts due from Group undertaking:-	20,839,106	24,804,398
Other debtors	237,277	27,947
Taxation recoverable	388,805	394,634
	<u>21,465,188</u>	<u>25,226,979</u>

9. CREDITORS		
Amounts falling due within one year:-		
Amounts due to Group undertakings	9,450,033	20,950,033
Other creditors	419,256	2,441,001
Amounts due to Group undertakings	<u>9,869,289</u>	<u>23,391,034</u>

ELECTRA GP (UNQUOTED UK) LIMITED

Notes to the financial statements (*Continued*)

	30th September 1999 £	30th September 1998 £
10. SHARE CAPITAL		
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called-up and fully paid		
2 ordinary shares of £1 each	2	2
11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS		
Profit for the period	9,759,954	1,375,382
Dividends	-	200,000
	9,759,954	1,175,382
Opening equity shareholder's funds	1,845,945	670,563
Closing equity shareholder's funds	11,605,899	1,845,945

12. RELATED PARTY TRANSACTIONS

Transactions in the period with Electra Private Equity Partners 1995, the "Limited Partnership" were as follows

- Receipt of priority profit share from the Limited Partnership of £10,329,818 (1998: £10,420,368)

An amount of £237,277 (1998: £27,947) outstanding at the year end is due from the Limited Partnership.

As a result of a change in tax legislation a balance of £463,402 due to the Limited Partnership, which comprised of tax credits on Franked Investment Income previously appropriated, has been written back to the profit and loss account.

On 29th June 1999, the Limited Partnership Agreement was amended, which has resulted in a termination of partnership income.

Advantage has been taken of the exemption available under Financial Reporting Standard 8 (Related Party Disclosures) not to disclose transactions between entities 90% or more of whose voting rights are controlled within the group.

13. ULTIMATE HOLDING COMPANY

From 1st October 1998 until 16th April 1999 the Directors regarded Electra Kingsway Holdings Limited (formerly known as Electra Fleming Holdings Limited), as the ultimate parent of the Company. On 16th April 1999, Electra Investment Trust PLC acquired the 50% shareholding in Electra Kingsway Holdings Limited held by Robert Fleming Asset Management Limited. As of this date, the Company's ultimate parent undertaking became Electra Investment Trust PLC, a company incorporated in Great Britain and registered in England and Wales. Copies of Electra Investment Trust PLC's Financial Statements are available from the Secretary of the Company at 65 Kingsway, London WC2B 6QT. On 15th November 1999, Electra Partners Limited purchased the entire share capital of Electra Kingsway Holdings Limited, a subsidiary of Electra Investment Trust PLC.