

# **European Venture Partners Limited**

## **Annual Report**

**For the year ended 31 March 2002**

**Company Registration No: 3521606**



# European Venture Partners Limited

## Annual report for the year ended 31 March 2002

	Pages
Directors and advisers	1
Directors' report	2 – 3
Report of the auditors	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 15

# European Venture Partners Limited

## Directors and advisers

### Executive directors

Dr. E Robertson  
N Pitcher  
M F Williams

### Secretary

A C Davey

### Registered Office

22 Southampton Place  
London  
WC1A 2BP

### Registered auditors

PricewaterhouseCoopers LLP  
Southwark Towers  
32 London Bridge Street  
London  
SE1 9SY

### Solicitors

Morgan Cole  
167 Fleet Street  
London  
EC4A 2JB

### Bankers

The Royal Bank of Scotland  
London Corporate  
Service Centre  
PO Box 39981  
2 ½ Devonshire Square  
London, EC2M 4WS

# European Venture Partners Limited

## Directors' report for the year ended 31 March 2002

The directors present their report and the audited financial statements for the year ended 31 March 2002.

### Principal activities

The principal activity of the company is the provision of lease finance and asset-backed loans.

### Review of business and future developments

The company's business faced difficulties during the year and the portfolio of leases and loans fell by some 38% during the year as new business written fell below the level required to replace capital repaid by borrowers and provisions. The company's results for the year were materially affected by provisions reflecting the difficult market conditions facing the company's lease and loan borrowers.

The company continued to trade and to seek new business until the autumn of 2002. However, market conditions continued to be unfavourable, and material credit losses were incurred. In December 2002, following the re-organisation of the business of the company's intermediate parent company, Dresdner Bank AG, the directors determined that the company should for the time being cease to seek new business. Accordingly the company expects for the future to manage the existing portfolio and to repay the senior line of credit provided by its bankers in accordance with the terms of the applicable agreements.

### Results and dividends

An amount of £6,883,582 (2001: £4,194,031) has been added to the accumulated loss in respect of the year under review. Provision is made for a dividend on the Preference Shares, but the directors do not propose to pay a dividend for the period under review.

### Events since March 2002

The company has received confirmation of support from its intermediate parent company Dresdner Kleinwort Wasserstein Limited and the directors have accordingly drawn up these financial statements on the going concern basis.

### Directors

The directors who held office during the year were:-

R D Ahlgren	resigned 23 May 2003
M PetitBon	resigned 23 May 2003
N Pitcher	
R Stein	appointed 10 September 2001, resigned 23 May 2003
R M Taylor	resigned 30 June 2002
M Vading	appointed 10 September 2001, resigned 23 May 2003
J S Walker	appointed 10 September 2001, resigned 23 May 2003
M F Williams	appointed 6 September 2000
G Woolley	appointed 22 May 2002, resigned 23 May 2003

A C Cowley was appointed a director on 23 May 2003, resigned 8 Sept 2003

Dr. E Robertson was appointed a director on 11 Sept 2003

### Creditor payment policy

The company's policy for the payment of suppliers is to:

- Settle the terms of payment with suppliers when agreeing the terms of each transaction;
- Ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- Pay in accordance with its contractual and legal obligations.

# European Venture Partners Limited

## Directors' report for the year ended 31 March 2002

### Directors' interest in shares

According to the register required to be kept under Section 325 of the Companies Act 1985, the following directors had at 31 March 2002 beneficial interests in the shares of European Venture Partners (Holdings) Limited, the company's parent company:

Director	Ordinary Shares	Preference Shares
	of 1p 31 Mar 2001	of £1.00 31 Mar 2001
R D Ahlgren	5,000	252,525
M Petitbon	5,000	252,525
N Pitcher	2,000	101,010
R Stein	2,000	101,000

### Statement of 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 as at the end of the financial year and of the profit or loss of the company 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;
- state whether applicable accounting standards have been followed; and
- prepare the 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 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

PricewaterhouseCoopers LLP have expressed their willingness to continue as auditors of the company and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

By order of the board

  
A C Davey  
Secretary

Date: 27th November 2003

# European Venture Partners Limited

## Independent auditors' report to the members of European Venture Partners Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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. The other information comprises only the directors' report.

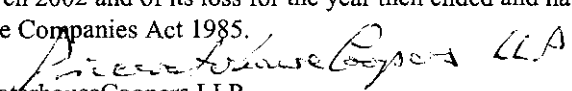
### Basis of audit opinion

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

  
PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

Date: 24<sup>th</sup> November 2003

# European Venture Partners Limited

## Profit and Loss account for year ended 31 March 2002

	Notes	2002 £	2001 £
Turnover	5	4,640,632	3,818,270
Cost of sales	6	(4,347,154)	(3,239,576)
<b>Gross profit</b>		<b>293,478</b>	<b>578,694</b>
Administrative expenses and provisions	3	(8,360,924)	(6,590,860)
Other operating income	7	611,052	710,360
Operating loss	3	(7,456,394)	(5,301,806)
Interest receivable and similar income	8	1,075,805	1,257,931
Interest payable and similar gains /(charges)	9	(28,089)	(1,060)
<b>Loss on ordinary activities before taxation</b>		<b>(6,408,678)</b>	<b>(4,044,935)</b>
Taxation on loss on ordinary activities	10	-	-
<b>Loss for the financial year</b>		<b>(6,408,678)</b>	<b>(4,044,935)</b>
Preference share appropriation (Note 18)		(474,904)	(149,096)
<b>Retained loss for the financial year</b>		<b>(6,883,582)</b>	<b>(4,194,031)</b>

Turnover and operating loss are derived entirely from continuing operations.

There are no recognised gains or losses for the period other than the loss on ordinary activities after taxation disclosed above. Accordingly no separate statement of total recognised gains or losses has been prepared.

A statement showing the movement in the profit and loss account reserve is set out in note 18.

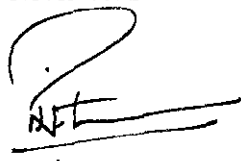
The notes on pages 7 to 15 form part of these financial statements.

# European Venture Partners Limited

## Balance Sheet as at 31 March 2002

	Notes	2002 £	2001 £
<b>Fixed Assets</b>			
Tangible assets	11(a)	313,197	217,709
Investments	11(b)	8,109	1,000
		<u>321,306</u>	<u>218,709</u>
<b>Current assets</b>			
Debtors: amounts falling due after one year	12	16,830,961	36,396,423
Debtors: amounts falling due within one year	13	34,536,050	26,161,043
Cash and bank deposits		2,858,311	1,333,512
		<u>54,225,322</u>	<u>63,890,978</u>
Creditors: amounts falling due within one year	14	(39,152,476)	(34,572,380)
<b>Total assets less current liabilities</b>		<u>15,394,152</u>	<u>29,537,307</u>
Creditors: amounts falling due after more than one year	15	(11,369,585)	(30,104,062)
<b>Net assets/(liabilities)</b>		<u>4,024,567</u>	<u>(566,755)</u>
<b>Capital and reserves</b>			
Called up share capital	17	16,001,000	5,001,000
Profit and loss account	18	(11,976,433)	(5,567,755)
<b>Total shareholders' funds</b>		<u>4,024,567</u>	<u>(566,755)</u>
<b>Analysis of shareholders' funds:</b>			
Equity		(12,599,433)	(5,715,851)
Non-equity		16,624,000	5,149,096
		<u>4,024,567</u>	<u>(566,755)</u>

The financial statements on pages 5 to 15 were approved by the board of directors on 27 November 2003 and were signed on its behalf by:



Director

Date: 27th November 2003



Director

The notes on pages 7 to 15 form part of these financial statements.



# European Venture Partners Limited

## Notes to the financial statements for the year ended 31 March 2002

### 1. Principal accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and the Finance & Leasing Association SORP. The company has adopted FRS 18 'Accounting Policies' though no consequential changes to the company's accounting policies were required. The principal accounting policies are:

#### Accounting convention

The financial statements are prepared under the historical cost convention.

#### Turnover

Turnover represents gross earnings allocated in respect of finance leases and asset-backed loans in accordance with the accounting policy adopted for finance leases, including gross earnings on leases which are funded back-to-back with recourse, interest from funding transactions and profits from the sale of leased assets.

#### Commitment, transaction and other fees

Commitment deposits are held to the account of the lessee but may in certain circumstances provided by contract be retained by the company and released to the profit and loss account. Transaction fees are charged in respect of documentation costs and are released to the profit and loss account so as to match the corresponding costs. Late payment and other fees are credited to the profit and loss account when billed.

#### Depreciation of fixed assets

Fixed assets employed in the business of the company are depreciated on the straight-line basis over their estimated useful lives. Computers and software are depreciated over three years, office equipment, furniture and fittings over four years.

#### Finance leases

Investments in finance leases are stated at the gross amount of minimum future rental payments less gross earnings allocated to future periods, net of provisions for doubtful debts (see below).

Gross earnings from finance leases are allocated to the profit and loss account over the primary period of the lease to give a constant periodic post-tax rate of return on the net cash investment in the leases. In determining the amount of gross earnings over the lease contract no account is taken of residual value until such time as amounts are realised.

#### Through leases receivables

Leases that are funded back to back with recourse are treated in the manner described above.

#### Through leases payables

Obligations under head leases financing through leases are shown in creditors. Finance charges from through lease payables are allocated to the profit and loss account over the primary period of the obligation on a constant rate of charge basis.

#### Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term.

#### Provisions for doubtful debts

The company makes specific provisions against uncollectable debts based upon the state of specific lessees and loan debtors and likely net recoveries, and, where appropriate, general provisions based on the directors' view of the market.

# European Venture Partners Limited

## Retentions

Retentions represent advance payments of unallocated commitment fees and finance lease rentals receivable in respect of committed facilities not yet drawn down. Such retentions are fully provided until they are returned to the lessee or released to profit in accordance with contract.

## Deferred taxation

Deferred taxation is recognised on all timing differences where the transaction or events that give rise to an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. A deferred tax asset is only recognised to the extent that it is likely that it can be recovered. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. The Company does not discount its deferred tax position as the effect would not be material.

## Related party transactions

European Venture Partners Limited is a wholly owned subsidiary of European Venture Partners (Holdings) Limited, a company registered in Jersey. The company has taken advantage of the exemption available in Financial Reporting Standard No 8 not to disclose intragroup related party transactions.

## Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the exchange rate at the date of the transaction or at the rate as at the end of the month as appropriate. Foreign currency assets and liabilities are translated into sterling at exchange rates at the year end or at the exchange rate of a related forward exchange contract where appropriate. Foreign exchange differences are taken to the Profit and Loss Account in the year in which they arise.

In accordance with Statement of Standard Accounting Practice 20 (50) unrealised foreign exchange losses and gains on long-term monetary items are recognised in the profit and loss account. This treatment overrides the provisions of the Companies Act 1985 Schedule 15 in the interests of presenting a true and fair view in the company's financial statements.

## Cash flow statement

These financial statements do not include a cash flow statement as the company meets the exemption requirements of Financial Reporting Standard No.1.

## 2. Employees

The average number of staff employed by the company during the year was 11 (2001: 11).

## 3. Operating Loss

Operating loss is stated after charging to administrative expenses:

	2002 £	2001 £
Provision for bad & doubtful debts	5,663,310	4,006,509
Payroll and charges for provision of staff - UK	917,843	1,458,979
Social security costs	89,806	165,819
Office rental – operating leases	115,000	50,000
Auditor's remuneration	44,000	21,500
Depreciation	122,887	22,634

# European Venture Partners Limited

## 4. Directors' emoluments

	2002 £	2001 £
Aggregate directors' emoluments	692,652	1,141,990
Emoluments of highest paid director	148,500	587,016

None of the directors received remuneration in the form of pension contributions.

## 5. Turnover

	2002 £	2001 £
Gross earnings on own book lease & loan receivables	4,640,632	3,818,270

Aggregate rentals receivable in the year in respect of finance leases were £10,307,280 (2001: £9,461,483).

## 6. Cost of sales

	2002 £	2001 £
Funding interest payable to group (2001: associated) undertakings.	637,202	331,070
Funding interest payable to company's bankers	2,146,319	1,676,589
Interest payable on trade loans provided by members of lease consortium	559,610	183,107
Finance charges on through lease payables	1,004,023	1,048,810
	<u>4,347,154</u>	<u>3,239,576</u>

## 7. Other operating income

	2002 £	2001 £
Transaction and commitment fee receivables	179,398	513,551
Net income from sale of receivables	195,504	87,710
Other charges	236,150	109,099
	<u>611,052</u>	<u>710,360</u>

# European Venture Partners Limited

## 8. Interest receivable and similar income

	2002 £	2001 £
Interest on bank deposits	89,787	70,025
Interest on trade finance loans	986,018	979,423
Unrealised foreign exchange gain (2002: loss, see Note 9)	-	208,483
	<u>1,075,805</u>	<u>1,257,931</u>

## 9. Interest payable and similar charges

	2002 £	2001 £
Other bank overdraft interest payable	109	743
Other interest	-	317
Unrealised foreign exchange loss (see also Note 8)	27,980	-
	<u>28,089</u>	<u>1,060</u>

## 10. Taxation

There was no charge for taxation due to losses in the period (2001: nil).

## 11(b). Investments

Investments at cost:	2002 £	2001 £
European Venture Leasing Limited	1,000	1,000
European Venture Partners (Israel) Company Limited	3	3
European Venture Partners (Nordic) AB	7,106	-
	<u>8,109</u>	<u>1,003</u>

# European Venture Partners Limited

## 11(a). Tangible Fixed Assets

	<b>Total</b>	<b>Computers &amp; software</b>	<b>Furniture &amp; equipment</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Tangible Fixed Assets at cost</b>			
At 1 April 2001	235,683	51,112	184,571
Additions in year	218,375	29,780	188,595
At 31 March 2002	454,058	80,892	373,166
	<b>Total</b>	<b>Computers &amp; software</b>	<b>Furniture &amp; equipment</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Depreciation</b>			
At 1 April 2001	17,974	16,918	1,056
Charge for year	122,887	24,700	98,187
At 31 March 2002	140,861	41,618	99,243
	<b>Total</b>	<b>Computers &amp; software</b>	<b>Furniture &amp; equipment</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Net Book Value</b>			
At 31 March 2002	313,197	39,274	273,923
At 1 April 2001	217,709	34,194	183,515

## 12. Debtors: amounts falling due after more than one year

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Net investment in finance leases	13,742,748	25,493,555
Participation in trade finance loans (Note 13 below)	3,088,213	10,902,868
	<b>16,830,961</b>	<b>36,396,423</b>

All debtors falling due after more than one year are due within less than 5 years.

All the debtors set out in these financial statements, both deferred and current, are subject to a security charge in favour of the company's bankers.

The company's lease and loan contracts provide for the company to benefit from the residual value of the assets at the termination of the contract. These amounts are not included in the balance sheet but in the directors' opinion had a future value in relation to contracts current at the balance sheet date of not less than £2,100,000 (2001: £1,600,000).

# European Venture Partners Limited

## 13. Debtors: amounts falling due within one year

	2002 £	2001 £
Net investment in finance leases	13,233,765	16,540,479
Less provision against non-performing debts	(650,000)	(4,200,000)
Investment in finance leases net of provision	12,583,765	12,340,479
Participation in trade finance loans	17,682,612	9,915,442
Other debtors	2,672,422	2,569,950
Amounts due from group undertakings	1,185,833	427,459
Amounts due from associated undertakings	-	779,792
Value Added Tax recoverable	411,418	127,918
		0
	<b>34,536,050</b>	<b>21,961,040</b>

The cost of assets acquired in the period for the purpose of leasing under finance leases was £9,949,254 (2001: £16,056,251).

Participation in trade finance loans, both amounts falling due after more than one year and amounts due within one year, relate entirely to loans due from Intercontinental Leasing Limited, the head lessor in respect of assets sold and leased back (reflected as through lease payables in creditors) for leasing to customers.

## 14. Creditors: amounts falling due within one year

	2002 £	2001 £
Fixed term loans (see below)	13,470,199	14,015,957
Through lease payables	17,661,191	9,908,302
Consortium participation in finance leases	-	1,558,731
Retentions	183,279	1,185,597
Amounts due to immediate parent company	360,724	-
Amounts due to subsidiary	1,000	1,000
Amounts due to intermediate parent	3,393,750	6,202,444
Value Added Tax payable	1,763,993	384,729
Other liabilities and accruals	2,318,340	1,315,620
	-	-
	<b>39,152,476</b>	<b>34,572,380</b>

Fixed term loans are lines of finance provided by the company's bankers at interest rates fixed based upon LIBOR at the time of drawdown and with agreed maturities ranging from March 2002 to February 2004. These loans are secured upon leases made by the company for similar or longer terms.

Amounts due to intermediate parent comprised a loan of £3,000,000 bearing interest at 15% per annum, together with accrued interest, provided by Dresdner Kleinwort Wasserstein Limited (DrKWL) (formerly Kleinwort Benson Limited), secured by a charge over the assets of the company in subordination to the charge over those assets held by the company's bankers. (2001: Amounts due to intermediate parent comprising a loan of £6,000,000, together with accrued interest, provided by DrKWL bearing interest at monthly LIBOR, being a callable loan secured upon a deposit provided by the company's parent. Loan repaid 17 January 2002).

# European Venture Partners Limited

## 15. Creditors: amounts falling due after more than one year

	2002 £	2002 £	2001 £	2001 £
Fixed term loans				
Repayable in 1 – 2 years	7,006,589		10,945,340	
Repayable in 2 – 5 years	<u>644,026</u>		<u>4,293,492</u>	
		7,650,615		15,238,832
Through lease payables				
Payable in 1 – 2 years	3,088,215		6,030,781	
Payable in 2 – 5 years	<u>-</u>		<u>4,868,252</u>	
		3,088,215		10,899,033
Consortium participation in finance leases				
Payable in 1 – 2 years	-		1,233,675	
Payable in 2 – 5 years	<u>-</u>		<u>2,118,428</u>	
		-		3,352,103
Retentions				
To be released in 1 – 2 years	462,715		333,239	
To be released in 2 – 5 years	<u>168,040</u>		<u>280,855</u>	
		630,755		614,094
		<u>11,369,585</u>		<u>30,104,062</u>

All creditors falling due after more than one year are due within less than 5 years.

## 16 Operating lease commitments

In March 2001 the company entered into a lease of offices at 22 Southampton Place, London WC1A 2BP at an annual rental of £115,000 payable quarterly in advance. The company's annual commitments under non-cancellable operating lease commitments were:

	2002 £	2001 £
Commitments expiring within 1 year	-	-
Commitments expiring within 2 – 5 years	115,000	115,000

## 17. Called up share capital

	2002 £	2001 £
<b>Authorised:</b>		
Ordinary shares of £1 each	1,000	1,000
6% Preference Shares of £1 each	<u>16,000,000</u>	<u>5,000,000</u>
	<u>16,001,000</u>	<u>5,001,000</u>
<b>Allotted, called up and fully paid:</b>		
Ordinary Shares of £1 each	1,000	1,000
6% Preference Shares of £1 each	<u>16,000,000</u>	<u>5,000,000</u>
	<u>16,001,000</u>	<u>5,001,000</u>

# European Venture Partners Limited

During the year the authorised share capital was increased by the creation of 11,000,000 6% Preference Shares of £1.00 each. On 28 November 2001 the company issued 5,000,000 Preference Shares to European Venture Partners (Holdings) Limited fully paid at £1.00 each. On 17 January 2002 the company issued a further 6,000,000 Preference Shares to European Venture Partners (Holdings) Limited fully paid at £1.00 each.

The Preference Shares carry a dividend of 6% per annum, payable in arrears 31 December and 30 June. The dividend rights are cumulative and are redeemable on one month's notice by the company. The Preference Shares carry no votes at meetings of the company.

In accordance with the provisions of FRS 4, the company has appropriated through the profit and loss account the preference share dividend for the year on the company's 6% cumulative Preference shares of £16,000,000. However as the company does not have distributable reserves from which to pay such Preference share dividend, the dividend has been credited back within profit and loss account reserves (note 18).

Arrears of fixed interest dividends on the 6% cumulative Preference Shares are as follows:

	2002 £	2001 £
<b>Arrears in respect of:</b>		
The year ended 31 March 2001	149,096	149,096
The year ended 31 March 2002	474,904	-
	<b>624,000</b>	149,096

## 18. Reconciliation of movement in shareholders' funds

	Issued share capital £	Profit and loss account £	Shareholders' funds £
At 31 March 2001	5,001,000	(5,567,755)	(566,755)
Issue of Preference Shares	11,000,000	-	11,000,000
Profit/(loss) attributable to members of the company	-	(6,883,582)	(6,883,582)
Preference share appropriation (note 17)	-	474,904	474,904
At 31 March 2002	16,001,000	(11,976,433)	4,024,567

## 19. Related party transactions

During the year the Company maintained its commercial arrangements with DrKWL and other subsidiaries of Dresdner AG, including the maintenance of bank accounts, the continuance of a loan from DrKWL to the European Venture Partners, and participation by the Company in loans made by DrKWL. (2001: From 1 April 2000 to 8 August 2000 the group's staff were employed by a subsidiary of DrKWL on terms that DrKWL was reimbursed by the group for attributable payroll costs.)

	2002 £	2001 £
Loan interest payable to DrKWL	637,202	331,070
Overdraft interest and charges payable to DrKWL	-	7
Interest receivable by the company on deposits with DrKWL	-	163



# European Venture Partners Limited

The balances of the company's accounts with related parties were:

	2002 £	2001 £
Due to the company by European Venture Partners (General Partner) Limited	<u>53,107</u>	<u>630,577</u>
Due to the company by European Venture Partners Limited Partnership	<u>227,877</u>	<u>149,215</u>
Due by the company to DrKWL	<u>3,393,750</u>	<u>(6,202,444)</u>

## 20. Ultimate and immediate parent undertakings

Throughout the year the company was a wholly owned subsidiary of EVP Holdings. EVP Holdings prepares consolidated accounts for the group of which the company is a part, and those accounts may be obtained from the Registered Office of EVP Holdings at 47 Esplanade, St Helier, Jersey C.I. JE1 0BD.

Under the provisions of applicable accounting standards and legislation DrKWL, a company incorporated in Great Britain and registered in England and Wales, was during the year the intermediate parent company of the group of which the company is a part. In May 2003 DrKWL increased its shareholding in EVP Holdings from 58% to 73% (76% of voting shares) by acquisition of shares from other shareholders. Allianz AG, a company incorporated in Germany, is the ultimate parent company.

## 21. Post Balance Sheet events

In the period between the balance sheet date and the date on which the directors approved the financial statements for signature, the company incurred net credit losses in relation to lease and loan receivables of some £3,861,000 (2001: £1,140,000) as a result of events occurring after the balance sheet date.

The directors, having reviewed the business with the company's bankers and with DrKWL, determined in December 2002 that the company should not seek new business. Accordingly, having with the support of its bankers fulfilled the financing commitments then outstanding under facilities granted to lessees, the company continues to collect receivables and to make loan repayments as they fall due. At 31 October 2003 outstanding lease and loan receivables amounted to £10,200,000 compared with £41,700,000 at 31 March 2002. Loans outstanding to bankers at 31 October 2003 amounted to £6,600,000 compared with £27,900,000 at 31 March 2002.

The directors consider that with the support of DrKWL all loans outstanding and creditors other than subordinated loans from DrKWL will be repaid in full as and when they fall due. The ability of the company to repay DrKWL in full will depend in part upon the realisation by the company's immediate parent company, European Venture Partners (Holdings) Limited, of its unquoted investment portfolio as markets improve.

## 22. Subsidiary Companies

At 31 March 2003 the following companies were 100% owned subsidiaries of the Company:

European Venture Leasing Limited	(dormant, dissolved 27 May 2003)
European Venture Partners (Israel) Limited	(incorporated in Israel on 10 October 1999)
European Venture Partners (Nordic) Limited	(incorporated in Sweden 20 February 2000)