

# **European Venture Partners Limited**

## **Annual Report**

**For the year ended 31 March 2001**

**Company Registration No: 3521606**



# **European Venture Partners Limited**

## **Annual report for the year ended 31 March 2001**

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# European Venture Partners Limited

## Directors and advisers

### Executive directors

J S Walker (Chairman)  
R D Ahlgren  
M PetitBon  
N Pitcher  
R Stein (Israel)  
R M Taylor  
M Vading (Sweden)  
M F Williams

### Secretary

A C Davey

### Registered Office

22 Southampton Place  
London  
WC1A 2BP

### Registered auditors

PricewaterhouseCoopers  
Southwark Towers  
32 London Bridge Street  
London  
SE1 9SY

### Solicitors

Morgan Cole  
167 Fleet Street  
London  
EC4A 2JB

### Bankers

Royal Bank of Scotland  
P O Box 450  
5-10 Great Tower Street  
London  
EC3P 3HX

# European Venture Partners Limited

## Directors' report for the year ended 31 March 2001

The directors present their report and the audited financial statements for the year ended 31 March 2001.

### 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 lease and loan portfolio has grown steadily during the year and in the period following the year end. However the company's results for the year were affected by provisions reflecting the difficult market conditions facing the company's lease and loan borrowers.

In May 2001 the company opened an office in Sweden in order to take advantage of opportunities in the Scandinavian market. The directors foresee that results will strengthen during the next 12 months as the company benefits from the additional equity secured in November and December 2001 and improving market conditions.

### Results and dividends

An amount of £4,194,031 (2000: £1,372,155) 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.

### Directors

The directors who held office during the year were:-

R D Ahlgren	
J D L Baird	appointed 6 September 2000, resigned 10 September 2001
M PetitBon	
N Pitcher	
R M Taylor	
J S Walker	resigned 6 September 2000
A J White	resigned 6 September 2000
M F Williams	appointed 6 September 2000
G Woolley	resigned 10 September 2001

On 10 September 2001 J S Walker, R Stein and M Vading were appointed directors.

### 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 2001 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 M Taylor	5,000	252,525

### 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

## Group re-structuring

In August 2000 the group of which the company is a part was re-structured, as a result of which European Venture Partners Limited Partnership transferred its 100% holding of the company's shares to European Venture Partners (Holdings) Limited ('EVP Holdings'), and in September and December 2000 the company raised £5,000,000 by the issue of 5,000,000 £1 Preference Shares to Holdings.

## Events since March 2001

In the period between the balance sheet date and the date of signature of this Report the company has incurred a significant credit loss of £2,600,000 as a result of events arising after the balance sheet date.

In November 2001 EVP Holdings subscribed £5,000,000 for 5,000,000 £1 Preference Shares in the company and in January 2002 £6,000,000 for a further 6,000,000 £1 Preference shares.

## 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 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

31 January 2002  
Date:

# European Venture Partners Limited

## Report of the auditors to the members of European Venture Partners Limited

We have audited the financial statements on pages 5 to 15.

### Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3 this includes responsibility for preparing the financial statements, in accordance with applicable accounting standards in United Kingdom. Our responsibilities, as independent auditors, are established in the United Kingdom 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 United Kingdom 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 director's remuneration and transactions 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 March 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**  
Chartered Accountants & Registered Auditors  
London

Date: 31 January 2002

# European Venture Partners Limited

## Profit and Loss account for year ended 31 March 2001

	Notes	2001 £	2000 £
Turnover	5	3,818,270	1,363,918
Cost of sales	6	(3,239,576)	(929,536)
<b>Gross profit</b>		<b>578,694</b>	<b>434,382</b>
Administrative expenses and provisions	3	(6,590,860)	(2,181,053)
Other operating income	7	710,360	318,779
Operating loss	3	(5,301,806)	(1,427,892)
Interest receivable and similar income	8	1,257,931	368,537
Interest payable and similar gains /(charges)	9	(1,060)	(312,800)
<b>Loss on ordinary activities before taxation</b>		<b>(4,044,935)</b>	<b>(1,372,155)</b>
Taxation on loss on ordinary activities	10	-	-
<b>Loss for the financial year</b>		<b>(4,044,935)</b>	<b>(1,372,155)</b>
Preference share appropriation		(149,096)	-
<b>Retained loss for the financial year</b>		<b>(4,194,031)</b>	<b>(1,372,155)</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 17.

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

# European Venture Partners Limited

## Balance Sheet as at 31 March 2001

	Notes	2001 £	2000 £
<b>Fixed Assets</b>			
Tangible assets	11	217,709	61,037
Investment	11	1,000	1,000
		<u>218,709</u>	<u>62,037</u>
<b>Current assets</b>			
Debtors: amounts falling due after one year	12	36,396,423	15,462,806
Debtors: amounts falling due within one year	13	26,161,043	10,593,757
Cash and bank deposits		1,333,512	1,471,229
		<u>63,890,978</u>	<u>27,527,792</u>
Creditors: amounts falling due within one year	14	<u>(34,572,380)</u>	<u>(16,196,617)</u>
<b>Total assets less current liabilities</b>		<u>29,537,307</u>	<u>11,393,212</u>
Creditors: amounts falling due after more than one year	15	<u>(30,104,062)</u>	<u>(12,915,032)</u>
<b>Net assets/(liabilities)</b>		<u>(566,755)</u>	<u>(1,521,820)</u>
<b>Capital and reserves</b>			
Called up share capital	16	5,001,000	1,000
Profit and loss account	17	<u>(5,567,755)</u>	<u>(1,522,820)</u>
<b>Total shareholders' funds</b>		<u>(566,755)</u>	<u>(1,521,820)</u>
<b>Analysis of shareholders' funds:</b>			
Equity		(5,715,851)	(1,521,820)
Non-equity		<u>5,149,096</u>	-
		<u>(566,755)</u>	<u>(1,521,820)</u>

The financial statements on pages 5 to 15 were approved by the board of directors on 31 January 2002 and were signed on its behalf by:

  
Director

  
Director

  
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 2001

### 1. Principal accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. The principal accounting policies adopted are described below:

#### **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. Turnover includes commitment, transaction and other fees, the policy for which is set out below.

#### **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.

#### **Provisions for doubtful debts**

The company's lease and loan debtors, being early stage companies, are regularly monitored by the directors. 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.

#### **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.

# European Venture Partners Limited

## Deferred taxation

Deferred taxation is provided at the estimated rates at which future taxation will become payable on all timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements, to the extent that it is probable that a taxation liability or asset will crystallise in the foreseeable future.

## Related party transactions

European Venture Partners Limited was until 8 August 2000 a wholly owned subsidiary of European Venture Partners Limited Partnership, and thereafter 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.

## 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

Directors and UK staff were until 7 August 2000 employed by European Venture Partners (General Partner) Limited, an associated company, and recharged at cost to the company.

With effect from 8 August 2000 all UK staff transferred their contracts of employment to the company. The average number of staff employed during the period from that date was 11 (2000: nil).

## 3. Operating Loss

Operating loss is stated after charging to administrative expenses:

	2001 £	2000 £
Provision for bad & doubtful debts	4,006,509	193,491
Payroll and charges for provision of staff - UK	1,458,979	727,667
Payroll – overseas	161,070	nil
Social security costs	168,519	nil
Auditor's remuneration	21,500	17,109
Depreciation	22,634	10,520

# European Venture Partners Limited

## 4. Directors' emoluments

	2001 £	2000 £
Aggregate directors' emoluments	1,141,990	537,223
Emoluments of highest paid director	587,016	158,174

The emoluments of the highest paid director in 2001 include a restructuring bonus arising from the net proceeds of realisation of warrants provided to the director by European Venture Partners Limited Partnership, the former parent of the company. Those net proceeds were taxed as salary but PAYE deductions were reimbursed to the company by the director. Details of the restructuring are outlined in the Directors Report on Page 3 of this report.

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

## 5. Turnover

	2001 £	2000 £
Gross earnings on own book lease & loan receivables	3,818,270	1,363,918

Aggregate rentals receivable in the year in respect of finance leases were £9,461,483 (2000: £3,290,541).

## 6. Cost of sales

	2001 £	2000 £
Funding interest payable to associated undertakings	331,070	194,986
Funding interest payable to company's bankers	1,676,589	413,717
Interest payable on trade loans provided by members of lease consortium	183,107	-
Finance charges on through lease payables	1,048,810	320,833
	<u>3,239,576</u>	<u>929,536</u>

# European Venture Partners Limited

## 7. Other operating income

	2001 £	2000 £
Transaction and commitment fee receivables	513,551	234,082
Net income from sale of receivables	67,368	nil
Other charges	129,441	84,697
	<u>710,360</u>	<u>318,779</u>

## 8. Interest receivable and similar income

	2001 £	2000 £
Interest receivable from associated undertakings	-	22,059
Interest on bank deposits	70,025	41,288
Interest on trade finance loans	979,423	305,190
Unrealised foreign exchange gain (2000: loss, see Note 9)	208,483	-
	<u>1,257,931</u>	<u>368,537</u>

## 9. Interest payable and similar charges

	2001 £	2000 £
Interest payable on overdrafts provided by associated undertakings	-	27,894
Other bank overdraft interest payable	743	732
Other interest	317	-
Unrealised foreign exchange loss (see also Note 8)	-	284,174
	<u>1,060</u>	<u>312,800</u>

## 10. Taxation

There was no charge for taxation due to losses in the period (2000: nil).

# European Venture Partners Limited

## 11. Fixed assets & investment

	<b>Total</b>	<b>Computers &amp; software</b>	<b>Furniture &amp; equipment</b>
	£	£	£
<b>Tangible Fixed Assets at cost</b>			
At 1 April 2000	71,557	17,291	54,266
Assets reclassified	-	15,793	(15,793)
Additions in year	201,126	18,028	183,098
Disposals	(37,000)	-	(37,000)
At 31 March 2001	235,683	51,112	184,571

	<b>Total</b>	<b>Computers &amp; software</b>	<b>Furniture &amp; equipment</b>
	£	£	£
<b>Depreciation</b>			
At 1 April 2000	10,520	1,925	8,595
Assets reclassified	-	2,567	(2,567)
Charge for year	22,634	12,426	10,208
Depreciation on disposals	(15,180)	-	(15,180)
At 31 March 2001	17,974	16,918	1,056

	<b>Total</b>	<b>Computers &amp; software</b>	<b>Furniture &amp; equipment</b>
	£	£	£
<b>Net Book Value</b>			
At 31 March 2001	217,709	34,194	183,515
At 1 April 2000	61,037	15,366	45,671

### Investment

Investment at cost in European Venture Leasing Limited £1,000 (2000: £1,000). See Note 21.

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

	<b>2001</b>	<b>2000</b>
	£	£
Net investment in finance leases	25,493,555	8,281,298
Participation in trade finance loans (Note 13 below)	10,902,868	7,181,508
	<b>36,396,423</b>	<b>15,462,806</b>

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

With the exception of loans totalling £8,184,785 (2000: nil) all of which had at the date of signature of these accounts been received by the Company, 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 £1,600,000 (2000: £580,000).

# European Venture Partners Limited

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

	2001 £	2000 £
Net investment in finance leases	16,540,479	4,777,820
Less provision against non-performing debts	(4,200,000)	(193,491)
Investment in finance leases net of provision	12,340,479	4,584,329
Participation in trade finance loans	9,915,442	3,492,852
Other debtors	2,569,950	1,038,528
Amounts due from group undertakings	427,462	65,818
Amounts due from associated undertakings	779,792	605,818
Value Added Tax recoverable	127,918	806,412
	<b>26,161,043</b>	<b>10,593,757</b>

The cost of assets acquired in the period for the purpose of leasing under finance leases was £16,056,251 (2000: £11,782,106).

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

	2001 £	2000 £
Fixed term loans (see below)	14,015,957	4,154,151
Through lease payables	9,908,302	3,769,742
Consortium participation in finance leases	1,558,731	-
Retentions	1,185,597	277,132
Amounts due to group undertakings	1,000	161,276
Amounts due to associated undertakings (see below)	6,202,444	6,249,916
Value Added Tax payable	384,729	571,730
Other liabilities and accruals	1,315,620	1,012,670
	<b>34,572,380</b>	<b>16,196,617</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 associated companies comprise a loan of £6,000,000, together with accrued interest, provided by Dresdner Kleinwort Wasserstein Limited (DrKWL) (formerly Kleinwort Benson Limited) bearing interest at monthly LIBOR, being a callable loan secured upon a deposit provided by the company's parent. See note 20 for post balance sheet event disclosure.

# European Venture Partners Limited

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

	2001 £	2001 £	2000 £	2000 £
Fixed term loans				
Repayable in 1 – 2 years	10,945,340		4,497,267	
Repayable in 2 – 5 years	<u>4,293,492</u>		<u>1,209,919</u>	
		15,238,832		5,707,186
Through lease payables				
Payable in 1 – 2 years	6,030,781		5,243,984	
Payable in 2 – 5 years	<u>4,868,252</u>		<u>1,616,705</u>	
		10,899,033		6,860,689
Consortium participation in finance leases				
Payable in 1 – 2 years	1,233,675		-	
Payable in 2 – 5 years	<u>2,118,428</u>		<u>-</u>	
		3,352,103		-
Retentions				
To be released in 1 – 2 years	333,239		40,769	
To be released in 2 – 5 years	<u>280,855</u>		<u>306,388</u>	
		614,094		347,157
		<u>30,104,062</u>		<u>12,915,032</u>

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

## 16. Called up share capital

	2001 £	2000 £
<b>Authorised:</b>		
Ordinary shares of £1 each	1,000	1,000
6% Preference Shares of £1 each	<u>5,000,000</u>	<u>nil</u>
	<u>5,001,000</u>	<u>1,000</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>5,000,000</u>	<u>nil</u>
	<u>5,001,000</u>	<u>1,000</u>

During the year the authorised share capital was increased by the creation of 5,000,000 6% Preference Shares of £1.00 each. Shares were allotted fully paid as follows: on 11th September 2000 and on 18th December 2000 the company issued 4,000,000 and 1,000,000 respectively Preference Shares to European Venture Partners (Holdings) Limited 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 £5,000,000. 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 17).

# European Venture Partners Limited

## 17. Reconciliation of movement in shareholders' funds

	Issued share capital	Profit and loss account	Equity shareholders' funds
	£	£	£
At 31 March 2000	1,000	(1,522,820)	(1,521,820)
Issue of Preference Shares	5,000,000	-	5,000,000
Profit/(loss) attributable to members of the company	-	(4,194,031)	(4,194,031)
Preference share appropriation (note 16)	-	149,096	149,096
At 31 March 2001	5,001,000	(5,567,755)	(566,755)

## 18. 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. 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.

	2001 £	2000 £
Costs incurred by DrKWL and rechargeable to the company through European Venture Partners (General Partner) Limited, a subsidiary of DrKWL	4,321	681,095
Loan interest payable to DrKWL	331,070	194,986
Overdraft interest and charges payable to DrKWL	7	29,894
Interest receivable by the company on deposits with DrKWL	163	22,059

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

	2001 £	2000 £
Due to the company by European Venture Partners (General Partner) Limited	<u>630,577</u>	<u>590,315</u>
Due to the company by European Venture Partners Limited Partnership (2000: parent company)	<u>149,215</u>	<u>211,986</u>
Due by the company to DrKWL	<u>(6,202,444)</u>	<u>(6,249,916)</u>



# European Venture Partners Limited

## 19. Ultimate and immediate parent undertakings

European Venture Partners Limited was until 8 August 2000 a wholly owned subsidiary of European Venture Partners Limited Partnership ("EVP LP"). In August 2000 the group of which the company is a part was re-structured, as a result of which EVP LP transferred its 100% holding of the company's shares to European Venture Partners (Holdings) Limited ('EVP Holdings'), a company registered in Jersey.

From 8 August 2000 the company has been 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 an associated company of EVP LP, and, from 8 August 2000, of EVP Holdings. The ultimate parent company of DrKWL at the balance sheet date was Dresdner AG, a company incorporated in Germany.

In November 2001 DrKWL subscribed £2,000,000 for Ordinary and Preference Shares in Holdings and provided a convertible loan to Holdings of £3,000,000. This transaction had the effect that DrKWL became the intermediate parent company of the company, and Allianz AG, a company incorporated in Germany, became the ultimate parent company.

## 20. 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 a significant credit loss of £2,600,000 as a result of events arising after the balance sheet date.

In November 2001 Holdings subscribed £5 million in cash for 5,000,000 £1.00 Preference Shares of the company. In January 2002 Holdings subscribed £6,000,000 for a further 6,000,000 Preference Shares of the company, and the company repaid a loan of £6,000,000 to a subsidiary company of Allianz AG.

## 21. Subsidiary Companies

At 31 March 2001 the following companies were 100% owned subsidiaries of the Company:

European Venture Leasing Limited	(dormant)
European Venture Partners (Israel) Limited	(incorporated in Israel on 10 October 1999)