

# **European Venture Partners Limited**

## **Annual Report**

**For the year ended 31 March 2004**

**Company Registration No: 3521606**



# European Venture Partners Limited

Annual report for the year ended 31 March 2004

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# European Venture Partners Limited

## Directors and advisers

### Executive directors

Tim Hanford  
Anthony Levy  
Alex Diaz-Asper

### Registered auditors

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

### Secretary

A C Davey

### Solicitors

S J Berwin  
222 Grays Inn Road  
London  
WC1X 8XF

### Registered Office

Riverbank House  
2 Swan lane  
London  
EC4R 3UX

### Bankers

Royal Bank of Scotland  
PO Box 39981  
2 ½ Devonshire Square  
London  
EC2M 4WS

# European Venture Partners Limited

## Directors' report for the year ended 31 March 2004

The directors present their report and the audited financial statements for the year ended 31 March 2004.

### Review of business and future developments

The company discontinued new business from February 2003, and since that time has collected amounts receivable under the terms of the company's portfolio of leases and loans, and repaid loan obligations to its bankers.

On 23rd December 2004 the company sold the whole of the residual performing portfolio to Cohen Capital Limited, retaining only certain defaulted assets for collection. The loss on sale of £1.2 million has not been provided for at the balance sheet date as in the Directors' view the loss relates to a strategic market decision taken during December 2004.

In the period since October 1999 the Company advanced funds to its subsidiaries in Israel and Sweden, and in 2003 - 2004 to its immediate holding company. The directors consider that these intra-group debtors are irrecoverable and should be written off. Accordingly £2,199,119 has been written off in the year ended 31 March 2004.

### Principal activities

The principal activity of the company is the collection of amounts receivable from its remaining defaulted assets not included in the sale to Cohen Capital Limited

### Results and dividends

An amount of £5,624,224 (2003: £2,604,381) 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 2004

The company has received confirmation of support from its intermediate parent undertaking Dresdner Kleinwort Wasserstein Limited (DrKWL) 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
A C Cowley	appointed 23 May 2003,	resigned 8 Sept 2003
M PetitBon		resigned 23 May 2003
N Pitcher		resigned 28 May 2004
Dr E Robertson	appointed 11 Sept 2003	resigned 25 Jun 2004
R Stein		resigned 23 May 2003
M Vading		resigned 23 May 2003
J S Walker		resigned 23 May 2003
M F Williams		resigned 23 February 2005
G Woolley	appointed 22 May 2002,	resigned 23 May 2003

Since 31 March 2004 the directors who have held office were:

A C Davey	appointed 27 May 2004	resigned 25 February 2005
A Diaz-Asper	appointed 28 May 2004	
T J Hanford	appointed 25 February 2005	
A Levy	appointed 25 February 2005	

# European Venture Partners Limited

## Directors' report for the year ended 31 March 2004 (continued)

### Directors' interest in shares

According to the register required to be kept under Section 325 of the Companies Act 1985, the following director had at 31 March 2004 and 2003 beneficial interests in the shares of European Venture Partners (Holdings) Limited (EVP Holdings), the company's parent company:

Director	31 March 2004	31 March 2003
<b>Ordinary Shares of 1p</b>		
N Pitcher	2,082	2,000
<b>'B' Preference Shares (non-voting)</b>		
N Pitcher	106,384	101,010

### 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, to ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts, and to pay in accordance with its contractual and legal obligations.

### 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 will resign as auditors of the company upon completion of the audit, and a resolution for the appointment of their successors will be proposed at the forthcoming Annual General Meeting.

By order of the board

  
Secretary

Date 

# 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 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 31 March 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

Date: 5<sup>th</sup> May 2005

# European Venture Partners Limited

## Profit and Loss account for year ended 31 March 2004

	Notes	2004 £	2003 £
Turnover	2	1,412,892	3,407,177
Cost of sales	3	(751,084)	(2,209,269)
<b>Gross profit</b>		<b>661,808</b>	<b>1,197,908</b>
Administrative expenses	5	(1,633,825)	(2,217,871)
Provision for bad & doubtful debts		(1,471,403)	(2,366,270)
Irrecoverable intra-group loans written off		(2,199,117)	-
Other operating income	7	449,541	1,361,925
<b>Operating loss</b>		<b>(4,192,996)</b>	<b>(2,024,308)</b>
Interest receivable and similar income	8	159,973	501,361
Interest payable and similar charges	9	(631,201)	(121,434)
<b>Loss on ordinary activities before taxation</b>		<b>(4,664,224)</b>	<b>(1,644,381)</b>
Taxation on loss on ordinary activities	10	-	-
<b>Loss on ordinary activities after taxation</b>		<b>(4,664,224)</b>	<b>(1,644,381)</b>
Preference share appropriation		(960,000)	(960,000)
<b>Retained loss for the financial year</b>		<b>(5,624,224)</b>	<b>(2,604,381)</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 2004

	Notes	2004 £	2003 £
<b>Fixed Assets</b>			
Investments	11	-	8,109
Tangible assets	12	-	192,287
		-	200,396
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	13	3,587,910	8,952,293
Debtors: amounts falling due within one year	14	16,020,712	34,198,332
Cash and bank deposits		235,754	130,348
		19,844,376	43,280,973
Creditors: amounts falling due within one year	15	(20,681,187)	(38,064,406)
Net current (liabilities)/assets		(836,811)	5,216,567
<b>Total assets less current liabilities</b>		(836,811)	5,416,963
Creditors: amounts falling due after more than one year	16	(1,447,227)	(3,036,777)
<b>Net (liabilities)/assets</b>		(2,284,038)	2,380,186
<b>Capital and reserves</b>			
Called up share capital	17	16,001,000	16,001,000
Profit and loss account	18	(18,285,038)	(13,620,814)
<b>Total shareholders' funds</b>		(2,284,038)	2,380,186
<b>Analysis of shareholders' funds:</b>			
Equity		(20,828,038)	(15,203,814)
Non-equity		18,544,000	17,584,000
		(2,284,038)	2,380,186

The financial statements on pages 5 to 15 were approved by the board of directors on 4 May 2005 and were signed on its behalf by:



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 2004

### 1. Principal accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. In accordance with Section 228(2) of the Companies Act 1985, group accounts have not been prepared as the company is a wholly-owned subsidiary of EVP Holdings which prepares consolidated financial statements. The principal accounting policies adopted are described below:

#### **Accounting convention**

The financial statements are prepared under the historical cost convention and on the going concern basis which in the opinion of the Directors, as set out in the Directors' report, is the most appropriate basis given the continued assurance of support received from the intermediate parent company.

#### **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'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.

# European Venture Partners Limited

## 1. Principal accounting policies (continued)

### 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's immediate parent undertaking EVP Holdings prepares consolidated financial statements which are publicly available. Accordingly 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

The company has taken advantage of the exemption under Financial Reporting Standard No. 1 (revised) not to prepare a cash flow statement on the grounds that the intermediate parent undertaking, EVP Holdings, prepares consolidated financial statements which are publicly available.

## 2. Turnover

	2004 £	2003 £
Gross earnings on own book lease & loan receivables	1,412,892	3,407,177

Aggregate rentals receivable in the year in respect of finance leases were £3,536,162 (2003: £6,414,522).

# European Venture Partners Limited

## 3. Cost of sales

	2004 £	2003 £
Funding interest payable to group undertakings	243,676	568,750
Funding interest payable to company's bankers	446,095	1,161,962
Finance charges on through lease payables	61,313	478,557
	<u>751,084</u>	<u>2,209,269</u>

## 4. Employees

The average number of staff employed by the company during the year was 5 (2003: 11).

## 5. Administrative expenses

Operating loss is stated after charging to administrative expenses:

	2004 £	2003
Payroll and charges for provision of staff - UK	630,166	1,113,986
Social security costs	73,220	71,487
Office rental – operating lease	115,000	115,000
Auditors' remuneration	30,000	25,000
Depreciation	113,380	127,170
Provision for Impaired Assets	79,322	-

## 6. Directors' emoluments

	2004 £	2003 £
Aggregate directors' emoluments	400,057	740,637
Emoluments of highest paid director	214,494	131,506

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

# European Venture Partners Limited

## 7. Other operating income

	2004 £	2003 £
Transaction and commitment fee receivables	34,424	124,542
Security release fees, and gain on sale of receivables and of residual values	401,833	1,182,872
Other charges	13,284	54,511
	<u>449,541</u>	<u>1,361,925</u>

## 8. Interest receivable and similar income

	2004 £	2003 £
Interest on bank deposits	102,230	25,343
Interest on trade finance loans	57,743	476,018
	<u>159,973</u>	<u>501,361</u>

## 9. Interest payable and similar charges

	2004 £	2003 £
Other bank overdraft interest payable	14,493	373
Other interest	-	4,655
Unrealised foreign exchange loss	616,708	116,406
	<u>631,201</u>	<u>121,434</u>

## 10. Taxation

The company made losses for tax purposes in the year and accordingly no charge to corporation tax arises (2003: nil). No deferred tax liability arises (2003:nil) by reason of accumulated unrelieved tax losses, nor is there sufficient evidence to support recognition of a deferred tax asset because of those tax losses which, in the opinion of the directors, are substantial though as yet unagreed.

# European Venture Partners Limited

## 11. Investments

Investments in subsidiary undertakings at the lower of cost and net realisable value: 2004  
£

### Cost

Cost at 1 April 2003	8,109
Disposal	(1,000)
At 31 March 2004	<u>7,109</u>

### Provision

Provision at 1 April 2003	-
Charge for year	7,109
At 31 March 2004	<u>7,109</u>

### Net Book Value

At 31 March 2004	<u>-</u>
At 31 March 2003	<u>8,109</u>

## 12. Tangible fixed assets

	Total	Computers & software	Furniture & equipment
	£	£	£
<b>Cost</b>			
At 1 April 2003	459,364	84,308	375,056
Additions in year	540	540	-
Disposals	(125)	(125)	-
At 31 March 2004	<u>459,779</u>	<u>84,723</u>	<u>375,056</u>

	Total	Computers & software	Furniture & equipment
	£	£	£
<b>Depreciation</b>			
At 1 April 2003	267,077	64,697	202,380
Charge for year	113,380	16,271	97,109
Provision for impaired assets	79,322	3,754	75,568
At 31 March 2004	<u>459,779</u>	<u>84,723</u>	<u>375,056</u>

	Total	Computers & software	Furniture & equipment
	£	£	£
<b>Net Book Value</b>			
At 31 March 2004	<u>-</u>	<u>-</u>	<u>-</u>
At 1 April 2003	<u>192,287</u>	<u>19,610</u>	<u>172,677</u>

# European Venture Partners Limited

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

	2004 £	2003 £
Net investment in finance leases	3,587,910	8,952,293

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 £400,000 (2003: £625,000).

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

	2004 £	2003 £
Net investment in finance leases	3,761,690	9,566,602
Less provision against non-performing debts	(423,536)	(885,000)
Investment in finance leases net of provision	3,338,154	8,681,602
Participation in trade finance loans	11,448,830	21,103,088
Other debtors	1,230,430	2,726,696
Amounts due from group undertakings	3,298	1,316,305
Overseas value added tax recoverable	-	370,641
	16,020,712	34,198,332

The cost of assets acquired in the period for the purpose of leasing under finance leases was £nil (2003: £4,973,346).

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.

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

	2004 £	2003 £
Fixed term loans (see below)	2,991,965	10,028,535
Through lease payables	11,448,829	21,142,301
Retentions	28,031	28,267
Amounts due to the immediate parent undertaking	-	75,734
Amounts due to subsidiary undertakings	-	1,000
Amounts due to an intermediate parent underatking	4,000,000	3,962,500
Value added tax payable	77,236	383,926
Other liabilities and accruals	2,135,126	2,442,143
	20,681,187	38,064,406

# European Venture Partners Limited

## 15. Creditors: amounts falling due within one year (continued)

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 between April 2004 and May 2005. These loans are secured upon leases made by the company for similar or longer terms.

Amounts due to an intermediate parent undertaking comprised a loan of £4,000,000 bearing interest at 2.75% over base rate per annum, together with accrued interest of £166,575, provided by DrKWL. Repayment of both principal and interest on this loan was subordinated to the senior line of credit provided by the company's bankers until repayment by the company of that line of credit in October 2004.

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

	2004 £	2004 £	2003 £	2003 £
Fixed term loans				
Repayable in 1 – 2 years	1,215,130		1,999,890	
Repayable in 2 – 5 years	-		399,585	
		1,215,130		2,399,475
Retentions				
To be released in 1 – 2 years	38,683		216,227	
To be released in 2 – 5 years	193,414		421,075	
		232,097		637,302
		<u>1,447,227</u>		<u>3,036,777</u>

Arrears of dividends on the Preferred Shares are set out in Note 18, Shareholders' Funds.

## 17. Called up share capital

	2004 £	2003 £
<b>Authorised, called up and fully paid</b>		
Ordinary shares of £1 each called up and fully paid	1,000	1,000
6% Preference shares of £1 each	<u>16,000,000</u>	<u>16,000,000</u>
	<u>16,001,000</u>	<u>16,001,000</u>

The preference shares carry a dividend of 6% per annum, payable in arrears on 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 dividends, the dividend has been credited back within profit and loss account reserves (note 18).

# European Venture Partners Limited

## 18. Reconciliation of movement in shareholders' funds

	2004 £	2003 £
<b>Issued share capital</b>		
At 1 April and 31 March	16,001,000	16,001,000
<b>Profit &amp; loss account</b>		
At 1 April	(13,620,814)	(11,976,433)
Retained loss for the year	(5,624,224)	(2,604,381)
Preference share appropriation	960,000	960,000
At 31 March	(18,285,038)	(13,620,814)
<b>Shareholders' funds</b>	<b>(2,284,038)</b>	<b>2,380,186</b>
<b>Analysis of shareholders' funds</b>		
Equity	(20,828,038)	(15,203,814)
Preference shares	16,000,000	16,000,000
Arrears of preference dividends	2,544,000	1,584,000
	<b>(2,284,038)</b>	<b>2,380,186</b>

The analysis of shareholders' funds as at 31 March 2003 has been adjusted in accordance with the requirements of FRS 4

Arrears of dividends on Preference Shares are:

In respect of the year ended 31 March 2001	£ 149,096
31 March 2002	£ 474,904
31 March 2003	£ 960,000
31 March 2004	£ 960,000
	<u>£2,544,000</u>

## 19. Related party transactions

During the year the Company maintained its commercial arrangements with DrKWL and other subsidiaries of Dresdner Bank AG, including the maintenance of bank accounts, corporate finance advice, the continuance of a loan from DrKWL, and participation by the Company in loans made by DrKWL.

	2004 £	2003 £
Loan interest payable to DrKWL	206,176	568,750
Current account interest and charges payable to DrKWL	-	7
Interest receivable by the company on deposits with DrKWL	-	153
Fees payable to DrKWL in respect of corporate finance advice	-	180,853

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

	2004 £	2003 £
Due by the company to DrKWL	4,000,000	3,962,500

# European Venture Partners Limited

## 20. Ultimate and immediate parent undertakings

For consolidation purposes EVP Holdings, a company registered in Jersey, is the parent undertaking of the smallest group of which the company is a member. Copies of the consolidated financial statements of EVP Holdings may be obtained from the Registered Office of EVP Holdings at 47 Esplanade, St Helier, Jersey C.I. JE1 0BD.

In May 2003 DrKWL, an intermediate parent undertaking, increased its shareholding in EVP Holdings from 58% to 76% , and in December 2004 to 85% of voting shares by acquisition of shares from other shareholders. The ultimate parent undertaking is Allianz AG, a company incorporated in Germany. Financial statements of Allianz AG are available from Allianz AG Investor Relations, Koeniginstrasse 28, D-80802, Munich, Germany.

## 21. Post Balance Sheet events

In October 2004 the company repaid in full its outstanding obligations under the line of credit provided by its bankers. In December 2004 the company entered into a contract for the sale of the performing portfolio of leases and loans then remaining. On completion of the sale, the company realised losses in respect of the assets sold of £1,265,000 and the company will close its business in an orderly way and in due course cease to trade. The loss on disposal arose in the context of the policies of the ultimate and intermediate parent undertakings for disposal of Group businesses, and in the opinion of the directors does not require re-statement of the portfolio value at the balance sheet date.

The directors consider that the present and future cash resources of the company will enable the company to pay its creditors, other than the subordinated loans from DrKWL (see Note 15), as 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, EVP Holdings, of its unquoted investment portfolio as markets improve.

## 22. Subsidiary Undertakings

At 31 March 2004 the following companies were 100% owned subsidiaries of the Company:

European Venture Partners (Israel) Limited	(incorporated in Israel)
European Venture Partners (Nordic) Limited	(incorporated in Sweden)

On the 27th May 2003, European Venture Leasing Limited, a 100% owned dormant subsidiary undertaking, was struck off.