

3548695

# **CSTIM Limited**

## **Report and Accounts**

*31 December 2000*

**Rees Pollock  
Chartered Accountants**



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OFFICERS AND PROFESSIONAL ADVISERS

<b>The Board of Directors</b>	K Alcock J Dallas D Hay A Summers T Harvey
<b>Company Secretary</b>	R Lindsay
<b>Auditors</b>	Rees Pollock 7 Pilgrim Street London EC4V 6DR
<b>Bankers</b>	Barclays Bank Plc 99 Hatton Gardens London EC1N 8DN
<b>Solicitors</b>	Lindeman Lindsay 513 Africa House 64/78 Kingsway London WC2B 6BG
<b>Registered Office</b>	513 Africa House 64/78 Kingsway London WC2B 6BG
<b>Registered Number</b>	3548695

**DIRECTORS' REPORT**

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The directors present their report and accounts of the company for the year ended 31 December 2000.

**Principal activities and business review**

The principal activity of the company during the year was that of providing advisory services to companies engaged in investment management.

**Results and dividends**

The trading results for the year, and the company's financial position at the end of the year are shown in the attached accounts.

The directors have recommended the following dividends:

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Dividends paid on ordinary shares	110,000	75,000

**Directors and their interests**

The directors who served the company during the year together with their beneficial interests in the share capital of the company were as follows:

	<b>Ordinary Shares of £1 each</b>	
	<b>At 31 December 2000</b>	<b>At 1 January 2000</b>
K Alcock	3,694	3,875
J Dallas	3,693	3,875
D Hay	-	-
A Summers	-	-
T Harvey	-	-

**Directors' responsibilities**

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those accounts, the directors are required to select suitable accounting policies, as described on page 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the accounts on the 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 which enable them to ensure that the accounts comply with the Companies Act 1985. The directors 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.

**Donations**

During the year the company made the following contributions:

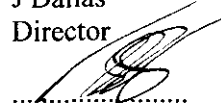
	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Charitable	<u>9,380</u>	<u>10,000</u>

**Auditors**

A resolution to re-appoint Rees Pollock as auditors for the ensuing year will be proposed at the annual general meeting.

ON BEHALF OF THE BOARD

J Dallas  
Director



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26 March 2001



## REES POLLOCK

*Chartered Accountants*

7 Pilgrim Street  
London EC4V 6DR  
Telephone 020 7329 6404  
Fax 020 7329 6408

### **AUDITORS' REPORT TO THE MEMBERS OF CSTIM LIMITED**

We have audited the accounts on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

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

As described on page 2, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### **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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

#### **Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 2000 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Rees Pollock  
Chartered Accountants  
Registered Auditors

24 April 2001

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**PROFIT AND LOSS ACCOUNT**  
 for the year ended 31 December 2000

	<b>Note</b>	<b>2000</b> £	<b>1999</b> £
<b>TURNOVER</b>	<b>2</b>	5,295,397	3,410,491
Cost of sales		3,317,132	2,294,922
<b>GROSS PROFIT</b>		<u>1,978,265</u>	<u>1,115,569</u>
Administrative expenses		714,964	456,496
<b>OPERATING PROFIT</b>	<b>3</b>	1,263,301	659,073
Interest receivable		45,323	14,789
Interest payable	<b>6</b>	(545)	(5,124)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>1,308,079</u>	<u>668,738</u>
Tax on profit on ordinary activities	<b>7</b>	(409,691)	(193,359)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>898,388</u>	<u>475,379</u>
Dividends	<b>8</b>	110,000	75,000
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		<u>788,388</u>	<u>400,379</u>
Balance brought forward		543,837	143,458
Balance carried forward		<u>1,332,225</u>	<u>543,837</u>

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

The notes on pages 8 to 12 form part of these accounts.

**BALANCE SHEET**  
 at 31 December 2000

	<b>Note</b>	<b>2000</b> £	<b>1999</b> £
<b>FIXED ASSETS</b>			
Tangible assets	9	<u>137,840</u>	<u>105,476</u>
<b>CURRENT ASSETS</b>			
Debtors	11	1,754,295	686,406
Cash at bank and in hand		<u>1,128,290</u>	<u>762,722</u>
		2,882,585	1,449,128
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(1,678,200)</u>	<u>(1,000,767)</u>
<b>NET CURRENT ASSETS</b>		1,204,385	448,361
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,342,225</u>	<u>553,837</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	13	10,000	10,000
Profit and Loss Account		<u>1,332,225</u>	<u>543,837</u>
<b>SHAREHOLDERS' FUNDS</b>	14	<u>1,342,225</u>	<u>553,837</u>

  
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 J Dallas

26 March 2001

The notes on pages 8 to 12 form part of these accounts.

**CASH FLOW STATEMENT**

for the year ended 31 December 2000

	<b>Note</b>	<b>2000</b>	<b>1999</b>
		<b>£</b>	<b>£</b>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>15</b>	726,150	980,283
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		45,323	14,789
Interest paid		(545)	(5,124)
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		44,778	9,665
<b>TAXATION</b>		(195,390)	(37,054)
<b>CAPITAL EXPENDITURE</b>			
Payments to acquire tangible fixed assets		(99,970)	(117,941)
Receipts from sale of fixed assets		-	773
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>		(99,970)	(117,168)
<b>EQUITY DIVIDENDS PAID</b>		(110,000)	(75,000)
<b>FINANCING</b>			
Repayment of bank loans		-	(87,879)
Repayment of long-term amounts due to participating interests		-	(71,100)
<b>NET CASH OUTFLOW FROM FINANCING</b>		-	(158,979)
<b>INCREASE IN CASH</b>	<b>16</b>	<u>365,568</u>	<u>601,747</u>

The notes on pages 8 to 12 form part of these accounts.



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**NOTES TO THE ACCOUNTS**

for the year ended 31 December 2000

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The accounts have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

**Depreciation**

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of an asset, less its estimated residual value, of each asset evenly over its expected useful economic life as follows:

Computers	- over 2 years
Fixtures & Fittings	- over 3 years

**Pension costs**

The company makes contributions to an independently administered scheme. Contributions are charged to the profit and loss account when they become payable. In addition the company makes contributions to certain employees' personal pension arrangements which are charged to the profit and loss account when they become due.

**Deferred taxation**

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

**Foreign currencies**

Transactions in foreign currencies during the year are recorded at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

**2. TURNOVER**

Turnover represents the amounts derived from the provision of services which fall within the company's ordinary activities, all of which are continuing, stated net of value added tax.

**NOTES TO THE ACCOUNTS**

for the year ended 31 December 2000

**3. OPERATING PROFIT**

Operating profit is stated after charging:

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Depreciation	67,606	51,273
Auditors' remuneration:		
- audit fees	12,000	11,475
Operating lease rentals-Land and Buildings	<u>77,005</u>	<u>30,000</u>

**4. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the company during the financial year amounted to:

	<b>2000</b>	<b>1999</b>
	<b>No.</b>	<b>No.</b>
Administrative	7	4
Consultants	20	14
	<u>27</u>	<u>18</u>

The aggregate payroll costs of the above were:

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,593,791	1,593,842
Social security costs	273,473	169,980
	<u>2,867,264</u>	<u>1,763,822</u>

**5. DIRECTORS' EMOLUMENTS**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Emoluments	496,947	397,316
Value of company pension contributions to money purchase schemes	28,840	20,682
	<u>525,787</u>	<u>417,998</u>

Emoluments of highest paid director:

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Total emoluments (excluding pension contributions):	249,000	198,153
Value of company pension contributions to money purchase schemes	14,420	10,340
	<u>263,420</u>	<u>208,493</u>

**NOTES TO THE ACCOUNTS**

for the year ended 31 December 2000

**6. INTEREST PAYABLE**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Interest payable on bank borrowing	<u>545</u>	<u>5,124</u>

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Corporation Tax	<u>409,691</u>	<u>193,359</u>

**8. DIVIDENDS**

The following dividends have been paid in respect of the year:

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Dividend paid on ordinary shares	<u>110,000</u>	<u>75,000</u>

**9. TANGIBLE FIXED ASSETS**

	<b>Computer and office equipment £</b>	<b>Fixtures &amp; Fittings £</b>	<b>Total £</b>
Cost			
At 1 January 2000	112,063	52,653	164,716
Additions	<u>93,111</u>	<u>6,859</u>	<u>99,970</u>
At 31 December 2000	<u>205,174</u>	<u>59,512</u>	<u>264,686</u>
Depreciation			
At 1 January 2000	48,885	10,355	59,240
Charge for the year	<u>48,613</u>	<u>18,993</u>	<u>67,606</u>
At 31 December 2000	<u>97,498</u>	<u>29,348</u>	<u>126,846</u>
Net Book Value			
At 31 December 2000	<u>107,676</u>	<u>30,164</u>	<u>137,840</u>
At 31 December 1999	<u>63,178</u>	<u>42,298</u>	<u>105,476</u>

**10. RESEARCH AND DEVELOPMENT**

Included within fixed asset additions is an amount of £50,000 relating to software purchased for research and development of the company's activities.

**NOTES TO THE ACCOUNTS**

for the year ended 31 December 2000

**11. DEBTORS**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Trade debtors	1,658,231	631,219
Other debtors	59,440	27,500
Prepayments and accrued income	36,624	27,687
	<u>1,754,295</u>	<u>686,406</u>

**12. CREDITORS: Amounts falling due within one year**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Trade creditors	68,304	59,434
Corporation Tax	409,828	195,527
Other taxation and social security	636,535	242,743
Other creditors	27,229	7,477
Accruals and deferred income	536,304	495,586
	<u>1,678,200</u>	<u>1,000,767</u>

**13. SHARE CAPITAL**

Authorised share capital:

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
20,000 Ordinary shares of £1.00 each	<u>20,000</u>	<u>20,000</u>

Allotted, called up and fully paid:

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Ordinary share capital	<u>10,000</u>	<u>10,000</u>

**14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	898,388	475,379
Dividends	(110,000)	(75,000)
	<u>788,388</u>	<u>400,379</u>
Opening shareholders' equity funds	553,837	153,458
Closing shareholders' equity funds	<u>1,342,225</u>	<u>553,837</u>

**NOTES TO THE ACCOUNTS**

for the year ended 31 December 2000

**15. RECONCILIATION OF OPERATING PROFIT TO  
NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Operating profit	1,263,301	659,073
Depreciation	67,606	51,273
Increase in debtors	(1,067,889)	(368,296)
Increase in creditors	463,132	638,233
Net cash inflow from operating activities	<u>726,150</u>	<u>980,283</u>

**16. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Increase in cash in the period	365,568	601,747
Net cash outflow from bank loans	-	87,879
Net cash outflow from long-term amounts due to participating interests	-	71,100
	<u>365,568</u>	<u>760,726</u>
Change in net funds	365,568	760,726
Net funds at 1 January 2000	762,722	1,996
Net funds at 31 December 2000	<u>1,128,290</u>	<u>762,722</u>

**17. ANALYSIS OF CHANGES IN NET FUNDS**

	<b>At 1 Jan 2000</b>	<b>Cash flows</b>	<b>At 31 Dec 2000</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Net cash:			
Cash in hand and at bank	762,722	365,568	1,128,290
Net funds	<u>762,722</u>	<u>365,568</u>	<u>1,128,290</u>

**DETAILED PROFIT AND LOSS ACCOUNT**  
 for the year ended 31 December 2000

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
<b>TURNOVER</b>		
Consultancy	5,157,622	3,270,515
Recharges	137,775	139,976
	<u>5,295,397</u>	<u>3,410,491</u>
<b>COST OF SALES</b>		
Wages and salaries	2,593,791	1,593,842
NIC on direct labour	273,473	169,980
Sub-contractors	191,061	281,678
Rechargeable expenses	125,946	132,113
Discounts allowed	132,861	117,309
	<u>(3,317,132)</u>	<u>(2,294,922)</u>
<b>GROSS PROFIT</b>	1,978,265	1,115,569
<b>OVERHEADS</b>		
Rent, rates & service charges	111,764	48,053
Insurance	14,368	9,494
Repairs and maintenance	15,815	3,656
Travel and entertainment	86,549	33,725
Telephone and fax	22,527	16,800
Computer equipment and consumables	19,084	12,764
Printing, postage and stationery	16,963	10,706
Office running costs	9,883	43,842
Subscriptions and publications	24,176	6,472
Training, development and recruitment	202,962	117,585
Sundry expenses	-	2,267
Sales and marketing	34,450	33,180
Donations	9,380	10,000
Legal and professional fees	16,869	23,326
Auditors remuneration	12,000	11,475
Depreciation	67,606	51,273
Bad debts written off	49,656	20,000
Bank charges	912	1,878
	<u>(714,964)</u>	<u>(456,496)</u>
<b>OPERATING PROFIT</b>	1,263,301	659,073
Bank interest receivable	45,323	14,789
	<u>1,308,624</u>	<u>673,862</u>
Bank interest payable	(545)	(5,124)
<b>PROFIT ON ORDINARY ACTIVITIES</b>	<u>1,308,079</u>	<u>668,738</u>