

TERRA FIRMA CAPITAL PARTNERS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2005

Company No. 04219556

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TERRA FIRMA CAPITAL PARTNERS LIMITED

COMPANY INFORMATION

Directors	Mr F S Duncan Mr R C Felton Mr G Hands Mr C O'Haire
Secretary	Mr T Pryce
Company Number	04219556
Registered Office	2 More London Riverside London SE1 2AP
Auditors	Deloitte & Touche St Helier Jersey

TERRA FIRMA CAPITAL PARTNERS LIMITED

CONTENTS

	Page
Directors' Report	1-2
Independent Auditors' Report	3
Consolidated Profit and Loss Account	4
Consolidated Statement of Total Recognised Gains and Losses	
Consolidated Balance Sheet	5
Company Balance Sheet	6
Consolidated Cashflow Statement	7
Notes to the Accounts	8-16

TERRA FIRMA CAPITAL PARTNERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MARCH 2005

The directors present their report together with the accounts and auditors' report for the year ended 31 March 2005.

Principal Activity and Review of Business

The company was incorporated on 18 May 2001. The principal activity of the company is that of advisor to the general partners of Limited Partnerships involved in private equity investments.

Results and Dividends

The audited accounts for the year ended 31 March 2005 are set out in Pages 4 to 16. The group profit for the year after taxation was £1,294,000 (2004: £1,416,000). The directors do not recommend the payment of a final dividend (2004: £15,000).

Directors

The directors who served during the year and since the end of the year are:

Mr R C Felton	
Mr F S Duncan	
Mr G Hands	
Mr C O'Haire	(appointed 14 September 2004)
Mr R Punja	(resigned 14 September 2004)

Directors Interests

As at 31 March 2005, no director held interests in the shares of the company or any subsidiary undertaking. London 58 Limited, a company owned by G Hands, held the entire share capital of the company (see note 18).

Auditors

Deloitte & Touche were appointed on 4 October 2002. The company has passed an elective resolution to dispense with the requirement to re-appoint auditors annually. Deloitte & Touche will therefore continue in office.

TERRA FIRMA CAPITAL PARTNERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MARCH 2005

Directors' Responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and the group as at the end of the financial period and of the profit or loss of the group for that period. In preparing these 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 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 enable them 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.

By order of the Board,



Cormac O'Haire
12 July 2005

TERRA FIRMA CAPITAL PARTNERS LIMITED

INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED 31ST MARCH 2005

Independent Auditors' Report to the members of Terra Firma Capital Partners Limited

We have audited the financial statements of Terra Firma Capital Partners Limited for the year ended 31 March 2005 which comprise the profit and loss account, the balance sheets, the cash flow statement and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 with the company and other members of the group is not disclosed.

We read the directors' report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 circumstances of the company and the group, 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 affairs of the company and the group as at 31 March 2005 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte Touche

Deloitte & Touche

Chartered Accountants and Registered Auditors

St Helier, Jersey

23 July

2005

TERRA FIRMA CAPITAL PARTNERS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 2005

	Note	Year Ended 31 March 2005 £000's	Year Ended 31 March 2004 £000's
Turnover		24,725	19,915
Administrative expenses		(22,324)	(17,824)
Operating profit	3	2,401	2,091
Interest receivable and similar income		79	86
Interest payable and similar charges	7	(12)	(8)
Profit on Ordinary Activities before Taxation		2,468	2,169
Tax on profit on ordinary activities	8	(1,174)	(753)
Profit on Ordinary Activities after Taxation	14,15	1,294	1,416
Dividend	15	-	(15)
Retained Profit		1,294	1,401

All activities are derived from continuing operations.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31ST MARCH 2005

	Year Ended 31 March 2005	Year Ended 31 March 2004
Profit for the financial year	1,294	1,416
Currency translation difference on foreign currency net investments	(9)	-
Total recognised gains and losses relating to the year	1,285	1,416

TERRA FIRMA CAPITAL PARTNERS LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH 2005

	Notes	31 March 2005		31 March 2004	
		£000's	£000's	£000's	£000's
Fixed Assets	9		2,649		161
Current Assets					
Cash at bank and in hand		1,456		1,487	
Debtors	11	3,809		4,155	
		<u>5,265</u>		<u>5,642</u>	
Creditors: Amounts falling due within one year	12	<u>(3,696)</u>		<u>(2,870)</u>	
Net Current Assets			1,569		2,772
Net Assets			<u>4,218</u>		<u>2,933</u>
Capital and Reserves					
Called up share capital	13		5		5
Profit and loss account	14		<u>4,213</u>		<u>2,928</u>
Equity shareholders' funds			<u>4,218</u>		<u>2,933</u>

The accompanying notes 1 to 18 are an integral part of this consolidated balance sheet.

The financial statements on pages 4 to 16 were approved by the board on 12 July 2005 and signed on its behalf .



Cormac O'Haire

TERRA FIRMA CAPITAL PARTNERS LIMITED

COMPANY BALANCE SHEET

AS AT 31ST MARCH 2005

	Notes	31 March 2005		31 March 2004	
		£000's	£000's	£000's	£000's
Fixed Assets					
Investments	10		152		152
Tangible Fixed Assets			<u>2,581</u>		<u>75</u>
			2,733		227
Current Assets					
Cash at bank and in hand		1,134		1,487	
Debtors	11	<u>3,892</u>		<u>4,104</u>	
		5,026		5,591	
Creditors: Amounts falling due within one year	12	<u>(3,518)</u>		<u>(3,048)</u>	
Net Current Assets			1,508		2,543
Net Assets			<u>4,241</u>		<u>2,770</u>
Capital and Reserves					
Called up share capital	13		5		5
Profit and loss account	14		<u>4,236</u>		<u>2,765</u>
Equity shareholders' funds			<u>4,241</u>		<u>2,770</u>

The accompanying notes 1 to 18 are an integral part of this company balance sheet.

The financial statements on pages 4 to 16 were approved by the board on 12 July 2005 and signed on its behalf.



Cormac O'Haire

TERRA FIRMA CAPITAL PARTNERS LIMITED**CONSOLIDATED CASH FLOW STATEMENT****FOR THE YEAR ENDED 31ST MARCH 2005**

	<i>Note</i>	Year Ended 31 March 2005	Year Ended 31 March 2004
		£000's	£000's
Net cash inflow from operating activities	16	3,560	911
Returns on investments and servicing of finance			
Interest received		79	86
Interest paid		(12)	(8)
Taxation			
UK Corporation Tax Paid		(796)	(838)
Foreign Tax Paid		(129)	(56)
Capital expenditure			
Purchase of tangible fixed assets		(2,733)	(150)
Equity Dividends paid		<u>—</u>	<u>(15)</u>
Cash outflow before liquid resources and financing		(31)	(70)
Management of liquid resources			
Cash (placed on)/redeemed from short term deposits		(155)	10
Decrease in cash in the year		<u>(186)</u>	<u>(60)</u>

TERRA FIRMA CAPITAL PARTNERS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2005

1. Accounting Policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the period and the preceding period, is set out below.

Basis of Preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards.

Basis of Consolidation

The group financial statements consolidate the accounts of terrafirma GmbH from its acquisition on 27 March 2002, translated at a closing rate of 1.46 Euros to £1.

Turnover

Turnover represents amounts receivable for services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Tangible Fixed Assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Computer equipment and software	-	3 years
Fixture and fittings	-	5 years
Leasehold Improvements	-	10 years

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid using the tax rates and laws that have been enacted by the balance sheet date.

Deferred taxation is provided in full without discounting, on timing differences that result in an obligation at the balance sheet to pay more tax, or a right to pay less tax, at a future date, at rates which apply when they crystallise based on current tax rates and law. Timing differences arise 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.

Foreign Currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising on foreign currency balances is taken to the profit and loss account.

Results of overseas operation are translated at an average rate of 1.46 Euros to £1. Exchange differences arising on the translation of opening net assets are reported in reserves.

TERRA FIRMA CAPITAL PARTNERS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2005

Pension Costs

The company contributes to defined contribution schemes on behalf of its staff. The amount charged to the profit and loss account in the year is contributions payable in the year.

2. Parent company

The parent company profit after tax for the period was £1,471,000 (2004: £1,416,000).

3. Operating profit

		Year Ended 31 March 2005	Year Ended 31 March 2004
		£000's	£000's
The operating profit is stated after charging:			
Depreciation	- owned assets	246	34
Auditors' remuneration	- audit (Company: £30,000, 2004: £20,000)	40	28

4. Segmental Reporting

	Year Ended 31 March 2005			Year Ended 31 March 2004		
	£000's			£000's		
Geographical segments:	<i>United Kingdom</i>	<i>Rest of Europe</i>	<i>Group</i>	<i>United Kingdom</i>	<i>Rest of Europe</i>	<i>Group</i>
Turnover	24,654	71	24,725	19,915	-	19,915
Operating profit/(loss)	4,780	(2,379)	2,401	4,099	(2,016)	2,083
Profit before tax	5,846	(2,378)	2,468	4,165	(1,996)	2,169
Net Assets	3,903	315	4,218	-	-	3,023

All income derives from the provision of investment advice.

TERRA FIRMA CAPITAL PARTNERS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2005

5. Employee costs

	Year Ended 31 March 2005	Year Ended 31 March 2004
	£000's	£000's
Employee costs including Directors, consist of:		
Wages and salaries	12,360	9,096
Social security	1,500	1,094
Pension costs	561	533
	<u>14,421</u>	<u>10,723</u>
The average number of employees, including Directors, during the year was:	Number	
Administration	81	81
	<u>81</u>	<u>81</u>

6. Directors' Costs

	Year Ended 31 March 2005	Year Ended 31 March 2004
	£000's	£000's
Fees	2	1
Basic salaries	600	414
Benefits in kind	14	13
Pension contributions	41	45
Total	<u>657</u>	<u>473</u>
The payments made to the highest paid Director were as follows:		
Emoluments	262	173
Pension contributions	20	20
	<u>282</u>	<u>193</u>

All pension contributions were to money purchase schemes.

TERRA FIRMA CAPITAL PARTNERS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2005

7. Interest payable and similar charges

	Year Ended 31 March 2005	Year Ended 31 March 2004
	£000's	£000's
Bank charges	12	8
	<u>12</u>	<u>8</u>

8. Tax on profit on ordinary activities

The tax charge is based upon the results of the company and its subsidiary and is due to the following taxation authorities.

	Year Ended 31 March 2005	Year Ended 31 March 2004
	£000's	£000's
United Kingdom Inland Revenue	1106	697
German Tax Authority	68	56
	<u>1,174</u>	<u>753</u>

	Year Ended 31 March 2005	Year Ended 31 March 2004
	£000's	£000's
Current Tax		
Profit on ordinary activities before tax	2,468	2,169
Corporation tax at 30%	740	651
Effects of:		
Expenses not deductible	379	104
Depreciation in (less than)/ Excess of Capital Allowances	21	(7)
Effect of overseas tax rate	24	12
Prior period	10	(7)
Current tax charge for the period	<u>1,174</u>	<u>753</u>

Deferred Tax

Accelerated capital allowances		7
Deferred tax liability/(asset)		7

TERRA FIRMA CAPITAL PARTNERS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2005

9. Tangible fixed assets – Group

	<i>Leasehold Improvements</i>	<i>Fixtures and fittings</i>	<i>Computer equipment and software</i>	<i>Total</i>
	£000's	£000's	£000's	£000's
Cost				
At 31 March 2004	-	69	173	242
Exchange Difference	-	2	2	4
Reallocation	69	(59)	(10)	-
Additions	1,892	744	97	2,733
Disposals	-	(2)	(36)	(38)
At 31 March 2005	1,961	754	226	2,941
Depreciation				
At 31 March 2004	-	8	73	81
Exchange Difference	-	-	1	1
Reallocation	7	(5)	(2)	-
Disposal	-	-	(36)	(36)
Charge for the year	107	71	68	246
At 31 March 2005	114	74	104	292
Net book value				
At 31 March 2005	1,847	680	122	2,649
At 31 March 2004	-	61	100	161

The Net Book Value of the tangible fixed assets of the company is £2,581,000 (2004: £75,000).

TERRA FIRMA CAPITAL PARTNERS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2005

10. Fixed asset investments – Company

	<i>Subsidiary undertakings</i> £000's
Shares at cost	
At 31 March 2004 and 2005	152

On 27 March 2002, the Company acquired the entire share capital of terrafirma GmbH, a company incorporated in Germany whose sole trade is advising the Company.

11. Debtors

	<i>Group</i>		<i>Company</i>	
	31 March 2005	31 March 2004	31 March 2005	31 March 2004
	£000's	£000's	£000's	£000's
Trade debtors	1,961	3,903	1,941	3,873
Other debtors	90	81	83	63
Prepayments and accrued income	1,758	171	1,868	168
	<u>3,809</u>	<u>4,155</u>	<u>3,892</u>	<u>4,104</u>

12. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	31 March 2005	31 March 2004	31 March 2005	31 March 2004
	£000's	£000's	£000's	£000's
Trade creditors	336	863	320	845
Accruals and deferred income	1,849	775	1,696	569
Taxation and social security	1,511	1,232	1,502	1,065
Amounts due to subsidiary undertaking	-	-	-	569
	<u>3,696</u>	<u>2,870</u>	<u>3,518</u>	<u>3,048</u>

TERRA FIRMA CAPITAL PARTNERS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2005

13. Share Capital

	31 March 2005	31 March 2004
	£000's	£000's
Authorised		
Equity Shares		
100,000 Ordinary shares of £1.00 each	100	100
Allotted, called up and paid up		
Equity Shares		
5,401 Allotted, called up and fully paid ordinary shares of £1.00 each (2004: 5,401)	5	5

14. Reserves

	Profit and loss account £000's
Group	
At 31 March 2004	2,928
Profit for the year	1,294
Foreign exchange loss on translation of reserves	(9)
At 31 March 2005	<u>4,213</u>
Company	
At 31 March 2004	2,765
Profit for the year	1,471
At 31 March 2005	<u>4,236</u>

TERRA FIRMA CAPITAL PARTNERS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2005

15. Reconciliation of movement in group equity shareholders' funds

	Year Ended 31 March 2005	Year Ended 31 March 2004
	£000's	£000's
Profit for the financial year	1,294	1,416
Dividends Paid	-	(15)
Foreign exchange loss on translation of reserves	(9)	
Net addition to equity shareholders' funds	1,285	1,401
Opening equity shareholders' funds	2,933	1,532
Closing equity shareholders' funds	4,218	2,933

16. Reconciliation of operating profit to operating cashflows

	Year Ended 31 March 2005	Year Ended 31 March 2004
	£000's	£000's
Operating profit	2,401	2,091
Depreciation	245	34
Decrease in debtors	346	648
Increase / (Decrease) in creditors	796	(1,862)
Net cash inflow from operating activities	3,788	911

TERRA FIRMA CAPITAL PARTNERS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2005

17. Analysis and Reconciliation of Net Funds

	<i>At 31 March 2004</i>	<i>Cashflow</i>	<i>At 31 March 2005</i>
	£000's	£000's	£000's
Cash at bank and in hand	531	(186)	345
Fixed short term deposits	956	155	1,111
Net Funds	1,487	(31)	1,456

	Year Ended 31 March 2005	Year Ended 31 March 2004
	£000's	£000's
Decrease in cash in the period	(186)	(60)
Cash outflow / (inflow) from increase in liquid resources	155	(10)
Movement in net funds in the year	(31)	(70)
Opening net funds	1,487	1,557
Closing net funds	1,456	1,487

18. Controlling party and ultimate controlling party

The immediate parent undertaking and controlling party is London 58 Limited, a Cayman Islands registered company. The ultimate controlling party is Mr G. Hands, a director of the company.