

SAND AIRE (GP) LIMITED

(Registered No. 4253905)

REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31st DECEMBER 2004



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SAND AIRE (GP) LIMITED

DIRECTORS

F A Scott (*Chairman*)  
D R Williams  
B L Offergelt

SECRETARY

R Breedy

REGISTERED OFFICE

101 Wigmore Street, London W1U 1QU  
Registered in England & Wales  
Registered No. 4253905  
Telephone: 020 7290 5200  
Fax: 020 7495 0240

SAND AIRE (GP) LIMITED  
REPORT OF THE DIRECTORS

The directors submit their report and accounts for the year ending 31st December 2004.

BUSINESS ACTIVITY

The principal activity of the company is to act as the General Partner for the Sand Aire Equity Harvest Fund LP ("the Fund"). The company receives a priority profit share calculated as per the Funds Limited Partnership agreement. It incurs costs carrying out its duties as General Partner, for example the management fee due to Sand Aire Private Equity Ltd.

During the year net priority profit share of £1,110,067 was received and net management fees of £1,110,067 were paid.

DIRECTORS AND THEIR INTERESTS

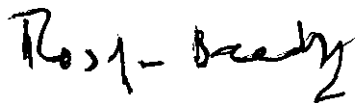
The names of the directors of the company at the date of this report are listed on page 2.

The interests of the directors in office at the year end in Sand Aire Investment Management Ltd, the ultimate holding company, are disclosed in the accounts of that company.

No director held any material interest during the year in any contract of significance relating to the business of the company.

AUDITORS

The directors recommend that KPMG Audit plc be reappointed as the company's auditors in accordance with section 385 of the Companies Act 1985 and a resolution for their reappointment and to authorise the directors to fix their remuneration will be proposed at the forthcoming annual general meeting.



R Breedy  
Company Secretary  
10th August 2005

SAND AIRE (GP) LIMITED  
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d) 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

SAND AIRE (GP) LIMITED  
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAND AIRE (GP)  
LIMITED

We have audited the financial statements on pages 6 to 8.

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 auditor's 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**

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you 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 with the company is not disclosed.

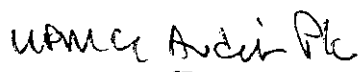
**Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, 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 as at 31st December 2004 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc  
Chartered Accountants  
Registered Auditor, London EC4Y 8BB  
10th August 2005

SAND AIRE (GP) LIMITED  
PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST DECEMBER 2004

	Notes	<u>2004</u> £	<u>2003</u> £
Turnover		1,110,067	797,930
Management fee expenses		<u>(1,110,067)</u>	<u>(797,930)</u>
<b>Profit/(Loss) on ordinary activities before taxation</b>		0	0
Tax charge on profit/(loss) on ordinary activities		<u>0</u>	<u>0</u>
Result for the financial year		<u>0</u>	<u>0</u>

All activities relate to continuing operations.

A statement of total recognised gains and losses has not been presented as there were no other recognised gains or losses during the year.

There is no significant difference between the result for the financial year stated above, and their historical cost equivalents.

SAND AIRE (GP) LIMITED  
BALANCE SHEET AS AT 31ST DECEMBER 2004

	Notes	<u>2004</u> £	<u>2003</u> £
<b>Current Assets</b>			
Debtors – Amounts due from Sand Aire Private Equity Limited		<u>142,006</u>	<u>239,857</u>
		142,006	239,857
<b>Creditors: amounts falling due within one year</b>	3	<u>(141,906)</u>	<u>(239,757)</u>
<b>Net current assets</b>		<u>100</u>	<u>100</u>
<b>Net Assets</b>		<u>100</u>	<u>100</u>
<b>Capital and Reserves</b>			
Called up share capital	4	100	100
Profit and loss account		<u>0</u>	<u>0</u>
<b>Shareholders' Funds</b>		<u>100</u>	<u>100</u>



F A Scott  
Chairman  
10th August 2005

**SAND AIRE (GP) LIMITED**  
**NOTES TO THE ACCOUNTS**

1. Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's accounts:

(a) Basis of preparation

The accounts have been prepared in accordance with the provisions of Schedule 4 of the Companies Act 1985 and with applicable accounting standards.

(b) Turnover

Turnover represents the priority profit share received by the company from the Sand Aire Equity Harvest Fund, less any appropriate offsets as per the Fund's Limited Partnership Agreement.

All turnover is generated entirely within the United Kingdom.

(c) Management Fee Expenses

The company pays the manager of the Sand Aire Equity Harvest Fund an annual management fee of 2% of total participations at the beginning of the accounting period less any offsets as per the Fund's Management Agreement.

(d) Taxation

The charge for taxation is based on the profit for the year.

2. Ultimate holding company

The company's immediate holding company is Sand Aire Private Equity Limited. The company's ultimate holding company is Sand Aire Investment Management Limited, a company incorporated in England and Wales. Copies of the accounts for the ultimate holding company can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

3. Creditors: amounts falling due within one year

	<u>2004</u>	<u>2003</u>
Amount due to Sand Aire Equity Harvest Fund LP	(141,906)	(239,757)
	<u>(141,906)</u>	<u>(239,757)</u>

4. Share Capital

	<u>2004</u>	<u>2003</u>
	£	£
Authorised		
100 shares of £1 per share	<u>100</u>	<u>100</u>
Issued, allotted and fully paid:		
100 shares of £1 per share	<u>100</u>	<u>100</u>