

STANDARD LIFE INVESTMENTS

**STANDARD LIFE INVESTMENTS**  
**(PRIVATE EQUITY) LIMITED**

**REPORT AND ACCOUNTS  
FOR THE YEAR ENDED  
15 NOVEMBER 2002**



Registered in Scotland Number SC184076

**REPORT AND ACCOUNTS****STANDARD LIFE INVESTMENTS (PRIVATE EQUITY) LIMITED**

Directors : A M Crombie, FFA (Chairman)  
D Currie, BSc MBA  
J D Maxwell, LLB MBA

Secretary : P W Somerville, LLB

# STANDARD LIFE INVESTMENTS (PRIVATE EQUITY) LIMITED

## REPORT BY THE DIRECTORS

The directors submit their Report and Accounts for the year ended 15 November 2002.

### Annual General Meeting

As permitted by Section 366A of the Companies Act 1985, the Company has passed an elective resolution to dispense with the holding of annual general meetings.

### Result and dividend

The Company made a loss for the year ended 15 November 2002 of £155,551 (2001 – profit of £69,116) to which exchange differences on non-equity shareholdings of £48,802 were credited (2001 – credit of £1,247).

The directors do not recommend the payment of a dividend. The loss for the year has been set against reserves.

### Principal activities and business review

The principal activity of the Company is to provide investment management services to the Standard Life Group and to third parties.

### Economic and Monetary Union

The Company is represented on a Standard Life Group project team responsible for carrying out extensive analysis of the implications of Economic and Monetary Union (EMU) on the Standard Life Group's activities. The project team is currently preparing for the possibility of UK entry to EMU.

### Directors and their interests

The names of the current directors of the Company are shown on page 1. There were no changes during the year.

The appointment of directors is not subject to retirement by rotation.

None of the directors has a beneficial interest in the shares of the Company. The interests of the directors in the shares of other Standard Life Group companies were:

|   | 2002      | 2001      |
|---|-----------|-----------|
| Standard Life European Private Equity Trust PLC – <i>Founder A Shares 0.2p each</i> |           |           |
| D Currie  | 2,424,301 | 2,220,313 |
| J D Maxwell   | 2,909,160 | 2,664,375 |
| Standard Life European Private Equity Trust PLC – <i>Founder B Shares 0.2p each</i> |           |           |
| D Currie  | 2,424,301 | 2,220,313 |
| J D Maxwell   | 2,909,160 | 2,664,375 |

### Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 28 January 2002 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors.

**On behalf of the Board of Directors**



**P W Somerville, Secretary**  
Edinburgh, 24 February 2003

**STANDARD LIFE INVESTMENTS (PRIVATE EQUITY) LIMITED****DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare accounts for each financial year which comply with the United Kingdom Companies Act 1985 and give a true and fair view of the state of affairs of the Company and of the result of the Company for that period. In addition, the directors should take all reasonable steps to ensure that adequate accounting records are maintained, that the assets of the Company are safeguarded and that fraud and other irregularities are prevented or detected.

The directors confirm that suitable accounting policies, applied consistently and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the accounts of the Company for the year ended 15 November 2002. The directors also confirm that the accounts have been appropriately prepared on a going concern basis and that applicable accounting standards have been followed as described in the Accounting Policies.

**STANDARD LIFE INVESTMENTS (PRIVATE EQUITY) LIMITED**
**PROFIT AND LOSS ACCOUNT**
**for the year ended 15 November 2002**

|   | <b>Note</b> | <b>2002<br/>£</b> | <b>2001<br/>£</b> |
|---|-------------|-------------------|-------------------|
| Turnover  | 2           | 5,219,916         | 3,779,589         |
| Administrative expenses                                     | 4           | (5,515,322)       | (3,703,727)       |
| Operating (loss)/profit                                     |             | (295,406)         | 75,862            |
| Interest receivable and similar income                      |             | 70,457            | 35,913            |
| Interest payable and similar charges                        | 7           | (21,481)          | (13,038)          |
| <b>(Loss)/profit on ordinary activities before taxation</b> |             | <b>(246,430)</b>  | <b>98,737</b>     |
| Taxation  | 8           | 90,879            | (29,621)          |
| <b>(Loss)/profit on ordinary activities after taxation</b>  |             | <b>(155,551)</b>  | <b>69,116</b>     |
| Exchange differences on non-equity shareholdings            | 12          | 48,802            | 1,247             |
| (Loss)/profit retained for the year                         |             | (106,749)         | 70,363            |
| Balance brought forward                                     |             | 6,043             | (64,320)          |
| <b>Balance carried forward</b>                              |             | <b>(100,706)</b>  | <b>6,043</b>      |

There are no recognised gains or losses other than those above.

The result for the year relates wholly to continuing activities.

# STANDARD LIFE INVESTMENTS (PRIVATE EQUITY) LIMITED

## BALANCE SHEET

as at 15 November 2002

|  | Note | 2002<br>£        | 2001<br>£        |
|--|------|------------------|------------------|
| <b>CURRENT ASSETS</b>                                  |      |                  |                  |
| Debtors  | 9    | 306,751          | 298,257          |
| Cash at bank and in hand                               |      | 2,764,242        | 1,021,965        |
|  |      | <u>3,070,993</u> | <u>1,320,222</u> |
| <b>CURRENT LIABILITIES</b>                             |      |                  |                  |
| Creditors - <i>Amounts falling due within one year</i> | 10   | (1,191,685)      | (285,363)        |
| <b>NET CURRENT ASSETS</b>                              |      | <b>1,879,308</b> | <b>1,034,859</b> |
| Creditors - <i>Amounts falling due after one year</i>  | 11   | (500,000)        | (500,000)        |
| <b>NET ASSETS</b>                                      |      | <b>1,379,308</b> | <b>534,859</b>   |
| <b>CAPITAL AND RESERVES</b>                            |      |                  |                  |
| Called up share capital                                | 12   | 1,480,014        | 528,816          |
| Profit and loss account                                |      | (100,706)        | 6,043            |
| <b>TOTAL SHAREHOLDER'S FUNDS</b>                       |      | <b>1,379,308</b> | <b>534,859</b>   |
| Shareholder's funds:                                   |      |                  |                  |
| Equity   | 13   | (95,706)         | 11,043           |
| Non-equity   | 13   | 1,475,014        | 523,816          |
| <b>TOTAL SHAREHOLDER'S FUNDS</b>                       |      | <b>1,379,308</b> | <b>534,859</b>   |

On behalf of the Board of Directors



A M Crombie, Chairman

Edinburgh, 24 February 2003

# STANDARD LIFE INVESTMENTS (PRIVATE EQUITY) LIMITED

## NOTES TO THE ACCOUNTS

### 1. ACCOUNTING POLICIES

#### (a) Accounting convention

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

#### (b) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the rate ruling at the date of the transaction. All differences are taken to the Profit and Loss Account.

### 2. TURNOVER

Turnover, which is stated net of VAT, is derived from the provision of investment management services to Standard Life Group and to third parties.

### 3. SEGMENTAL REPORTING

During the year the Company had no material activities outside the United Kingdom and has one class of business. Accordingly, no segmental information is disclosed.

### 4. ADMINISTRATIVE EXPENSES

The Company has no employees (2001 - nil) and is managed by the parent undertaking. Expenses met by the parent and ultimate parent undertakings are recharged to the Company through administrative and management charges.

### 5. AUDITORS' REMUNERATION

Auditors' remuneration amounted to £3,500 (2001 - £2,500) in respect of audit services and £1,625 (2001 - £1,600) in respect of other services.

### 6. DIRECTORS' REMUNERATION

|  | 2002    | 2001    |
|--|---------|---------|
|  | £       | £       |
| Aggregate emoluments                               | 956,358 | 785,516 |
| Amounts receivable under long-term incentive plans | 178,840 | -       |

The Chairman, who is also a director of the parent undertaking, Standard Life Investments Limited, received no remuneration in respect of his services to the Company.

The directors are participants in long-term incentive plans. The benefits arising under the incentive plans are recorded in the period in which entitlement is determined.

Retirement benefits are accruing to these directors in respect of their services to the Company under a defined benefit scheme operated by the ultimate parent undertaking.

Aggregate emoluments and benefits payable under long-term incentive plans to the highest paid director were £741,745 (2001 - £467,078) during the year. At 15 November 2002, the highest paid director also held accrued pension benefits of £25,173 (2001 - £22,794) under the defined benefit pension scheme operated by the ultimate parent undertaking and £22,188 (2001 - £16,929) under an unfunded pension arrangement with the ultimate parent undertaking.

## STANDARD LIFE INVESTMENTS (PRIVATE EQUITY) LIMITED

## NOTES TO THE ACCOUNTS (Continued)

## 7. INTEREST PAYABLE AND SIMILAR CHARGES

|  | 2002          | 2001          |
|--|---------------|---------------|
|  | £             | £             |
| Interest payable to group undertakings     | 21,430        | 13,004        |
| Other interest payable and similar charges | 51            | 34            |
|  | <u>21,481</u> | <u>13,038</u> |

## 8. TAXATION

|  | 2002          | 2001            |
|--|---------------|-----------------|
|  | £             | £               |
| <b>Current Tax:</b>                              |               |                 |
| Group relief in respect of current year          | 73,929        | (29,621)        |
| Group relief adjustment in respect of prior year | 16,950        | -               |
| <b>Tax on profit on ordinary activities</b>      | <u>90,879</u> | <u>(29,621)</u> |

A reconciliation of current tax on profit on ordinary activities at the standard UK corporation tax rate to the Company's actual current tax charge is shown as follows:

|  | 2002          | 2001            |
|--|---------------|-----------------|
|  | £             | £               |
| (Loss)/profit on ordinary activities before tax  | (246,430)     | 98,737          |
| (Loss)/profit on ordinary activities multiplied by the UK standard rate of corporation tax 30% | 73,929        | (29,621)        |
| Effects of:  |               |                 |
| Adjustment in respect of prior year  | 16,950        | -               |
| <b>Current tax charge</b>  | <u>90,879</u> | <u>(29,621)</u> |

There are no deferred tax assets or liabilities.

## 9. DEBTORS

|                                    | 2002           | 2001           |
|------------------------------------|----------------|----------------|
|                                    | £              | £              |
| Accrued income                     | 215,872        | 298,257        |
| Amounts due from group undertaking | 90,879         | -              |
|                                    | <u>306,751</u> | <u>298,257</u> |

Included within 'Amounts due from group undertaking' is an amount of £90,879 in respect of current year group relief (2001 - Amounts owed to group undertakings, £29,621).



## STANDARD LIFE INVESTMENTS (PRIVATE EQUITY) LIMITED

## NOTES TO THE ACCOUNTS (Continued)

10. CREDITORS - *Amounts falling due within one year*

|                                    | 2002<br>£        | 2001<br>£      |
|------------------------------------|------------------|----------------|
| Amounts owed to group undertakings | 1,191,685        | 281,263        |
| Accrued expenses                   | -                | 4,100          |
|                                    | <u>1,191,685</u> | <u>285,363</u> |

## 11. SUBORDINATED LOAN

The Company entered into a subordinated loan agreement with the parent undertaking on 16 May 2001. The loan of £500,000 is repayable on 15 May 2004. The average rate of interest paid on the loan during the year was 4.2% (2001 - 5.2%).

## 12. CALLED UP SHARE CAPITAL

|  |  | Authorised |             |           |             |             |
|--|--|------------|-------------|-----------|-------------|-------------|
|  |  | 2002       |             | 2001      |             |             |
|  |  | No.        | Value       | No.       | Value       |             |
| Ordinary Shares of £1 each                                     |  | 200,000    | £200,000    | 200,000   | £200,000    |             |
| Redeemable Preference Shares of US\$1 each ("US Dollar RPS's") |  | 750,000    | US\$750,000 | 750,000   | US\$750,000 |             |
| Redeemable Preference Shares of £1 each ("Sterling RPS's")     |  | 1,000,000  | £1,000,000  | -         | -           |             |
| Allotted, Called Up and Fully Paid                             |  |            |             |           |             |             |
|  |  | 2002       |             |           | 2001        |             |
|  |  | No.        | Curr.       | £         | No.         | Curr.       |
| Ordinary Shares of £1 each                                     |  | 5,000      | £5,000      | 5,000     | 5,000       | £5,000      |
| Redeemable Preference Shares of US\$1 each                     |  | 750,000    | US\$750,000 | 475,014   | 750,000     | US\$750,000 |
| Redeemable Preference Shares of £1 each                        |  | 1,000,000  | £1,000,000  | 1,000,000 | -           | -           |
| TOTAL  |  |            |             | 1,480,014 |             | 528,816     |

# STANDARD LIFE INVESTMENTS (PRIVATE EQUITY) LIMITED

## NOTES TO THE ACCOUNTS (Continued)

### 12. CALLED UP SHARE CAPITAL (Continued)

On 6 February 2002, the Company increased its authorised share capital by £1,000,000 by the creation of 1,000,000 zero coupon redeemable preference shares of £1 each ("Sterling RPS's"). On the same date, these shares were issued, at par, to the parent undertaking for cash consideration of £1,000,000.

Both the US Dollar RPS's and the Sterling RPS's have zero coupon, carry no voting rights and, on giving 30 days' notice, are redeemable at any time. The redemption price for each US Dollar RPS is US\$1. The redemption price for each Sterling RPS is £1. On a liquidation or reduction of capital, the surplus assets of the Company remaining after payment of its liabilities is applied first in paying, to the holders of the US Dollar and Sterling RPS's, an amount equal to the subscription price (inclusive of any premium) paid for such shares and any balance remaining thereafter is distributed amongst the holders of the Ordinary Shares.

The US Dollar RPS's have been retranslated at the exchange rate ruling at the balance sheet date. The resultant gain on exchange, £48,802 (2001 - £1,247), has been recorded in the profit and loss account for the year.

### 13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

|  | 2002            |                  | 2001          |                 |
|--|-----------------|------------------|---------------|-----------------|
|  | Equity<br>£     | Non-Equity<br>£  | Equity<br>£   | Non-Equity<br>£ |
| Opening shareholder's funds                      | 11,043          | 523,816          | (59,320)      | 525,063         |
| New share capital subscribed                     | -               | 1,000,000        | -             | -               |
| (Loss)/profit for the year                       | (155,551)       | -                | 69,116        | -               |
| Exchange difference on US Dollar RPS's (note 12) | 48,802          | (48,802)         | 1,247         | (1,247)         |
| <b>Closing shareholder's funds</b>               | <b>(95,706)</b> | <b>1,475,014</b> | <b>11,043</b> | <b>523,816</b>  |

### 14. CASHFLOW STATEMENT

A Cashflow Statement has not been provided. The Company has taken advantage of the exemption contained in Financial Reporting Standard 1 (Revised) "Cashflow Statements", as group accounts in which the Company is included are available.

### 15. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemptions under paragraph 3(c) of Financial Reporting Standard 8 from disclosing transactions with other undertakings of the Standard Life Group.

### 16. PARENT UNDERTAKINGS

The Company is a wholly owned subsidiary of Standard Life Investments Limited. The ultimate parent undertaking is The Standard Life Assurance Company. The accounts of the ultimate parent undertaking are the only group accounts incorporating the accounts of this Company.

Copies of the accounts of the ultimate parent undertaking can be obtained at Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH.

**STANDARD LIFE INVESTMENTS (PRIVATE EQUITY) LIMITED****INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STANDARD LIFE INVESTMENTS (PRIVATE EQUITY) LIMITED**

We have audited the accounts which comprise the profit and loss account and balance sheet and the related notes.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the accounts 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 accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This opinion has been prepared for and only for the company's members 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 in to 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 accounts give a true and fair view and have been 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 accounts, 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 accounts. The other information comprises only the report by the directors.

**Basis of audit opinion**

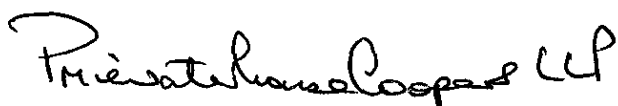
We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the Company, 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 affairs of the company as at 15 November 2002 and the results of the company for the year then ended; and
- the accounts have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers LLP**  
**Chartered Accountants and Registered Auditors**

Edinburgh, 24 February 2003