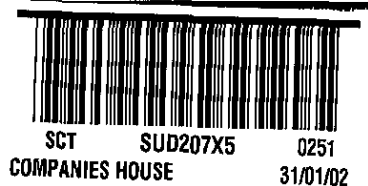


**ALBANY VENTURE MANAGERS  
(HOLDINGS) LIMITED (FORMERLY  
ALBANY VENTURE MANAGERS  
LIMITED)**

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

30 SEPTEMBER 2001



Company no SC207268

**ALBANY VENTURE MANAGERS (HOLDINGS) LIMITED (FORMERLY ALBANY VENTURE MANAGERS LIMITED)**

**FINANCIAL STATEMENTS**

For the period ended 30 September 2001

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Company registration number: SC207268

Registered office: 11 Walker Street  
Edinburgh  
EH3 7NE

Directors: Mr R J Abbott  
Mr I R Christie  
Mr J G Morrison  
Mr G M Murray  
Mr J P H S Scott  
Mr A M Watt

Secretary: DM Company Services Limited  
11 Walker Street  
Edinburgh  
EH3 7NE

Bankers: Bank of Scotland  
New Ueberior House  
11 Earl Grey Street  
Edinburgh  
EH3 9BN

Solicitors: Dickson Minto WS  
11 Walker Street  
Edinburgh  
EH3 7NE

Auditors: Grant Thornton  
Registered auditors  
Chartered accountants  
95 Bothwell Street  
Glasgow  
G2 7JZ

**ALBANY VENTURE MANAGERS (HOLDINGS) LIMITED (FORMERLY ALBANY VENTURE MANAGERS LIMITED)**

**FINANCIAL STATEMENTS**

For the period ended 30 September 2001

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# ALBANY VENTURE MANAGERS (HOLDINGS) LIMITED (FORMERLY ALBANY VENTURE MANAGERS LIMITED)

## REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the period ended 30 September 2001.

### Principal activities

The group operates principally as an venture capitalist fund management group.

### Business review

The company was incorporated on 18 May 2000. One of the subsidiary companies was authorised by IMRO to carry out Venture Capital Business on 12 January 2001.

There was a loss for the period after taxation amounting to £68,727. The directors do not recommend payment of a dividend and the loss has therefore been deducted from reserves.

### Directors

The present membership of the Board is set out below.

The interests of the directors and their families in the shares of the group undertakings and its subsidiary undertakings as at 30 September 2001 and 18 May 2000, (or the date of their appointment to the Board if later), were as follows:

	Ordinary shares		Preference shares		A ordinary shares	
	30 September 2001	18 May 2000	30 September 2001	18 May 2000	30 September 2001	18 May 2000
Mr R J Abbott (appointed 27/7/00)	110	-	-	-	-	-
Mr I R Christie (appointed 27/7/00)	25	-	-	-	-	-
Mr J G Morrison (appointed 27/7/00)	65	-	-	-	-	-
Mr G M Murray (appointed 14/9/01)	-	-	-	-	-	-
Mr J P H S Scott (appointed 14/9/01)	-	-	-	-	-	-
Mr A M Watt (appointed 26/2/01)	25	-	5,556	-	-	-
D M Director Limited (resigned 27/7/00)	-	-	-	-	-	-

**ALBANY VENTURE MANAGERS (HOLDINGS) LIMITED (FORMERLY ALBANY VENTURE MANAGERS LIMITED)**

**REPORT OF THE DIRECTORS**

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**Directors' responsibilities for the financial statements**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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
- 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 maintaining proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Auditors**

Grant Thornton were appointed to fill a casual vacancy.

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

  
DM Company Services Limited  
Secretary  
Date 15 January 2002

## **REPORT OF THE AUDITORS TO THE MEMBERS OF**

### **ALBANY VENTURE MANAGERS (HOLDINGS) LIMITED (FORMERLY ALBANY VENTURE MANAGERS LIMITED)**

We have audited the financial statements on pages 4 to 14 which have been prepared under the accounting policies set out on page 4.

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

As described on page 2 the directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

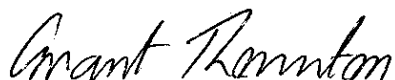
#### **Basis of opinion**

We conducted our audit in accordance with 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, 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 affairs of the company and the group as at 30 September 2001 and the loss of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS**

Date

*16 January 2002*

# **ALBANY VENTURE MANAGERS (HOLDINGS) LIMITED (FORMERLY ALBANY VENTURE MANAGERS LIMITED)**

## **PRINCIPAL ACCOUNTING POLICIES**

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### **BASIS OF PREPARATION**

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

### **BASIS OF CONSOLIDATION**

The group financial statements consolidate those of the company and of its subsidiary undertaking drawn up to 30 September 2001. Profits or losses on intra-group transactions are eliminated in full.

### **TURNOVER**

Turnover is the total amount receivable by the group for goods supplied and services provided, excluding VAT and trade discounts.

### **TANGIBLE FIXED ASSETS AND DEPRECIATION**

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The period generally applicable is:

Computer equipment	3 years
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### **INVESTMENTS**

Investments are included at cost.

### **DEFERRED TAXATION**

Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

### **CONTRIBUTIONS TO PENSION FUNDS**

#### **Defined contribution scheme**

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

**ALBANY VENTURE MANAGERS (HOLDINGS) LIMITED (FORMERLY ALBANY VENTURE MANAGERS LIMITED)**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

For the period ended 30 September 2001

	Note	For the period from 18 May 2000 to 30 September 2001 £
Turnover	1	442,097
Cost of sales		(348,234)
Gross profit		93,863
Administrative expenses		(167,359)
Operating loss		(73,496)
Net interest	2	4,769
Loss on ordinary activities before taxation	1	(68,727)
Tax on loss on ordinary activities	5	-
Loss for the financial period transferred from reserves	11	(68,727)

There were no recognised gains or losses other than the loss for the period.

The accompanying accounting policies and notes form an integral part of these financial statements.



**ALBANY VENTURE MANAGERS (HOLDINGS) LIMITED (FORMERLY ALBANY VENTURE MANAGERS LIMITED)**

CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2001

	Note	2001 £
<b>Fixed assets</b>		
Tangible assets	6	4,609
Investments	7	5
		<u>4,614</u>
<b>Current assets</b>		
Debtors	8	48,513
Cash at bank and in hand		142,473
		<u>190,986</u>
<b>Creditors: amounts falling due within one year</b>	9	(94,101)
<b>Net current assets</b>		<u>96,885</u>
<b>Total assets less current liabilities</b>		<u>101,499</u>
<b>Capital and reserves</b>		
Called up share capital	10	170,226
Profit and loss account	11	(68,727)
<b>Shareholders' funds</b>	12	<u>101,499</u>

The financial statements were approved by the Board of Directors on 14<sup>th</sup> January 2002

*Roy J Abbott*

Mr R J Abbott  
Director

*Mr J G Morrison*

Mr J G Morrison  
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

**ALBANY VENTURE MANAGERS (HOLDINGS) LIMITED (FORMERLY ALBANY VENTURE MANAGERS LIMITED)**

**BALANCE SHEET AT 30 SEPTEMBER 2001**

	Note	2001 £
<b>Fixed assets</b>		
Tangible assets	6	4,609
Investments	7	10,001
		<u>14,610</u>
<b>Current assets</b>		
Debtors	8	58,373
Cash at bank and in hand		106,126
		<u>164,499</u>
<b>Creditors: amounts falling due within one year</b>	9	(82,182)
<b>Net current assets</b>		<u>82,317</u>
<b>Total assets less current liabilities</b>		<u>96,927</u>
		<u>96,927</u>
<b>Capital and reserves</b>		
Called up share capital	10	170,226
Profit and loss account	11	(73,299)
<b>Shareholders' funds</b>		<u>96,927</u>

The financial statements were approved by the Board of Directors on 14<sup>th</sup> January 2002

*Ronald J Abbott*

**Mr R J Abbott  
Director**

*Mr J G Morrison*

**Mr J G Morrison  
Director**

The accompanying accounting policies and notes form an integral part of these financial statements.

**ALBANY VENTURE MANAGERS (HOLDINGS) LIMITED (FORMERLY ALBANY VENTURE MANAGERS LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 30 September 2001

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**1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

The loss on ordinary activities is stated after:

For the  
period  
from 18  
May 2000  
to 30  
September  
2001  
£

Auditors' remuneration:

Audit services

5,000

Non-audit services

900

Depreciation and amortisation:

Tangible fixed assets, owned

2,372

**2 NET INTEREST**

For the  
period  
from 18  
May 2000  
to 30  
September  
2001  
£

Other interest receivable and similar income

(4,769)

(4,769)

**3 LOSS FOR THE FINANCIAL PERIOD**

The parent company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The parent company's loss for the year was £73,299.

**ALBANY VENTURE MANAGERS (HOLDINGS) LIMITED (FORMERLY ALBANY VENTURE MANAGERS LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 30 September 2001

---

**4 DIRECTORS AND EMPLOYEES**

Staff costs during the period were as follows:

	For the period from 18 May 2000 to 30 September 2001 £
Wages and salaries	275,980
Social security costs	30,737
Other pension costs	41,517
	<u>348,234</u>

The average number of employees of the group during the period was four.

Remuneration in respect of directors was as follows:

	For the period from 18 May 2000 to 30 September 2001 £
Emoluments	297,260
	<u>297,260</u>

During the period four directors participated in money purchase pension schemes.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	For the period from 18 May 2000 to 30 September 2001 £
Emoluments	116,667
Pension contributions to money purchase pension schemes	17,500

**ALBANY VENTURE MANAGERS (HOLDINGS) LIMITED (FORMERLY ALBANY VENTURE MANAGERS LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 30 September 2001

**5 TAX ON LOSS ON ORDINARY ACTIVITIES**

Unrelieved tax losses of £42,506 remain available to offset against future taxable trading profits.

**6 TANGIBLE FIXED ASSETS**

<b>Group &amp; Company</b>	<b>Computer equipment £</b>	<b>Total £</b>
Cost or valuation		
At 18 May 2000	-	-
Additions	6,981	6,981
At 30 September 2001	6,981	6,981
Depreciation		
At 18 May 2000	-	-
Charge for the period	2,372	2,372
At 30 September 2001	2,372	2,372
Net book amount at 30 September 2001	4,609	4,609

**7 FIXED ASSETS INVESTMENTS**

<b>Total fixed asset investments comprise:</b>	<b>Group 2001 £</b>	<b>Company 2001 £</b>
Other participating interests (note 7b)	4	-
Other fixed asset investments (note 7c)	1	10,001
	5	10,001

**ALBANY VENTURE MANAGERS (HOLDINGS) LIMITED (FORMERLY ALBANY VENTURE MANAGERS LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 30 September 2001

**7b Other participating interests**

	<b>Group £</b>
Cost	
Additions	4
Net book amount at 30 September 2001	<u>4</u>

**7c Other fixed asset investments**

<b>Group</b>	<b>Shares in group under- takings £</b>
Cost or valuation	
Additions	1
Net book amount at 30 September 2001	<u>1</u>

**Company**

	<b>Shares in group under- takings £</b>
Cost or valuation	
Additions	10,001
Net book amount at 30 September 2001	<u>10,001</u>

At 30 September 2001 the company held more than 10% of a class of the allotted equity share capital of the following:

Name of undertaking	Country of registration and incorporation	Class of share capital held	Proportion held by		Nature of business
			Parent company	Group	
Subsidiary undertakings:					
Albany Venture Managers Limited	Scotland	Ordinary	100%	Nil	Venture capital fund management
Albany Ventures GP 1 Limited	Scotland	Ordinary	100%	Nil	Investment company

All of the subsidiary undertakings have been consolidated in the group financial statements except for Albany Ventures GP 1 Limited which have not been included on the grounds of materiality.

**ALBANY VENTURE MANAGERS (HOLDINGS) LIMITED (FORMERLY ALBANY VENTURE MANAGERS LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 30 September 2001

**8 DEBTORS**

	Group 2001 £	Company 2001 £
Trade debtors	42,228	-
Amounts owed by group undertakings	103	52,191
Other debtors	1,680	1,680
Taxation recoverable	302	302
Prepayments and accrued income	4,200	4,200
	<u>48,513</u>	<u>58,373</u>

**9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group 2001 £	Company 2001 £
Trade creditors	7,054	7,054
Social security and other taxes	6,795	-
Other creditors	3,700	3,700
Loans from directors	33,750	33,749
Accruals	42,802	37,679
	<u>94,101</u>	<u>82,182</u>

**10 SHARE CAPITAL**

	2001 £
Authorised	
1,000 ordinary shares of £1 each	1,000
1 A ordinary shares of £1 each	1
170,000 cumulative redeemable preference shares of £1 each	170,000
	<u>171,001</u>
Allotted, called up and fully paid	
225 ordinary shares of £1 each	225
1 A ordinary shares of £1 each	1
170,000 cumulative redeemable preference shares of £1 each	170,000
	<u>170,226</u>

**ALBANY VENTURE MANAGERS (HOLDINGS) LIMITED (FORMERLY ALBANY VENTURE MANAGERS LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 30 September 2001

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Allotments during the period

The company made an allotment of 225 ordinary £1 shares at £1 per share, 1 A ordinary £1 share at £1 per share and 170,000 £1 preference shares at £1 per share.

**11 RESERVES**

Group	Profit and loss account £
Retained loss for the period	(68,727)
At 30 September 2001	<u>(68,727)</u>

**12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2001 £
Loss for the financial period	(68,727)
Issue of shares	170,226
Net increase in shareholders' funds	<u>101,499</u>

**13 CAPITAL COMMITMENTS**

Neither the group nor the company had any capital commitments at 30 September 2001.

**14 CONTINGENT LIABILITIES**

The directors are not aware of any contingent liabilities of the company or group as at 30 September 2001.

**15 PENSIONS**

Defined Contribution Scheme

The company operates a defined contribution pension scheme for the benefit of the directors. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The pension cost charge for the period was £41,517.



**ALBANY VENTURE MANAGERS (HOLDINGS) LIMITED (FORMERLY ALBANY VENTURE MANAGERS LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 30 September 2001

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**16 TRANSACTIONS WITH DIRECTORS**

Amounts due to directors in respect of loans are as follows:

Name of director and connected person	Amount outstanding 2001 £
R J Abbott	£16,500
I R Christie	£3,750
J G Morrison	£9,750
A M Watt	£3,750