

Albany Venture Managers Limited

Financial statements

For the year ended 30 September 2003

Grant Thornton 

SCT SQVL6RZU 0979
COMPANIES HOUSE 23/01/04

Company No. SC211214

Company information

Company Registration Number	SC211214
Registered Office	16 Charlotte Square Edinburgh EH2 4DF
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 (retired - 10 March 2003)
Secretary	DM Company Services Limited
Bankers	Bank of Scotland New Uberior House 11 Earl Grey Street Edinburgh EH3 9BN
Solicitors	Dickson Minto WS 16 Charlotte Square Edinburgh EH2 4DF
Auditors	Grant Thornton Chartered Accountants Registered Auditors 1-4 Atholl Crescent EDINBURGH EH3 8LQ

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 30 September 2003.

Principal activities and business review

The company is principally engaged in venture capital fund management.

The company is authorised by the FSA to carry out Venture Capital Business.

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 financial statements.

The directors have not recommended a dividend.

Directors

The directors who served the company during the year are listed on page 1.

None of the directors have an interest in the company at 30 September 2003 or 1 October 2002. The holdings of these directors in the parent company, Albany Venture Managers (Holdings) Limited, are disclosed in that company's financial statements.

Mr A M Watt retired as a director on 10 March 2003.

Directors' responsibilities

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 at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

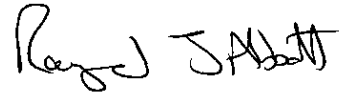
- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

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

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read 'R J Abbott', written in a cursive style.

Mr R J Abbott

Director

19 January 2004

Report of the independent auditors to the members of Albany Venture Managers Limited

We have audited the financial statements of Albany Venture Managers Limited for the year ended 30 September 2003 which comprise the principal accounting policies, profit and loss account, balance sheet, cash flow statement and notes 1 to 20. 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

The directors' responsibilities for preparing the report of the directors and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 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.

We read other information contained in the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

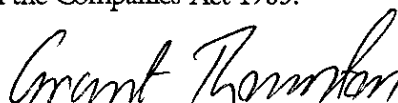
We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 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 as at 30 September 2003 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS



19 January 2004

Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover is the total amount receivable by the company for services provided excluding VAT.

Fixed assets

All fixed assets are initially recorded at cost.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised where it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Investments

All investments are stated at cost.

Profit and loss account

	Note	2003 £	2002 £
Turnover	1	702,262	546,943
Cost of sales		671,000	540,000
Gross profit		<u>31,262</u>	<u>6,943</u>
Other operating charges	2	3,055	9,778
Operating profit/(loss)	3	28,207	(2,835)
Interest receivable	6	5,129	2,835
Profit on ordinary activities before taxation		<u>33,336</u>	<u>—</u>
Tax on profit on ordinary activities	7	10,001	—
Retained profit for the financial year		<u>23,335</u>	<u>—</u>

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

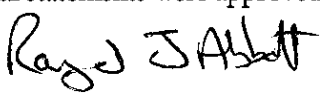
The company has no recognised gains or losses other than the results for the year as set out above.

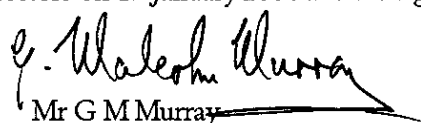
The accompanying notes form part of these financial statements.

Balance sheet

	Note	2003 £	2002 £
Fixed assets			
Investments	8	5	5
Current assets			
Debtors	9	23,052	21,459
Cash at bank		190,884	255,649
		<u>213,936</u>	<u>277,108</u>
Creditors: amounts falling due within one year	10	176,034	262,541
Net current assets		<u>37,902</u>	<u>14,567</u>
Total assets less current liabilities		<u>37,907</u>	<u>14,572</u>
Capital and reserves			
Called-up equity share capital	12	10,000	10,000
Profit and loss account	13	27,907	4,572
Shareholders' funds	14	<u>37,907</u>	<u>14,572</u>

These financial statements were approved by the directors on 19 January 2004 and are signed on their behalf by:


Mr R J Abbott


Mr G M Murray

The accompanying notes form part of these financial statements.

Cash flow statement

	Note	2003 £	2002 £
Net cash (outflow)/inflow from operating activities	15	(69,894)	216,468
Returns on investments and servicing of finance			
Interest received		5,129	2,835
Net cash inflow from returns on investments and servicing of finance		5,129	2,835
Acquisitions and disposals			
(Decrease)/increase in cash	16	<u>(64,765)</u>	<u>219,303</u>

The accompanying notes form part of these financial statements.

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.
An analysis of turnover is given below:

	2003	2002
	£	£
United Kingdom	<u>702,262</u>	<u>546,943</u>

2 Other operating income and charges

	2003	2002
	£	£
Administrative expenses	<u>3,055</u>	<u>9,778</u>

3 Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	2003	2002
	£	£
Auditors' remuneration:		
Audit fees	<u>3,000</u>	<u>3,000</u>

4 Directors

The directors of Albany Venture Managers Limited are remunerated by the parent company, Albany Venture Managers (Holdings) Limited.

5 Directors and employees

No salaries or wages have been paid to employees, including the directors, during the year.

6 Interest receivable

	2003	2002
	£	£
Bank interest receivable	<u>5,129</u>	<u>2,835</u>

7 Tax on profit on ordinary activities

(a) Analysis of charge in the year

	2003 £	2002 £
Current tax:		
UK Corporation tax based on the results for the year at 30% (2002 - 10%)	10,001	-
Total current tax	<u>10,001</u>	<u>-</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 30% (2002 - 10%).

	2003 £	2002 £
Profit on ordinary activities before taxation	<u>33,336</u>	<u>-</u>
Profit/(loss) on ordinary activities by rate of tax	10,001	-
Total current tax (note 7(a))	<u>10,001</u>	<u>-</u>

8 Investments

The Albany 2001 Pledge Fund Special LP

Cost	£
At 1 October 2002 and 30 September 2003	<u>5</u>
Net book value	
At 30 September 2003	<u>5</u>
At 30 September 2002	<u>5</u>

9 Debtors

	2003 £	2002 £
Trade debtors	23,052	-
Amounts owed by group undertakings	-	13,334
Other debtors	-	8,125
	<u>23,052</u>	<u>21,459</u>

10 Creditors: amounts falling due within one year

	2003	2002
	£	£
Amounts owed to group undertakings	139,928	245,353
Corporation tax	10,001	-
Other taxation	5,273	-
Other creditors	20,832	2,438
Accruals and deferred income	-	14,750
	<u>176,034</u>	<u>262,541</u>

11 Related party transactions

As a wholly owned subsidiary of Albany Venture Managers (Holdings) Limited the company is exempt from the requirements of FRS8 to disclose transactions with other members of the group.

12 Share capital

Authorised share capital:

	2003	2002
	£	£
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

Allotted, called up and fully paid:

	No	2003	No	2002
		£		£
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

13 Profit and loss account

	2003	2002
	£	£
Balance brought forward	4,572	4,572
Retained profit for the financial year	<u>23,335</u>	<u>-</u>
Balance carried forward	<u>27,907</u>	<u>4,572</u>

14 Reconciliation of movements in shareholders' funds

	2003	2002
	£	£
Profit for the financial year	23,335	-
Opening shareholders' equity funds	<u>14,572</u>	<u>14,572</u>
Closing shareholders' equity funds	<u>37,907</u>	<u>14,572</u>

15 Reconciliation of operating profit/(loss) to net cash (outflow)/inflow from operating activities

	2003 £	2002 £
Operating profit/(loss)	28,207	(2,835)
(Increase)/decrease in debtors	(1,593)	20,769
(Decrease)/increase in creditors	(96,508)	198,534
Net cash (outflow)/inflow from operating activities	<u>(69,894)</u>	<u>216,468</u>

16 Reconciliation of net cash flow to movement in net funds

	2003 £	2002 £
(Decrease)/Increase in cash in the period	<u>(64,765)</u>	<u>219,303</u>
Movement in net funds in the period	<u>(64,765)</u>	<u>219,303</u>
Net funds at 1 October 2002	255,649	36,346
Net funds at 30 September 2003	<u>190,884</u>	<u>255,649</u>

17 Analysis of changes in net funds

	At 1 Oct 2002 £	Cash flows £	At 30 Sep 2003 £
Net cash:			
Cash in hand and at bank	255,649	(64,765)	190,884
Net funds	<u>255,649</u>	<u>(64,765)</u>	<u>190,884</u>

18 Capital Commitments

There were no capital commitments at 30 September 2003 or 30 September 2002.

19 Contingent Liabilities

The directors are not aware of any contingent liabilities at 30 September 2003 or 30 September 2002.

20 Ultimate parent undertaking

The directors consider that the ultimate parent undertaking of this company is Albany Venture Managers (Holdings) Limited by virtue of its 100% shareholding.