

**East Midlands Regional Venture Capital Fund
Limited**

**Directors' report and financial
statements**

Registered number 04030065

31 December 2002



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

Business review

The company became the general partner for the East Midlands Regional Venture Capital Fund No1 LP on 14th January 2002.

Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend.

Directors and directors' interests

The directors who held office during the period were as follows:

R Carroll

MG Piper

GN Mold (Appointed 4th February 2002)

None of the directors who held office at the end of the year had any disclosable interests in the shares of the company.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board



M Piper
Director

Cumberland House
35 Park Row
Nottingham
NG1 6EE

27 August 2003

Statement of 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 and of the profit or loss 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.



KPMG Audit Plc

1 Waterloo Way
Leicester
LE1 6LP
United Kingdom

Independent auditors' report to the members of East Midlands Regional Venture Capital Fund Limited

We have audited the financial statements on pages 4 to 9.

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 2, 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 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.

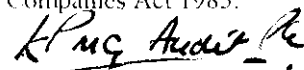
Basis of audit opinion

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 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 company's affairs as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG Audit Plc
Chartered Accountants
Registered Auditor

1 September 2003

Profit and loss account
for the year ended 31 December 2002

	Year ended 31 December 2002 £	17 month period ended 31 December 2001 £
Turnover	-	-
Other operating income	1,000	-
	<hr/>	<hr/>
Operating profit and profit on ordinary activities before taxation	1,000	-
Tax on profit on ordinary activities	(25)	-
	<hr/>	<hr/>
Profit for the financial year	975	-
	<hr/>	<hr/>

In both the current and preceding financial period the company had no recognised gains or losses other than the profit for the period.

All profits relate to continuing operations.

Balance sheet
at 31 December 2002

	Note	£	2002 £	£	2001 £
Fixed assets					
Investments	4		37		
Current assets					
Debtors	5	1,000		-	
Cash		2		2	
			<u>1,002</u>	<u>2</u>	
Creditors: amounts falling due within one year	6	(62)		-	
			<u>940</u>		<u>2</u>
Net current assets					
			<u>977</u>		<u>2</u>
Total assets less current liabilities			<u>977</u>		<u>2</u>
Capital and reserves					
Called up share capital	7		2		2
Profit & loss account	8		975		-
			<u>977</u>		<u>2</u>
Shareholders' funds - Equity			<u>977</u>		<u>2</u>

These financial statements were approved by the board of directors on 27 August 2003
 and were signed on its behalf by:


M Piper
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below.

The company has adopted FRS 19 'Deferred tax' in these financial statements. The adoption of FRS 19 has had no effect and consequently this change in accounting policy has not given rise to a prior year adjustment.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. Advantage has been taken of the exemption conferred by regulation 7 of the Partnerships and Unlimited Companies (Accounts) Regulations 1993.

Cashflow

The company has not produced a cashflow statement as there have been no cashflows during the year.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

2 Remuneration of directors

The directors have not received any remuneration for their services during the period.

3 Taxation

	2002	2001
UK Corporation tax at 10%	25	-
Total current tax	25	-

Factors affecting the tax charge for the current period

The current tax charge for the period is lower than (2001: equivalent to) the standard rate of corporation tax in the UK (10%, 2001: 10%). The differences are explained below.

	2002 £	2001 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	1,000	-
Current tax at 10% (2001: 10%)	100	-
<i>Effect of:</i>		
Adjustments to tax charge in respect of corporation tax rate differences	(75)	-
Total current tax charge (see above)	25	-

4 Fixed asset investments

Investments represent capital invested in East Midlands Regional Venture Capital Fund No 1 LP

	Other investments other than loans £
Cost:	
At beginning of year	-
Investments during period	37
	37
Provisions:	
At beginning and end of year	-
Net book value	
At 31 December 2002	37
At 31 December 2001	-

5 Debtors

	2002 £	2001
Amounts due from group undertakings	1,000	-
	<u>1,000</u>	<u>-</u>

6 Creditors

	2002 £	2001 £
Amounts falling due within one year		
Amounts owed to group undertakings	37	-
Corporation tax	25	-
	<u>62</u>	<u>-</u>

7 Called up share capital

	2002 £	2001
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

8 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Profit for the financial year	975	-
Net addition to shareholders' funds	<u>975</u>	<u>-</u>
Opening shareholders' funds	2	2
Closing shareholders' funds	<u>977</u>	<u>2</u>

9 Ultimate parent company

The ultimate parent company and controlling party is Catapult Venture Managers Limited.

10 Related party disclosures

The company is controlled by Catapult Venture Managers Limited

	2002 £
Priority profit share payable to company by East Midlands Regional Venture Capital Fund No 1 LP	1,000
As at 31 December 2002	
Amounts due from Catapult Venture Managers Limited	1,000