

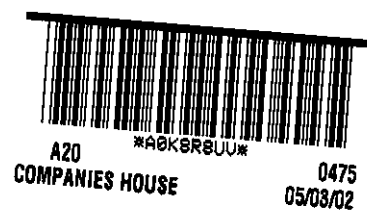
**ALBEMARLE GENERAL PARTNER LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2001**

**Registered Number 769039**



# ALBEMARLE GENERAL PARTNER LIMITED

## DIRECTORS' REPORT

The directors present their report and the accounts for the year ended 31 December 2001.

### PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company continued to be that of an investment company. The principal activity of the only trading subsidiary Albemarle Private Equity Limited continued to be that of an investment fund management company. Both the level of business and the year end financial position of the company and its subsidiaries remain satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

### RESULTS

	2001 £	2000 £
Profit and loss account brought forward	110,662	53,615
Profit for the year after taxation	762,319	657,047
Dividend paid	(777,000)	(600,000)
Profit and loss account carried forward	<u>95,981</u>	<u>110,662</u>

### DIVIDEND

The directors do not recommend a final dividend for the year ended 31 December 2001.

### DIRECTORS DURING THE YEAR

D J Wills	(Chairman and Managing Director)
G L Barnes	
S K Sirisena	(appointed 21 February 2001)
T M Trowell	

# **ALBEMARLE GENERAL PARTNER LIMITED**

## **DIRECTORS' REPORT (continued)**

### **DIRECTORS' INTERESTS**

The directors who held office at 31 December 2001 had no direct or beneficial interests in the share capital of Albemarle General Partner Limited, the intermediate parent company.

Private Equity Limited is the ultimate parent company.

A director who held office at 31 December 2001 had a beneficial interest in the share capital of Private Equity Limited as follows:

	<b>As at 31.12.01 Ordinary Shares of £1 each fully paid</b>	<b>As at 1.1.01 Ordinary Shares of £1 each fully paid</b>
D J Wills	42,000	42,000

At 31 December 2001 a member of D J Wills's family had a beneficial interest in 4,667 Ordinary shares of £1 each in Private Equity Limited (2000: 4,667).

In addition, at 31 December 2001, the Albemarle Private Equity Pension Scheme, of which D J Wills and S K Sirisena are members, owned 24,000 Ordinary shares of £1 each in Private Equity Limited (2000: 24,000).

### **DIRECTORS' RESPONSIBILITIES**

The directors are required by UK company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that year.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2001. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

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

**ALBEMARLE GENERAL PARTNER LIMITED**

**DIRECTORS' REPORT (continued)**

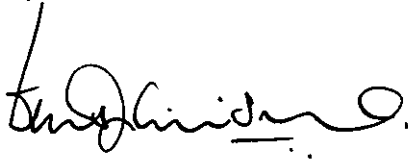
**AUDITORS**

A resolution to re-appoint Hall & Co (Iver) Limited as auditors to the company will be proposed at the annual general meeting.

**ANNUAL GENERAL MEETING**

The next Annual General Meeting of the Company will be held at 1 Albemarle Street, London W1S 4HA at 11.00 a.m. on 22<sup>nd</sup> May 2002.

**By order of the Board**

A handwritten signature in black ink, appearing to read 'S K Sirisena', with a horizontal line underneath the name.

S K Sirisena  
**Company Secretary**

1 Albemarle Street  
London W1S 4HA

20 February 2002

## REPORT OF THE INDEPENDENT AUDITORS

### TO THE SHAREHOLDERS OF ALBEMARLE GENERAL PARTNER LIMITED

We have audited the financial statements of Albemarle General Partner Limited for the year ended 31 December 2001 on pages 5 to 11. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 Report of the Directors 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 the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

### BASIS OF AUDIT 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 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 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Hall & Co*

**Hall & Co (Iver) Limited**

Chartered Accountants and Registered Auditor  
Norwood Grange  
Norwood Lane  
Iver  
Buckinghamshire SL0 0EW

25/2/2002

**ALBEMARLE GENERAL PARTNER LIMITED**

**PROFIT AND LOSS ACCOUNT**

**for the year ended 31 December 2001**

	Note	2001 £	2000 £
INVESTMENT INCOME	2	1,581,758	1,750,697
INVESTMENT MANAGEMENT FEE		( 774,103 )	(1,024,557 )
INVESTMENT PROFIT		807,655	726,140
ADMINISTRATIVE EXPENSES		( 7,611 )	( 3,232 )
OPERATING PROFIT		800,044	722,908
WRITE-OFF OF FIXED ASSET INVESTMENTS		(39 )	2,700
INTEREST RECEIVABLE		<u>4,442</u>	<u>2,511</u>
 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	804,447	728,119
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	4	( 42,128 )	( 71,072 )
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		762,319	657,047
DIVIDENDS - PAID		(777,000 )	-
DIVIDENDS - PROPOSED		<u>-</u>	( 600,000 )
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		( 14,681 )	57,047
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD		<u>110,662</u>	<u>53,615</u>
PROFIT AND LOSS ACCOUNT CARRIED FORWARD		<u>95,981</u>	<u>110,662</u>

The Company has no recognised gains or losses for the current and preceding financial years other than those included in the profits above and, therefore, no separate statement of total recognised gains and losses has been prepared.

All items reflected in the above profit and loss account derive from continuing activities.

The notes on pages 7 to 11 form part of these accounts.

**ALBEMARLE GENERAL PARTNER LIMITED**

**BALANCE SHEET**

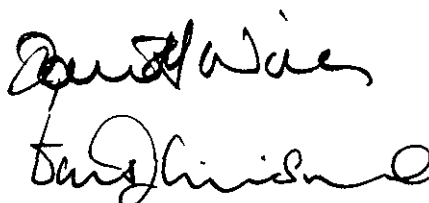
**at 31 December 2001**

	Note	2001 £	2000 £
<b>FIXED ASSETS</b>			
Investments	5	16,754	8,637
Investments in subsidiary undertakings	6	<u>4</u>	<u>4</u>
		<u>16,758</u>	<u>8,641</u>
<b>CURRENT ASSETS</b>			
Debtors	7	92,418	343,764
Cash at bank and in hand		<u>198,486</u>	<u>589,915</u>
		290,904	933,679
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	8	( <u>11,681</u> )	( <u>631,658</u> )
<b>NET CURRENT ASSETS</b>		<u>279,223</u>	<u>302,021</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>295,981</u>	<u>310,662</u>
<b>NET ASSETS</b>		<u>295,981</u>	<u>310,662</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	10	154,750	154,750
Capital reserve		45,250	45,250
Profit and loss account		<u>95,981</u>	<u>110,662</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>	11	<u>295,981</u>	<u>310,662</u>

The financial statements on pages 5 to 11 were approved by the Board on 20 February 2002 and were signed on its behalf by:

D J Wills       )  
                      )  
S K Sirisena     )

Directors



The notes on pages 7 to 11 form part of these financial statements.

# **ALBEMARLE GENERAL PARTNER LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 December 2001**

### **1. ACCOUNTING POLICIES**

#### **(a) Basis of Preparation**

The financial statements of the Company are prepared on the historical cost basis and in accordance with applicable accounting standards in the United Kingdom, with the exception of the treatment of investment income as described in paragraph (g) applied on a consistent basis.

#### **(b) Profit and Loss Account**

Income and expenses are accounted for in the profit and loss account on an accruals basis.

#### **(c) Deferred Taxation**

Deferred taxation is calculated using the liability method to the extent that it is probable that a liability or asset will crystallise.

#### **(d) Unlisted Investments**

Unlisted investments are valued at cost less provisions for any permanent diminution in value.

#### **(e) Limited partnership funds and investments**

As at 31 December 2001, the Albemarle group managed four venture capital Limited Partnerships, for which it acts as the General Partner. Investments held through the Limited Partnerships are made with the express intention of capital appreciation. The Limited Partnerships and certain of the Investments held by the Limited Partnerships technically fall within the definition of Subsidiaries of the General Partner under the Companies Act 1985 and Financial Reporting Standard ("FRS") No.2.

There are severe long term restrictions upon the ability of the General Partner to exercise control or dominant influence over the partnerships other than for the interests of the Limited Partners. Accordingly the partnerships have been excluded from the consolidation.

The investee companies, which are held in the Limited Partnerships and are technically subsidiaries, are listed in note 6.

#### **(f) Other**

The Company does not produce a cash flow statement as it is a wholly owned subsidiary, as permitted by Financial Reporting Standard No. 1.

#### **(g) Investment income**

Investment income represents the total amount receivable in the ordinary course of business. Franked investment income is disclosed inclusive of attributable tax credits. This is contrary to FRS16 Current Tax and is necessary in order to show a true and fair view. The company's investment management income, which is paid by way of distribution from the funds managed, is contractually set at the gross figure. The effect of this treatment is disclosed in notes 2 and 4.



**ALBEMARLE GENERAL PARTNER LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 December 2001

**2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	2001 £	2000 £
Investment income:		
Income from fixed asset investments		
Franked (including management fees)	421,595	694,194
Income received under deduction of tax	458,016	550,648
Unfranked	417,147	241,444
Foreign income	-	64,411
Intercompany dividends	<u>285,000</u>	<u>200,000</u>
	<u>1,581,758</u>	<u>1,750,697</u>

Franked investment income includes attributable tax credits of £42,128 (2000: £69,418).

Profit on ordinary activities before taxation is shown after charging:

Auditors' remuneration	<u>6,756</u>	<u>2,350</u>
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**3. EMPLOYEES' AND DIRECTORS' EMOLUMENTS**

There were no employees of the company in the United Kingdom during the year (2000: Nil).

The directors received no remuneration from the company during the year (2000: Nil).

**4. TAXATION**

	2001 £	2000 £
Tax credits on franked investment income	42,128	69,418
Overseas taxation	<u>-</u>	<u>1,654</u>
	<u>42,128</u>	<u>71,072</u>

Subject to agreement with the Inland Revenue there are available losses to offset against future profits of approximately £1,026,000.

**5. FIXED ASSET INVESTMENTS**

	2001 £	2000 £
Shares in unlisted companies	16,530	8,574
Brown Shipley Development Capital Fund	24	24
The Second Brown Shipley Fund	-	39
The Albemarle Second Fund	<u>200</u>	<u>-</u>
	<u>16,754</u>	<u>8,637</u>

Albemarle General Partner Limited acts as the General Partner of the Brown Shipley Development Capital Fund, the Albemarle Second Fund A and B and the Third Private Equity Fund.

**ALBEMARLE GENERAL PARTNER LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**for the year ended 31 December 2001**

The investments listed above are shown at their net book value after eliminating any specific provisions against these investments.

The directors' valuation of unlisted investments, being an investment in Drallim Industries Limited, was in excess of book value.

The movement during the year was as follows:

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
At 1 January	8,637	8,637
Additions	8,156	-
Disposals	(39)	-
At 31 December	<u>16,754</u>	<u>8,637</u>

There are no holdings included in the unlisted investments in excess of 20% of the issued share capital of any class of the investee company.

**6. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS**

	<b>£</b>
At cost 1 January 2001 and at 31 December 2001	1,013,840
Provision at 1 January 2001 and at 31 December 2001	<u>1,013,836</u>
Net book value at 1 January 2001 and 31 December 2001	<u><u>4</u></u>

	<b><u>Country of Registration</u></b>	<b><u>Holding</u></b>	<b><u>% of Class</u></b>
Albemarle Private Equity Limited (Investment Fund Manager)	England and Wales	2,550 £1 'B' Ord Shares 2,450 £1 'A' Ord Shares	100%  100%
Albemarle Nominees Limited (Nominee Company)	England and Wales	2 £1 Ord Shares	100%
Albemarle Nominees (London) Limited (Nominee Company)	England and Wales	2 £1 Ord Shares	100%

All of the above companies operated in their country of registration. Albemarle Nominees Limited and Albemarle Nominees (London) Limited remained dormant during the year.

Consolidated accounts have not been prepared because the company is a wholly owned subsidiary of a company incorporated in the United Kingdom, Private Equity Limited. The accounts present information about the company as an individual undertaking and not about its group.

**ALBEMARLE GENERAL PARTNER LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**for the year ended 31 December 2001**

Companies which are subsidiaries under the provisions of the Companies Act 1985 and Financial Reporting Standard ("FRS") No.2, but which are not consolidated for the reasons given in the statement of accounting policies are as follows:

Banro Holdings Limited (holding: 57.5% ordinary shares - the company is registered in England and Wales, registration number 3620695 and manufactures steel framed building systems).

**7. DEBTORS**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Inter company dividend	-	200,000
Income tax recoverable	91,605	110,130
Prepayments and accrued income	<u>813</u>	<u>33,634</u>
	<u><b>92,418</b></u>	<u><b>343,764</b></u>

**8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Proposed dividend to parent company	-	600,000
Amounts owed to subsidiary undertakings	2	19,234
Accruals	<u>11,679</u>	<u>12,424</u>
	<u><b>11,681</b></u>	<u><b>631,658</b></u>

**9. PROVISIONS FOR LIABILITIES AND CHARGES**

**Deferred Taxation**

There is no deferred taxation to be provided for in the financial statements.

**ALBEMARLE GENERAL PARTNER LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**for the year ended 31 December 2001**

**10. CALLED UP, ALLOTTED AND FULLY PAID SHARE CAPITAL**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Authorised:		
<b>Equity Shares</b>		
250,000 Ordinary Shares of £1 each	<u>250,000</u>	<u>250,000</u>
Allotted, called up and fully paid:		
<b>Equity Shares</b>		
154,750 Ordinary Shares of £1 each	<u>154,750</u>	<u>154,750</u>

**11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	762,319	657,047
Ordinary dividends	<u>(777,000)</u>	<u>(600,000)</u>
Net (reduction)/addition to shareholders' funds	(14,681)	57,047
Opening shareholders' funds	<u>310,662</u>	<u>253,615</u>
Closing shareholders' funds	<u>295,981</u>	<u>310,662</u>

**12. ULTIMATE PARENT UNDERTAKING**

The Company's ultimate parent company is Private Equity Limited.

**13. CHARGE ON ASSETS**

The bank loans and overdrafts of the ultimate parent Company, Private Equity Limited, are secured by fixed and floating charges over the assets of the Company. At 31 December 2001 there was no liability to the bank (2000: £987,303).

**14. RELATED PARTY TRANSACTIONS**

The controlling party is Private Equity Limited. The ultimate controlling party is D J Wills. The Company has taken advantage of the exemption contained in Financial Reporting Standard No 8 not to disclose intra group transactions which fall under the definition of related party transactions.