

SCHRODER VENTURES HOLDINGS LIMITED

Registered Number: 1859239

FINANCIAL STATEMENTS – 31ST DECEMBER 2003



SCHRODER VENTURES HOLDINGS LIMITED

REPORT OF THE DIRECTORS

Principal Activity

The principal function of Schroder Ventures Holdings Limited is to act as general partner of certain limited partnerships. The Company is regulated by the Financial Services Authority.

Results and Business Review

The results for the year are shown in the profit and loss account on page 5. The Directors consider these results and the Company's financial position at 31st December 2003 to be satisfactory and they expect the Company to carry on business in a similar fashion during the present year.

Dividend

The Directors do not recommend the payment of a dividend (2002: £Nil).

Directors and Directors' Interests

The names of the Directors of the Company at 31st December 2003 are shown below. Mr. A.F. Sykes resigned as a Director with effect from 5th March 2004.

At 31st December 2003 and 1st January 2003 the Directors had the beneficial interests shown below in the shares of Schroders plc and in rights over non-voting ordinary shares.

	31st December 2003			1st January 2003		
	Ordinary Shares	Non-voting Ordinary Shares	Rights Over Non- voting Ordinary Shares **	Ordinary Shares	Non-voting Ordinary Shares	Rights Over Non- voting Ordinary Shares **
N.E.H. Ferguson (Chairman)	-	53,117	5,228	-	53,117	8,086
G.D. Lloyd	-	2,053	-	-	2,053	-
R.C. Morris	-	4,366	-	-	4,366	-
A.C. Williams	-	-	-	-	5,761	-
A.F. Sykes	5,940	52,105	612,470	5,940	34,709	665,031

** Includes maximum awards under a share scheme which are subject to adjustment, and receipt of which is subject to conditions and includes, where appropriate, options granted during the year.

For the purposes of the Companies Act 1985, at 31st December 2003 Mr. A.C. Williams was treated as having a further interest in 5,761 non-voting shares (1st January 2003: Nil).

No Director held any other interest in shares or debentures of either Schroders plc or any of its subsidiary companies.

SCHRODER VENTURES HOLDINGS LIMITED

REPORT OF THE DIRECTORS

Creditor Payment Policy

The Company's normal practice is to agree the terms of payment with suppliers at the time of contract and to make payment within the agreed credit terms subject to satisfactory performance. The Company does not follow any code or standard on payment practice. At 31st December 2003 the amount owed to the Company's trade creditors represented approximately nil days average purchases from suppliers.

Auditors

An elective resolution to dispense with the annual appointment of auditors pursuant to Section 386 Companies Act 1985 is in force. Accordingly, PricewaterhouseCoopers LLP shall be deemed to be reappointed for 2004, and subsequently until further notice.

BY ORDER OF THE BOARD



I Johnson
Secretary

27.4.2004

31 Gresham Street,
LONDON
April, 2004

SCHRODER VENTURES HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2003

The Directors have responsibility for ensuring that the Company keeps proper accounting records. They are required by law to prepare financial statements which give a true and fair view of the state of the affairs of the Company at the end of the financial year and of the results for the year. They are also responsible for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are satisfied that the Company has adequate resources to continue in business and accordingly that the financial statements should be drawn up on a going concern basis. Further, appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of these financial statements and applicable United Kingdom accounting standards have been followed. These policies, for which the Directors accept responsibility, have been discussed with the auditors.

SCHRODER VENTURES HOLDINGS LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SCHRODER VENTURES HOLDINGS LIMITED

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared in accordance with the accounting policies set out in Note 1.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the annual report and the financial statements 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 financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body 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 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 is not disclosed.

We read the other information contained in the financial statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' Report.

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 at 31st December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

27 April, 2004

SCHRODER VENTURES HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2003

	<u>Notes</u>	<u>2003</u> £	<u>2002</u> £
Turnover	2	163,937	403,090
Administrative expenses	3	<u>(242,285)</u>	<u>(688,266)</u>
OPERATING LOSS		(78,348)	(285,176)
Interest receivable from fellow group undertakings		2,938	2,213
Income from other fixed asset investments		-	7,698
Other interest receivable		<u>20,125</u>	<u>-</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAX		(55,285)	(275,265)
Tax on loss on ordinary activities	5	<u>23,788</u>	<u>82,081</u>
Loss retained for the financial year		<u><u>(31,497)</u></u>	<u><u>(193,184)</u></u>

The results above are all in respect of continuing operations of the Company.

There is no difference between the loss on ordinary activities before tax and the loss retained by the Company for the financial year stated above and their historical cost equivalents.


The Company has no recognised gains and losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented.

SCHRODER VENTURES HOLDINGS LIMITED

BALANCE SHEET AT 31ST DECEMBER 2003

	<u>Notes</u>	<u>2003</u> £	<u>2002</u> £
FIXED ASSETS			
Investments			
Shares in group undertakings	6	5,001	5,001
Unlisted investments in funds	8	55,848	72,828
Other investments	7	-	20
		<u>60,849</u>	<u>77,849</u>
CURRENT ASSETS			
Debtors	9	73,548	434,985
Cash at bank - fellow subsidiary undertaking		<u>113,986</u>	<u>55,408</u>
		<u>187,534</u>	<u>490,393</u>
CREDITORS DUE WITHIN ONE YEAR	10	<u>87,704</u>	<u>376,066</u>
NET CURRENT ASSETS		<u>99,830</u>	<u>114,327</u>
TOTAL NET ASSETS		<u>160,679</u>	<u>192,176</u>
CAPITAL AND RESERVES			
Called up share capital	12	6,000	6,000
Profit and loss account		<u>154,679</u>	<u>186,176</u>
EQUITY SHAREHOLDER'S FUNDS	13	<u>160,679</u>	<u>192,176</u>

Approved by the Board of Directors on 27 April 2004


Director

SCHRODER VENTURES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

- (a) These Financial Statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and in accordance with the requirements of the Companies Act 1985.
- (b) Income and capital distributions from investments in venture capital and buy-out funds are dealt with as follows:
 - (i) Income: credited to the profit and loss account when due and payable.
 - (ii) Capital: credited against the cost of the investment, any excess over cost being credited to the profit and loss account.
- (c) Fixed asset investments are held for continuing use in the business and are recorded in the balance sheet at cost less provision for impairment and in the case of venture capital and buy-out funds, less capital distributions. Provisions for impairment are taken to the profit and loss account.
- (d) Deferred tax is accounted for on an undiscounted basis at expected tax rates on all timing differences arising from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. A deferred tax asset is only recognised when it is more likely than not that the asset will be recoverable in the foreseeable future out of suitable taxable profits from which the underlying timing differences can be deducted.
- (e) Current assets and current liabilities expressed in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions during the year expressed in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the transaction. Exchange translation differences are taken to the profit and loss account.
- (f) As permitted by Financial Reporting Standard 1, the Company has not produced a cash flow statement as the consolidated statement of its ultimate parent company, Schroders plc, includes its cash flows.
- (g) The Company manages, as general partner, a number of limited partnership funds. In these situations the Company's investment, as the general partner, in the limited partnership fund is nominal in amount. The general partner's interests are accounted for in accordance with the policy on fixed asset investments (see Note 1.(c)) and are included within the total of 'Fixed asset investments' shown in the balance sheet. The limited partnership funds are not consolidated because there are severe long-term restrictions on the rights of the general partner.

SCHRODER VENTURES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. Turnover and Preferential Drawing Rights

- (a) Turnover consists of fees receivable for management services provided to venture advisory companies and other fees in respect of services provided by the Company.
- (b) As the general partner of venture capital partnerships, the Company is entitled to a preferential drawing right from each partnership. In the event that, in any year, the income and gain of the relevant partnership are insufficient to satisfy this obligation, the shortfall is advanced to the Company from the capital accounts of the partnerships.

3. Profit on Ordinary Activities before Tax

Profit before tax is stated after charging:

	<u>2003</u>	<u>2002</u>
	£	£
Auditors' remuneration for audit services	<u>6,584</u>	<u>8,597</u>

4. Directors' Emoluments

The Directors did not receive any emoluments in respect of their services to the Company (2002: £Nil). There were no salaried employees of the Company during the year (2002: Nil).

5. Tax on Loss on Ordinary Activities

- (a) Tax on loss on ordinary activities comprised:

	<u>2003</u>	<u>2002</u>
	£	£
Current tax:		
UK group relief on losses of the year	(22,624)	(82,580)
Adjustments to group relief in respect of previous years	<u>(135,975)</u>	<u>3,915</u>
Total current tax credit (Note 5(b))	(158,599)	(78,665)
Deferred tax – origination and reversal of timing differences (Note 11):		
Current year credit	-	(3,416)
Adjustments in respect of previous periods	<u>134,811</u>	<u>-</u>
Tax credit on loss on ordinary activities	<u>(23,788)</u>	<u>(82,081)</u>

SCHRODER VENTURES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. **Tax on Loss on Ordinary Activities (cont'd)**

(b) **Factors affecting tax charge for period**

The current tax for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	<u>2003</u> £	<u>2002</u> £
Loss on ordinary activities before tax	<u>(55,285)</u>	<u>(275,265)</u>
Loss on ordinary activities multiplied by corporation tax at the UK standard rate of 30% (2002: 30%)	(16,586)	(82,580)
Effects of:		
Non-taxable tax repayment interest	(6,038)	-
Adjustments to tax charge in respect of previous years	(135,975)	3,915
Trading losses unutilised carried forward	-	134,811
Trading losses brought forward	-	(131,395)
Trading losses brought forward – prior year adjustment	<u>-</u>	<u>(3,416)</u>
Current tax credit for period (Note 5(a))	<u>(158,599)</u>	<u>(78,665)</u>

(c) **Factors that may affect future tax charges**

Deferred tax has been recognised on the fixed asset timing differences of the year as the expectation is that these will be utilised against the profits of future years.

SCHRODER VENTURES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6. Shares in Subsidiary Undertakings

The investments in shares in subsidiary undertakings comprised:

- (a) Investments at cost

£

At 1st January 2003 and 31st December 2003

5,001

- (b) The principal subsidiary undertaking, which in the opinion of the Directors principally affects the profits or assets of the Company, is listed below. This principal subsidiary undertaking is engaged in venture capital fund activities. Its issued share capital comprises equity shares and it is registered in England.

Company	Shares	Percentage Owned %
Schroder Ventures Investment Advisers Limited	£1 ordinary	100

- (c) In the opinion of the Directors, the aggregate value of the investment in subsidiary undertaking at 31st December 2003 is not less than book value.

- (d) Group accounts have not been prepared as the Company is a wholly owned subsidiary undertaking of another company established in the European Union.

7. Other Investments

- (a) The shares held in participating interests are comprised of:

Investments at cost

£

At 1st January 2003

20

Disposal

(20)

At 31st December 2003

-

On 13th October 2003, the Company sold its entire holding in German Venture Advisers (2000) Limited for £20.

SCHRODER VENTURES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

8. Investments in Funds

The Company's interest in the Schroder Venture Funds, which are unlisted, comprised:

	<u>2003</u>	<u>2002</u>
	£	£
<u>Cost</u>		
At 1st January 2003	72,828	72,828
Distributions received in the year	<u>(16,980)</u>	<u>-</u>
At 31st December 2003	<u>55,848</u>	<u>72,828</u>

The Directors' valuation at 31st December 2003 was £82,527 (2002: £122,472).

9. Debtors

Amounts falling due within one year comprised:

	<u>2003</u>	<u>2002</u>
	£	£
Amounts owed by Group undertakings	16,844	22,291
Group relief receivable	22,623	82,616
Corporation tax	-	160,069
Other debtors	24,033	23,126
Prepayments and accrued income	<u>300</u>	<u>2,324</u>
	63,800	290,426
Amounts falling due after one year comprised:		
Deferred tax (Note 11)	<u>9,748</u>	<u>144,559</u>
	<u>73,548</u>	<u>434,985</u>

10. Creditors

Amounts falling due within one year comprised:

	<u>2003</u>	<u>2002</u>
	£	£
Amounts owed to fellow subsidiary undertakings	80,702	367,743
Accruals and deferred income	<u>7,002</u>	<u>8,323</u>
	<u>87,704</u>	<u>376,066</u>

SCHRODER VENTURES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

11. Deferred Tax

The deferred tax balance can be analysed as follows:

	<u>2003</u> £	<u>2002</u> £
Trade losses carried forward	-	134,811
Fixed asset timing differences	<u>9,748</u>	<u>9,748</u>
Deferred tax	<u>9,748</u>	<u>144,559</u>
Deferred tax at 1st January	144,559	141,143
Deferred tax charge for period (Note 5)		
Current year	-	3,416
Prior year	<u>134,811</u>	<u>-</u>
Deferred tax at 31st December	<u>9,748</u>	<u>144,559</u>

12. Called Up Share Capital

Authorised, allotted, called up and fully paid:	<u>2003</u> £	<u>2002</u> £
6,000 ordinary shares of £1 each (2002: 6,000)	<u>6,000</u>	<u>6,000</u>

13. Reconciliation of Movements in Equity Shareholder's Funds

	<u>2003</u> £	<u>2002</u> £
Loss for the year after tax	<u>(31,497)</u>	<u>(193,184)</u>
Net reduction in shareholder's funds	(31,497)	(193,184)
Equity shareholder's funds at 1st January	<u>192,176</u>	<u>385,360</u>
Equity shareholder's funds at 31st December	<u>160,679</u>	<u>192,176</u>

SCHRODER VENTURES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

14. General Partnerships

The Company is general partner to the UK limited partnerships of the following Funds:

Permira France I (formerly Schroder French Buy-Out Fund)
Permira France Venture I (formerly Schroder Ventures French Enterprise Fund)
Permira Italy I (formerly The Italian Venture Fund)
The Spanish Venture Fund
Schroder Canadian Buy Out Fund II

15. Related Party Transactions

The Company is related to Schroder Ventures (London) Limited by virtue of being under the common influence of their directors. During the year, the Company paid fees of £275,000 (2002: £267,735) in respect of management services to Schroder Ventures (London) Limited.

As permitted by Financial Reporting Standard 8, transactions with other subsidiaries of Schroders plc, 90% or more owned, are not disclosed. There were no other related party transactions requiring disclosure in this year's accounts in accordance with Financial Reporting Standard 8.

16. Ultimate Parent Company

The Company's immediate parent company is Schroder Investment Company Limited, whose ultimate parent company and ultimate controlling party is Schroders plc, both of which are registered in England and Wales.

The results of the Company are consolidated in the group accounts of Schroders plc, copies of which will be available on publication from Schroders plc, 31 Gresham Street, London, EC2V 7QA.