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MPC Investors Limited

Report and Accounts
31 December 2002



OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors M R Hadsley-Chaplin
 C S Maude
 P B J German
 D A Robins

Company Secretary C S Maude

Registered Office 26 Eccleston Square
 London
 SW1V 1NS

Auditors Rees Pollock
 7 Pilgrim Street
 London
 EC4V 6DR

Bankers HSBC
 18 High Street
 Reigate
 RH2 9BB

Solicitors Dechert
 2 Serjeants' Inn
 London
 EC4Y 1LT

Registered Number 03517613

The directors present their report and accounts of the company for the year ended 31 December 2002.

Principal activities and business review

The principal activity of the company during the year was fund management. The directors intend to continue to expand the business in the future.

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 accounts.

The directors have not recommended a dividend.

The directors and their interests

The directors who served the company during the year together with their beneficial interests, including family holdings, in the share capital of the company were as follows:

	Ordinary Shares of £1 each	
	At	At
	31 December 2002	1 January 2002
M R Hadsley-Chaplin	32,800	32,500
C S Maude	8,750	8,750
P B J German	8,750	8,750
D A Robins	<u>1,250</u>	<u>1,000</u>

The company has granted directors the following options for ordinary shares:

	Options	Exercise price
		£
M R Hadsley-Chaplin	6,000	50
C S Maude	3,000	50
P B J German	3,000	50
D A Robins	500	50

Options are exercisable at any time from two years from the date of grant up to 10 years.

Directors' responsibilities

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies, as described on page 8, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Directors' responsibilities *(continued)*

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 accounts comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to re-appoint Rees Pollock as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'C S Maude', written in a cursive style.

C S Maude
Company Secretary

22 April 2003



REES POLLOCK

Chartered Accountants

7 Pilgrim Street

London EC4V 6DR

Telephone 020 7329 6404

Fax 020 7329 6408

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MPC INVESTORS LIMITED

We have audited the accounts on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

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 the directors and the auditors

The directors' responsibilities for preparing the Annual Report and the accounts in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on pages 2 to 3.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts 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.

Rees Pollock
Chartered Accountants
Registered Auditors

24 April 2003

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2002

	Note	2002 £	2001 £
TURNOVER	2	2,326,705	480,096
Cost of sales		916,617	126,580
GROSS PROFIT		1,410,088	353,516
Administrative expenses		1,224,414	556,384
OPERATING PROFIT/(LOSS)	3	185,674	(202,868)
Interest receivable		16,296	15,010
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		201,970	(187,858)
Tax on profit/(loss) on ordinary activities	6	—	—
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		201,970	(187,858)
Balance brought forward		(354,693)	(166,835)
Balance carried forward		(152,723)	(354,693)


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

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

The notes on pages 8 to 13 form part of these accounts.

BALANCE SHEET
 at 31 December 2002

	Note	£	2002 £	2001 £
FIXED ASSETS				
Tangible assets	7		56,747	70,055
CURRENT ASSETS				
Debtors	8	300,336		134,194
Investments	9	295,725		—
Cash at bank		684,938		208,196
		1,280,999		342,390
CREDITORS: amounts falling due within one year	10	214,219		40,888
NET CURRENT ASSETS			1,066,780	301,502
TOTAL ASSETS LESS CURRENT LIABILITIES			1,123,527	371,557
CAPITAL AND RESERVES				
Called-up equity share capital	11		71,500	64,500
Share premium account	12		1,204,750	661,750
Profit and loss account			(152,723)	(354,693)
SHAREHOLDERS' FUNDS	13		1,123,527	371,557


 M R Hadsley-Chaplin
 Director

22 April 2003

The notes on pages 8 to 13 form part of these accounts.

CASH FLOW STATEMENT

for the year ended 31 December 2002

	Note	£	2002 £	2001 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	14		249,198	(228,934)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received		15,556		15,010
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			15,556	15,010
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT				
Payments to acquire tangible fixed assets		(23,267)		(49,008)
Payment to acquire current asset investments		(314,745)		—
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			(338,012)	(49,008)
FINANCING				
Issue of equity share capital		7,000		1,000
Share premium on issue of equity share capital		543,000		49,000
NET CASH INFLOW FROM FINANCING			550,000	50,000
INCREASE/(DECREASE) IN CASH	15		476,742	(212,932)

The notes on pages 8 to 13 form part of these accounts.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2002

1. ACCOUNTING POLICIES

Basis of accounting

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

Deferred taxation

Deferred taxation is provided on all timing differences, without discounting, calculated at the rate at which it is estimated that tax will be payable, except where otherwise required by accounting standards.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & fittings	- 3 years straight line
Equipment	- 3 years straight line

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Investments

Current asset investments are valued at market value.

2. TURNOVER

The turnover shown in the profit and loss account represents the value of services provided during the year, stated net of value added tax.

The company's turnover, other than £54,533, is derived entirely from outside the UK.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2002

3. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging/(crediting):

	2002	2001
	£	£
Amortisation	19,020	21,381
Depreciation	36,575	24,090
Auditors' remuneration		
- as auditors	6,000	4,000
Net (profit)/loss on foreign currency translation	<u>(179)</u>	<u>250</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2002	2001
	No.	No.
Number of administrative staff	6	1
Number of management staff	5	5
	<u>11</u>	<u>6</u>

The aggregate payroll costs of the above were:

	2002	2001
	£	£
Wages and salaries	804,890	315,822
Social security costs	89,657	33,566
	<u>894,547</u>	<u>349,388</u>

5. DIRECTORS' EMOLUMENTS

	2002	2001
	£	£
Emoluments	<u>394,135</u>	<u>154,500</u>

Emoluments of highest paid director:

	2002	2001
	£	£
Total emoluments (excluding pension contributions):	<u>140,344</u>	<u>—</u>

6. TAX ON PROFIT OR (LOSS) ON ORDINARY ACTIVITIES

Analysis of charge in the period

	2002	2001
	£	£
Current tax:		
Corporation tax	<u>—</u>	<u>—</u>

NOTES TO THE ACCOUNTS

for the year ended 31 December 2002

6. TAX ON PROFIT OR (LOSS) ON ORDINARY ACTIVITIES (continued)

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 19.25% (2001 - 20%).

	2002 £	2001 £
Profit/(loss) on ordinary activities before taxation	201,970	(187,858)
Profit/(loss) on ordinary activities multiplied by rate of tax	(38,879)	37,572
Effects of:		
Expenses not deductible for tax purposes	(4,996)	(1,720)
Write down of investments	(3,661)	—
Use of brought forward losses	48,892	(38,240)
Depreciation in excess of capital allowances	(1,356)	4,139
Amortisation of intangible fixed assets	—	(1,751)
Total current tax	—	—

7. TANGIBLE FIXED ASSETS

	Fixtures & fittings £	Equipment £	Software £	Total £
Cost				
At 1 January 2002	33,236	32,828	31,095	97,159
Additions	—	12,077	11,190	23,267
At 31 December 2002	33,236	44,905	42,285	120,426
Depreciation				
At 1 January 2002	11,639	12,704	2,761	27,104
Charge for the year	11,079	13,134	12,362	36,575
At 31 December 2002	22,718	25,838	15,123	63,679
Net book value				
At 31 December 2002	10,518	19,067	27,162	56,747
At 31 December 2001	21,597	20,124	28,334	70,055

NOTES TO THE ACCOUNTS

for the year ended 31 December 2002

8. DEBTORS

	2002	2001
	£	£
Trade debtors	252,160	43,005
VAT recoverable	1,960	12,422
Other debtors	25,030	39,616
Prepayments and accrued income	21,186	39,151
	<u>300,336</u>	<u>134,194</u>

Included in other debtors is an amount of £19,035 which is due after more than one year.

9. INVESTMENTS

	2002	2001
	£	£
Investments at cost	314,745	-
Less provision	(19,020)	-
	<u>295,725</u>	<u>-</u>

10. CREDITORS: amounts falling due within one year

	2002	2001
	£	£
Trade creditors	3,577	1,691
PAYE and social security	73,912	14,585
Other creditors	114,276	3,965
Accruals and deferred income	22,454	20,647
	<u>214,219</u>	<u>40,888</u>

11. SHARE CAPITAL

Authorised share capital:

	2002	2001
	£	£
150,000 Ordinary shares of £1 each	<u>150,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	2002	2001
	£	£
Ordinary share capital	64,500	63,500
Issue of ordinary shares	7,000	1,000
	<u>71,500</u>	<u>64,500</u>

The authorised share capital was increased by 50,000 Ordinary shares of £1 each during the period.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2002

12. SHARE PREMIUM ACCOUNT

	2002	2001
	£	£
Balance brought forward	661,750	612,750
Premium on shares issued in the year	543,000	49,000
Balance carried forward	<u>1,204,750</u>	<u>661,750</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2001
	£	£
Profit/(Loss) for the financial year	201,970	(187,858)
New equity share capital subscribed	7,000	1,000
Premium on new share capital subscribed	<u>543,000</u>	<u>49,000</u>
	550,000	50,000
Net addition/(reduction) to funds	751,970	(137,858)
Opening equity shareholders' funds	371,557	509,415
Closing equity shareholders' funds	<u>1,123,527</u>	<u>371,557</u>

14. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2002	2001
	£	£
Operating profit/(loss)	185,674	(202,868)
Amortisation	—	21,381
Write down of investments	19,020	—
Depreciation	36,575	24,045
Increase in debtors	(165,402)	(80,627)
Increase in creditors	173,331	9,135
Net cash inflow/(outflow) from operating activities	<u>249,198</u>	<u>(228,934)</u>

15. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2002	2001
	£	£
Increase/(Decrease) in cash in the period	476,742	(212,932)
Movement in net funds in the period	<u>476,742</u>	<u>(212,932)</u>
Net funds at 1 January 2002	208,196	421,128
Net funds at 31 December 2002	<u>684,938</u>	<u>208,196</u>

NOTES TO THE ACCOUNTS

for the year ended 31 December 2002

16. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2002 £	Cash flows £	At 31 Dec 2002 £
Net cash:			
Cash in hand and at bank	208,196	476,742	684,938
Net funds	<u>208,196</u>	<u>476,742</u>	<u>684,938</u>