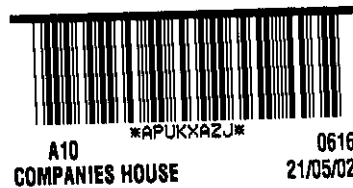


**SEI Investments (Europe) Limited**

Annual report and accounts  
for the year ended 31 December 2001

Registered number: 3765319



## Directors' report

For the year ended 31 December 2001

The directors present their annual report on the affairs of SEI Investments (Europe) Limited ("the Company"), together with the accounts and auditors' report, for the year ended 31 December 2001.

### Principal activities

The principal activity of the Company comprises of asset management services operating through the Company's London offices and its Dublin branch.

### Business review

SEI Investments (Europe) Limited continued to capitalise on three major trends in the global marketplace: privatisation of pension funds, increased wealth accumulation among affluent investors and the elimination of barriers to global investing. Using the same asset management disciplines that have benefited U.S. clients, SEI Investments (Europe) Limited provide investment management programs tailored to the needs of institutional and affluent individual investors. During the year, some of our major institutional wins included Meconic, AES Drax Power Group and Davis Service Group. On the retail side, we entered into a distribution relationship with Selestia and were able to build some strong relationships with firms on the high end of financial planning services such as David Norton, Scott Goodman Harris and Mazars Neville Russell.

During the year, the Company issued a further 3,450,000 £1 ordinary shares with the Company remaining wholly controlled by the parent company. Details of significant events since the balance sheet date are contained in note 11 to the accounts.

The directors of the Company have also received a letter of support from SEI Investments Company, who control the Company, which provides that SEI Investments Company will continue to ensure that the Company has sufficient financial resources to meet the Financial Services Authority's ("FSA's") regulatory requirements for the 12 month period subsequent to the date of these financial statements and will support the Company until it makes a profit.

### Results and dividends

The audited accounts for the year ended 31 December 2001 are set out on pages 4 to 12. The result for the year after taxation was a loss of £4,277,214. (2000: loss of £3,851,937).

The directors did not recommend any dividend payments to be made for the year (2000: nil).

### Directors

The directors who served during the year were as follows:

Todd Cipperman

Carl Guarino

Joseph Ujobai

Patrick Disney

Cynthia Parrish (resigned 13 December 2001)

Robert Nesher (appointed 13 December 2001)

## Directors' report (continued)

### Directors' interests

The directors who held office at 31 December 2001 had no interests in the shares of SEI Investments (Europe) Limited. The Company is a wholly owned subsidiary of SEI Investments Company.

### Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

### 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 and of the profit or loss of the Company for that year. In preparing those accounts, 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 accounts; and
- prepare the accounts 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 which enables them to ensure that the accounts comply with the Companies Act 1985. They 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.

SEI Investments (Europe) Limited  
4<sup>th</sup> Floor, The Economist Building  
25 St James's Street  
London  
SW1A 1HA

By order of the Board,



Patrick Disney

26 April 2002 Director

**Independent auditors' report to the shareholders of SEI Investments (Europe) Limited**

We have audited the financial statements of SEI Investments (Europe) Limited for the year ended 31 December 2001 which comprise the *Profit and loss account, Statement of total recognized gains and losses, Balance sheet, Statement of accounting policies* (pages 4 to 8) and the related notes numbered 1 to 13 (pages 9 to 12). These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

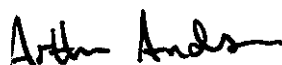
The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with 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 the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

**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 judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, 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 at 31 December 2001 and of the company's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Arthur Andersen**  
**Chartered Accountants and Registered Auditors**

180 The Strand  
London  
WC2R 1BL

26 April 2002

## Profit and loss account

For the year ended 31 December 2001

	Notes	2001	2000
		£	£
<b>Turnover</b>		5,092,287	-
Operating expenses		<u>(9,425,305)</u>	<u>(3,893,333)</u>
<b>Operating loss</b>		<u>(4,333,018)</u>	<u>(3,893,333)</u>
Interest income	1	<u>55,804</u>	<u>41,396</u>
<b>Loss on ordinary activities before taxation</b>	2	<u>(4,277,214)</u>	<u>(3,851,937)</u>
Tax on loss on ordinary activities		<u>-</u>	<u>-</u>
<b>Loss on ordinary activities after taxation</b>		<u>(4,277,214)</u>	<u>(3,851,937)</u>

All activities derive from continuing operations.

The accompanying notes are an integral part of this profit and loss account.

## Statement of total recognised gains and losses

For the year ended 31 December 2001

	2001 £	2000 £
Loss for the financial year	(4,277,214)	(3,851,937)
<b>Total recognised losses relating to the year</b>	<b>(4,277,214)</b>	<b>(3,851,937)</b>
Prior year adjustment	-	(252,962)
<b>Total losses recognised since last accounts</b>	<b>(4,277,214)</b>	<b>(4,104,899)</b>


The accompanying notes are an integral part of this statement of total recognised gains and losses

## Balance sheet

As at 31 December 2001

	Notes	2001 £	2000 £
<b>Fixed assets</b>			
Tangible assets	5	<u>297,673</u>	<u>248,214</u>
<b>Current assets</b>			
Cash at bank and in hand		3,191,107	1,190,328
Debtors	6	<u>1,287,059</u>	<u>222,220</u>
		4,478,166	1,412,548
<b>Creditors:</b> Amounts falling due within one year	7	<u>(3,942,291)</u>	<u>-</u>
<b>Net assets</b>		<u>833,548</u>	<u>1,660,762</u>
<b>Capital and reserves</b>			
Called-up share capital	8	4,500,000	1,050,000
Profit and loss account	9	<u>(3,666,452)</u>	<u>610,762</u>
<b>Equity shareholders' funds</b>	9	<u>833,548</u>	<u>1,660,762</u>

The accounts on pages 4 to 12 were approved by the board of directors and signed on its behalf by:



Patrick Disney  
Director

26 April 2002

The accompanying notes are an integral part of this balance sheet

## Statement of accounting policies

For the year ended 31 December 2001

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the prior year.

### **Basis of accounting**

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

The Company has taken advantage of the exemption from preparing a cash flow statement afforded by FRS 1 because it is a wholly owned subsidiary of SEI Investments Company which prepares consolidated accounts which are publicly available.

### **Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Computer equipment	3 years
Leasehold improvements	10 years
Office furniture	5 years

### **Taxation**

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

### **Pension costs and other post retirement benefits**

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

### **Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. All exchange differences are included in the profit and loss account.



## Statement of accounting policies (continued)

### **Turnover**

Turnover represents amounts received or receivable for services provided in the normal course of business, net of trade discounts, and VAT.

### **Leases**

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the year to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter year is used.

### **Financial resources**

The directors of the Company have also received a letter of support from SEI Investments Company, who control the Company, which provides that SEI Investments Company will continue to ensure that the Company has sufficient financial resources to meet FSA's regulatory requirements for the 12 month period subsequent to the date of these financial statements.

## Notes to accounts

31 December 2001

### 1 Interest income

During the year ended 31 December 2001, interest income of £55,804 (2000: £41,396) was earned on a UK Treasury Reserve deposit.

### 2 Result on ordinary activities before taxation

The result on ordinary activities before taxation is stated after charging:

	2001 £	2000 £
Auditors' remuneration for audit services	18,000	5,000
Auditors' remuneration for non-audit services	13,200	-
Depreciation and amounts written off tangible fixed assets - owned	63,745	20,928
Operating lease rentals	15,412	5,473

### 3 Staff costs

The average monthly number of employees (including executive directors) was:

	2001 Number	2000 Number
Investment Management	6	5
Sales	5	4
Administration	6	7
	17	16

Their aggregate remuneration comprised:

	2001 £	2000 £
Wages and salaries	2,350,344	1,767,014
Social security costs	700,325	154,232
Other pension costs (see note 10)	114,425	73,159
	3,165,094	1,994,405

### 4 Directors' remuneration and transactions

#### Remuneration

The remuneration of the directors included in staff costs above was as follows:

	2001 £	2000 £
Emoluments	661,388	610,501
Company contributions to money purchase pension schemes	16,204	14,011

## Notes to accounts (continued)

### 4 Directors' remuneration and transactions (continued)

#### *Pensions*

The number of directors who were members of pension schemes during the year was 2 (2000 – 2).

#### *Highest-paid director*

The above amounts for remuneration include the following in respect of the highest paid director:

	2001 £	2000 £
Emoluments	404,212	313,643
Company contributions to money purchase schemes	4,729	2,536
	<u>408,942</u>	<u>316,179</u>

### 5 Tangible fixed assets

	Computer equipment £	Office furniture £	Leasehold improvements £	Total £
<b>Cost or valuation</b>				
At 1 January 2001	55,683	104,144	109,315	269,142
Additions	<u>24,791</u>	<u>80,899</u>	<u>7,514</u>	<u>113,204</u>
At 31 December 2001	<u>80,474</u>	<u>185,043</u>	<u>116,829</u>	<u>382,346</u>
<b>Depreciation</b>				
At 1 January 2001	9,783	10,476	669	20,928
Charge for the year	<u>26,252</u>	<u>30,307</u>	<u>7,186</u>	<u>63,745</u>
At 31 December 2001	<u>36,035</u>	<u>40,783</u>	<u>7,855</u>	<u>84,673</u>
<b>Net book value</b>				
At 31 December 2000	<u>45,900</u>	<u>93,668</u>	<u>108,646</u>	<u>248,214</u>
At 31 December 2001	<u>44,439</u>	<u>144,260</u>	<u>108,974</u>	<u>297,673</u>

### 6 Debtors

	2001 £	2000 £
VAT receivable	281,181	141,700
Other debtors	186,460	51,805
Prepayments and accrued income	819,418	28,715
	<u>1,287,059</u>	<u>222,220</u>

## Notes to accounts (continued)

### 7 Creditors: Amounts falling due within one year

	2001 £	2000 £
Other taxation and social security	33,473	-
Accruals and deferred income	3,908,818	-
	<u>3,942,291</u>	<u>-</u>

### 8 Called-up share capital

	2001 £	2000 £
<i>Authorised</i>		
100,000,000 ordinary shares of £1.00 each	<u>100,000,000</u>	<u>100,000,000</u>
<i>Allotted, called-up and fully-paid</i>		
4,500,000 ordinary shares of £1 each	<u>4,500,000</u>	<u>1,050,000</u>

During the year the Company allotted 3,450,000 ordinary shares with a nominal value of £1 for cash consideration of £3,450,000.

### 9 Reconciliation of movements in shareholders' funds

	2001 £	2000 £
Loss for the year	(4,277,214)	(3,851,937)
Issue of ordinary share capital	3,450,000	1,049,000
Capital contribution	-	4,462,699
Net addition to shareholders' funds	<u>(827,214)</u>	<u>1,659,762</u>
Opening shareholders' funds	<u>1,660,762</u>	<u>1,000</u>
Closing shareholders' funds	<u>833,548</u>	<u>1,660,762</u>

## Notes to accounts (continued)

### 9 Reconciliation of movements in shareholders' funds (continued)

	Called up share capital £	Profit and loss account £	Total equity shareholders funds £
At 1 January 2001	1,050,000	610,762	1,660,762
Loss for the year	-	(4,277,214)	(4,277,214)
Issue of ordinary share capital	3,450,000	-	3,450,000
At 31 December 2001	<u>4,500,000</u>	<u>(3,666,452)</u>	<u>833,548</u>

### 10 Pension arrangements

The Company operates a number of defined contribution schemes for which the pension cost charge for the year amounted to £114,425 (2000: £73,159).

### 11 Subsequent events

On 8 February 2002 a further 2,800,000 ordinary £1 shares were issued for cash consideration of £2,800,000 with control remaining with the ultimate parent company.

### 12 Ultimate controlling party

The directors regard SEI Investments Company, a company incorporated in the United States of America, as the ultimate parent company and the ultimate controlling party.

SEI Investments Company is the parent company of the largest and smallest group of which the Company is a member and for which group accounts are drawn up. Copies of the accounts are available from One Freedom Valley Drive, Oaks, Pennsylvania, 19456.

### 13 Related party transactions

As a subsidiary undertaking of SEI Investments Company, the Company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with other members of the group headed by SEI Investments Company. Apart from intergroup transactions, no related parties transactions were entered into.