

**Artemis Investment Management Limited**  
**(formerly Apax Partners & Co Asset Management Limited)**

Consolidated accounts for the year ended 31 December 2000  
together with directors' and auditors' reports

Company number: SC171550



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COMPANIES HOUSE 12/09/01

## Directors and advisors

### DIRECTORS

M R J Tyndall  
J E Dodd  
H M Grossart  
M C Newby (appointed 7 December 2000)  
C D Newell (appointed 7 December 2000)  
R A Barfield (resigned 24 August 2000)  
R M Cohen (resigned 7 December 2000)

### COMPANY SECRETARY

M J Murray

### REGISTERED OFFICE

42 Melville Street  
Edinburgh  
EH3 7HA

### AUDITORS

Arthur Andersen  
18 Charlotte Square  
Edinburgh  
EH2 4DF

### BANKERS

Bank of Scotland  
1 Castle Terrace  
Edinburgh  
EH1 2DP

### COMPANY NUMBER

SC171550

## Directors' report

For the year ended 31 December 2000

The directors present their annual report on the affairs of the group, together with the accounts and auditors' report, for the year ended 31 December 2000.

### Principal activities and business review

The group, comprising principally Artemis Investment Management Limited and Artemis Unit Trust Managers Limited, provides specialist investment management services to institutional clients and pooled funds.

On 18 August 2000 the company changed its name to Artemis Investment Management Limited.

### Results and dividends

The audited accounts for the year ended 31 December 2000 are set out on pages 5 to 17. The profit for the year after taxation was £859,461 (1999: £213,515). The directors do not recommend the payment of a dividend (1999: £nil) and the profit for the year has been transferred to reserves.

### Directors and their interests

The directors of the company who served during the year ended 31 December 2000 are listed on page 1. The following directors had interests in the share capital of the company at 31 December 2000.

	Ordinary shares of £1 each	
	Number 2000	Number 1999
J E Dodd	2,000	2,000
M R J Tyndall	2,000	2,000
H M Grossart	400	400

### 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 group and of the profit or loss of the group for that period. 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 group will continue in business.

## Directors' report (continued)

### **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 the group and enable them to ensure that the accounts comply with the Companies Act 1985. They are responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

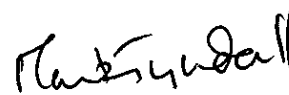
### **Auditors**

The directors will place a resolution before the Annual General Meeting to re-appoint Arthur Andersen as auditors of the company for the ensuing year.

42 Melville Street  
Edinburgh  
EH3 7HA

By order of the Board

M R J Tyndall  
Director



20 April 2001

**To the Shareholders of Artemis Investment Management Limited (formerly Apax Partners & Co Asset Management Limited):**

We have audited the accounts on pages 5 to 17 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

**Respective responsibilities of directors and auditors**

As described on pages 2 and 3, the directors are responsible for the preparation of the accounts 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.

**Basis of 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 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 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 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 affairs of the company and of the group at 31 December 2000 and of the group's profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Arthur Andersen**

**Chartered Accountants and Registered Auditors**

18 Charlotte Square  
Edinburgh  
EH2 4DF

20 April 2001

## Consolidated profit and loss account

For the year ended 31 December 2000

	Notes	2000 £	1999 £
<b>Turnover</b>		6,458,227	1,436,944
Administrative expenses		(5,982,341)	(1,242,746)
<b>Operating profit</b>	2	475,886	194,198
Profit on sale of fixed asset investment	5	652,500	-
<b>Profit on ordinary activities before financing</b>		1,128,386	194,198
Bank interest receivable		39,637	23,517
<b>Profit on ordinary activities before taxation</b>		1,168,023	217,715
Taxation on profit on ordinary activities	6	(308,562)	(4,200)
<b>Profit for the financial year</b>	13	859,461	213,515

As permitted by Financial Reporting Standard 3 "Reporting Financial Performance" the group has not prepared a Statement of Total Recognised Gains and Losses, as it has no recognised gains or losses other than the profit for the financial year.

The profit for the year equates to the historical cost profit for the year.

The current and prior year results have been derived wholly from continuing operations.

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

Consolidated balance sheet  
31 December 2000

	Notes	2000 £	1999 £
<b>Fixed assets</b>			
Tangible assets	7	359,719	11,152
Investments	8	-	37,500
		<u>359,719</u>	<u>48,652</u>
<b>Current assets</b>			
Debtors	9	6,956,142	609,811
Stocks of units		21,260	-
Cash at bank and in hand		1,756,094	416,972
		<u>8,733,496</u>	<u>1,026,783</u>
<b>Creditors: Amounts falling due within one year</b>	10	<u>(7,334,425)</u>	<u>(188,687)</u>
<b>Net current assets</b>		<u>1,399,071</u>	<u>838,096</u>
<b>Total assets less current liabilities</b>		<u>1,758,790</u>	<u>886,748</u>
<b>Creditors: Amounts falling due after more than one year</b>	11	<u>(12,581)</u>	<u>-</u>
<b>Net assets</b>		<u>1,746,209</u>	<u>886,748</u>
<b>Capital and reserves</b>			
Called up share capital	12	597,200	597,200
Reserves	13	1,149,009	289,548
<b>Shareholders' funds</b>		<u>1,746,209</u>	<u>886,748</u>
<b>Shareholders' funds may be analysed as:</b>			
Equity shares		1,171,209	311,748
Non-equity interests		575,000	575,000
		<u>1,746,209</u>	<u>886,748</u>

Signed on behalf of the Board of Directors on 20 April 2001



J E Dodd  
Director



M R J Tyndall  
Director

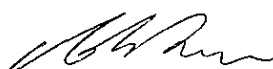
The accompanying notes are an integral part of this consolidated balance sheet.

# Company balance sheet

31 December 2000

	Notes	2000 £	1999 £
<b>Fixed assets</b>			
Tangible assets	7	359,719	11,152
Investments	8	45,000	82,500
		<u>404,719</u>	<u>93,652</u>
<b>Current assets</b>			
Debtors	9	2,347,854	662,005
Cash at bank and in hand		279,381	274,421
		<u>2,627,235</u>	<u>936,426</u>
<b>Creditors:</b> amounts falling due within one year	10	<u>(1,450,092)</u>	<u>(135,604)</u>
<b>Net current assets</b>		<u>1,177,143</u>	<u>800,822</u>
<b>Total assets less current liabilities</b>		<u>1,581,862</u>	<u>894,474</u>
<b>Creditors:</b> amounts falling due after more than one year	11	<u>(12,581)</u>	<u>-</u>
<b>Net assets</b>		<u>1,569,281</u>	<u>894,474</u>
<b>Capital and reserves</b>			
Called up share capital	12	597,200	597,200
Reserves	13	972,081	297,274
<b>Shareholders' funds</b>		<u>1,569,281</u>	<u>894,474</u>
<b>Shareholders' funds may be analysed as follows:</b>			
Equity interests		994,281	319,474
Non-equity interests		575,000	575,000
		<u>1,569,281</u>	<u>894,474</u>

Signed on behalf of the Board of Directors on 20 April 2001



J E Dodd  
Director



M R J Tyndall  
Director

The accompanying notes are an integral part of this balance sheet.



## Consolidated cash flow statement

For the year ended 31 December 2000

	Notes	2000 £	1999 £
<b>Net cash inflow (outflow) from operating activities</b>	15a)	1,680,412	(220,156)
Returns on investment and servicing of finance	15b)	39,637	23,517
Taxation	15c)	(4,762)	-
Capital expenditure and financial investment	15d)	(372,192)	(11,636)
<b>Cash inflow (outflow) before financing</b>		<u>1,343,095</u>	<u>(208,275)</u>
Financing	15e)	(3,973)	100,000
<b>Increase (decrease) in cash in the year</b>	15f)	<u>1,339,122</u>	<u>(108,275)</u>

The accompanying notes are an integral part of this consolidated cash flow statement.

## Notes to the accounts

31 December 2000

### 1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

#### *a) Basis of accounting*

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

#### *b) Basis of consolidation*

The group accounts consolidate the accounts of Artemis Investment Management Limited (formerly Apax Partners & Co Asset Management Limited) and its subsidiary undertaking Artemis Unit Trust Managers Limited drawn up to 31 December 2000. No parent company profit and loss account is presented as allowed by Section 230 of Companies Act 1985. Of the consolidated profit for the financial year £674,807 (1999: loss of £191,596) is dealt with in the accounts of the parent company.

#### *c) Tangible fixed assets*

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

Office equipment	2 years
Office furniture and fittings	2 years
Leasehold improvements	5 years
Motor vehicles	3 years

#### *d) Investments*

Except as stated below in 1i), fixed asset investments are stated at cost less provision for impairment.

#### *e) 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.

Deferred tax is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced.

#### *f) Turnover*

Turnover represents amounts receivable for services provided in the normal course of business, net of commissions payable and value added tax. Turnover also includes the net profit derived from unit trust trading.

## Notes to the accounts (continued)

### 1 Accounting policies (continued)

#### g) Pension costs

The group operates a defined contribution scheme. The amount charged to the profit and loss account in respect of pension costs is the contribution 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.

#### h) 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.

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the capital repayments outstanding. Hire purchase transactions are dealt with similarly except that assets are depreciated over their useful lives.

#### i) Joint ventures

In the group accounts, investments in joint ventures are accounted for using the gross equity method. Goodwill arising on the acquisition of joint ventures is capitalised and provision is made for any impairment. Any unamortised balance of goodwill is included in the carrying value of the investment in joint ventures.

#### j) Stocks of units

Stocks of units held by the manager for the purpose of unit trust trading are valued at the lower of cost and net realisable value.

### 2 Operating profit

Operating profit is stated after charging the following:

	2000 £	1999 £
Depreciation:		
- owned assets	44,042	55,689
- leased assets	4,083	-
Operating lease rentals for land and buildings	100,733	33,140
Auditors' remuneration		
- audit	14,500	5,000
- non audit work	3,000	1,000
Staff costs		
- unexceptional (see note 3)	1,719,324	622,893
- exceptional (see note 3)	1,679,766	-

## Notes to the accounts (continued)

### 3 Staff costs

The average monthly number of persons employed by the group during the year (including executive directors) was 13 (1999: 8). Their aggregate remuneration comprises:

	2000 £	1999 £
Wages and salaries	3,035,973	519,455
Social security costs	294,563	57,544
Other pension costs	68,554	45,894
	<u>3,399,090</u>	<u>622,893</u>

Included in the above are exceptional items of £1,679,766 (1999: £nil) comprising wages and of salaries £1,497,118 and social security costs of £182,648. These exceptional items were one-off contractual payments made to certain directors and employees during the year.

### 4 Directors' emoluments

Included in staff costs above is the following directors' remuneration:

	2000 £	1999 £
<b>Directors' remuneration</b>		
Emoluments:		
- basic	200,915	196,079
- exceptional (see note 3)	1,047,982	-
Company contributions to money purchase pension scheme	17,500	17,500
	<u>1,266,397</u>	<u>213,579</u>

## Notes to the accounts (continued)

### 4 Directors' emoluments (continued)

#### Pensions

The number of directors who were members of pension schemes was as follows:

	2000 Number	1999 Number
Money purchase pension scheme	<u>2</u>	<u>2</u>

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

	2000 £	1999 £
Emoluments:		
- basic	106,687	106,956
- exceptional (see note 3)	523,991	-
Company contributions to money purchase pension schemes	<u>9,500</u>	<u>9,500</u>
	<u>640,178</u>	<u>116,456</u>

### 5 Profit on sale of fixed asset investment

	2000 £	1999 £
Gain on sale of joint venture (see note 8)	<u>652,500</u>	<u>-</u>

The effect of this exceptional item on the amount charged to the profit and loss account for taxation was to increase the taxation charge by £195,750 (1999: £nil).

### 6 Taxation on profit on ordinary activities

	2000 £	1999 £
UK corporation tax	308,000	4,200
Under provision in prior year	<u>562</u>	<u>-</u>
	<u>308,562</u>	<u>4,200</u>

## Notes to the accounts (continued)

### 7 Tangible fixed assets

Company and group	Leasehold improvements £	Motor vehicles £	Office equipment £	Office furniture & fittings £	Total £
<b>Cost</b>					
Beginning of year	-	-	64,516	88,692	153,208
Additions	199,082	24,500	143,778	29,332	396,692
End of year	199,082	24,500	208,294	118,024	549,900
<b>Depreciation</b>					
Beginning of year	-	-	54,278	87,778	142,056
Charge for year	7,695	4,083	31,987	4,360	48,125
End of year	7,695	4,083	86,265	92,138	190,181
<b>Net book value</b>					
End of year	191,387	20,417	122,029	25,886	359,719
Beginning of year	-	-	10,238	914	11,152

The net book value of assets held under finance lease was £20,417 (1999: £nil).

### 8 Fixed asset investments

	Group		Company	
	2000 £	1999 £	2000 £	1999 £
Subsidiary undertakings	-	-	45,000	45,000
Joint ventures	-	37,500	-	37,500
	-	37,500	45,000	82,500

#### *Subsidiary undertakings*

The investment in subsidiary undertakings comprises Artemis Unit Trust Managers Limited ("AUTM"), where the company owns 100% of the share capital split between 1,000 ordinary shares of £1 each and 44,000 non cumulative redeemable preference shares of £1 each. The aggregate amount of AUTM's capital and reserves at its year end of 31 December 2000 was £221,928 (1999: £37,275) with a profit for the financial year reported of £184,653 (1999: £21,920).

#### *Joint ventures*

Until 11 December 2000 the group owned 100% of the 25,000 "A" Ordinary shares of £1 each of AFIM Limited which entitled Artemis Investment Management Limited to 50% of the dividends distributed by the company and 50% of the voting rights. On 11 December 2000, the group sold its holding in AFIM Limited to Close Asset Management Holdings Limited. The proceeds of the sale amounted to £690,000 which gave rise to an exceptional profit of £652,500.

## Notes to the accounts (continued)

### 9 Debtors

Amounts falling due within one year:

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Unitholder debtors and expropriations receivable	6,115,030	-	-	-
Fees receivable	95,954	563,511	95,954	541,011
Prepayments and other debtors	745,158	46,300	744,383	36,006
Amount owed by subsidiary undertaking	-	-	1,507,517	84,988
	<u>6,956,142</u>	<u>609,811</u>	<u>2,347,854</u>	<u>662,005</u>

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

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Unitholder creditors and appropriations payable	4,547,357	-	-	-
Commissions payable to brokers	535,000	-	-	-
Corporation tax	308,000	4,200	260,000	-
Other creditors	1,634,976	144,676	881,000	95,793
Obligations under finance lease	7,946	-	7,946	-
Other taxation and social security	301,146	39,811	301,146	39,811
	<u>7,334,425</u>	<u>188,687</u>	<u>1,450,092</u>	<u>135,604</u>

### 11 Creditors: Amounts falling due after more than one year

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Obligations under finance lease	<u>12,581</u>	<u>-</u>	<u>12,581</u>	<u>-</u>

Borrowings under finance leases are repayable as follows:

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
In less than one year	7,946	-	7,946	-
Between one and two years	7,946	-	7,946	-
Between two and five years	4,635	-	4,635	-
	<u>20,527</u>	<u>-</u>	<u>20,527</u>	<u>-</u>

## Notes to the accounts (continued)

### 12 Share capital

	2000 £	1999 £
Authorised, allotted, called-up and fully paid		
22,200 ordinary shares of £1 each (1999: 22,200)	22,200	22,200
575,000 redeemable preference shares of £1 each (1999: 575,000)	575,000	575,000
	<u>597,200</u>	<u>597,200</u>

The redeemable preference shares do not carry any right to receive a dividend and are redeemable by the company at par any time after 31 December 2000. The redeemable preference shares are non-equity shares.

### 13 Reserves

	Share premium account £	Profit and loss account £	Total £
<b>Group</b>			
Beginning of year	433,800	(144,252)	289,548
Retained profit for year	-	859,461	859,461
End of year	<u>433,800</u>	<u>715,209</u>	<u>1,149,009</u>
<b>Company</b>			
Beginning of year	433,800	(136,526)	297,274
Retained profit for year	-	674,807	674,807
End of year	<u>433,800</u>	<u>538,281</u>	<u>972,081</u>

The share premium account arose wholly on the issue of equity shares.



## Notes to the accounts (continued)

### 14 Reconciliation of movement in group shareholders' funds

	2000 £	1999 £
Profit for the financial year	859,461	213,515
New share capital subscribed	-	100,000
Net addition to shareholders' funds	859,461	313,515
Opening shareholders' funds	886,748	573,233
Closing shareholders' funds	1,746,209	886,748

### 15 Notes to the cash flow statement

#### a) Net cash inflow (outflow) from operating activities

	2000 £	1999 £
Operating profit	475,886	194,198
Depreciation	48,125	55,689
Increase in debtors	(5,656,331)	(548,401)
Increase in stocks of units	(21,260)	-
Increase in creditors	6,833,992	78,358
Net cash inflow (outflow) from operating activities	1,680,412	(220,156)

#### b) Returns on investment and servicing of finance

	2000 £	1999 £
Interest received	39,637	23,517

#### c) Taxation

	2000 £	1999 £
UK corporation tax paid	(4,762)	-

#### d) Capital expenditure and financial investment

	2000 £	1999 £
Purchase of tangible fixed assets	(372,192)	(11,636)

## Notes to the accounts (continued)

### 15 Notes to the cash flow statement (continued)

#### e) Financing

	2000 £	1999 £
Proceeds from issue of preference and ordinary share capital	-	100,000
Capital element of finance lease rental payments	(3,973)	-
Net cash (outflow) inflow	(3,973)	100,000

	1 January 2000 £	Cash flow £	Other non- cash changes £	31 December 2000 £
<i>f) Analysis and reconciliation of net debt</i>				
Cash at bank and in hand	416,972	1,343,095	(3,973)	1,756,094
Finance leases	-	(3,973)	(16,554)	(20,527)
	416,972	1,339,122	(20,527)	1,735,567

### 16 Financial commitments

Annual commitments under non-cancellable operating leases for land and buildings are £186,800 (1999: £34,500) for a lease which expires in more than 5 years.

### 17 Related party transactions

- i) During the year the group received £657,576 (1999: £660,427) as management fees from AFIM Limited. At the year end an amount of £26,500 was owed to the group by AFIM Limited (1999: £117,723). As discussed in note 11, until 11 December 2000, AFIM was a group undertaking.
- ii) During the year the company paid £40,000 as a management charge to Apax Partners & Co Asset Management Holdings Limited (1999: £40,000). This company held 45% of the issued ordinary share capital and 100% of the redeemable preference share capital of Artemis Investment Management Limited until 15 December 2000.
- iii) During the year the group paid rental of £39,244 (1999: £33,140) under a non-cancellable operating lease for the premises at 28 Melville Street, Edinburgh and £20,000 (1999: £nil) under a non-cancellable operating lease for the premises at 42 Melville Street to Apax Partners & Co Asset Management Limited Self Administered Pension Scheme which is the group's defined contribution pension scheme. At the year-end there were no amounts outstanding (1999: £4,860) in relation to these rental agreements.
- iv) During the year the group paid rental of £41,489 (1999: £nil) under a non-cancellable operating lease for premises at 30 St James's Square, London to Table Mountain Limited. At the year end Table Mountain Limited owned 45% of the issued ordinary share capital and 100% of the redeemable preference share capital of Artemis Investment Management Limited.