

SEI Investments (Europe) Limited

Annual report and accounts
for the year ended 31 December 2000

Registered number: 3765319



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Directors' report

For the year ended 31 December 2000

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 2000.

Principal activities

The principal activities of the Company comprise asset management and technology services.

Business review

SEI Investments (Europe) Limited is capitalising 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 US clients, SEI Investments (Europe) Limited will provide investment management programmes tailored to the needs of institutional and affluent individual investors. The Company has been involved in the start-up phase of the business in the UK. This has involved hiring the team for sales and marketing, as well as investment research, and working to gain authorisation from the Investment Management Regulatory Organisation ("IMRO"). On 5 May 2000, SEI Investments (Europe) Limited was granted admission to membership of IMRO.

During the year ended 31 December 2000, the Company increased its authorised share capital from £1,000 to £100,000,000 and issued a further 1,049,000 £1 ordinary shares with control remaining with the parent company. Subsequent to 31 December 2000, the Company issued a further 1,950,000 £1 ordinary shares with control remaining with the parent company. Details of these 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 IMRO's regulatory requirements for the 12 month period subsequent to the date of these financial statements.

Results and dividends

The audited accounts for the year ended 31 December 2000 are set out on pages 4 to 13. The result for the year after taxation was a loss of £3,851,937.

The directors did not recommend any dividend payments to be made for the year.

Directors

The directors who served during the year were as follows:

Todd Cipperman
Carl Guarino
Cynthia Parrish
Joseph Ujobai
Patrick Disney

Directors' report (continued)

Directors' interests

The directors who held office at 31 December 2000 had no interests in the shares of SEI Investments (Europe) Limited. The Company is a wholly owned subsidiary of SEI Investments Company.

Charitable donations

During the year ended 31 December 2000, the Company made a charitable donation of £1,500.

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 and enable 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
4th Floor, The Economist Building
25 St James's Street
London
SW1A 1HA

By order of the Board,



Patrick Disney

27 April 2001

Director

To the Shareholders of SEI Investments (Europe) Limited

We have audited the accounts on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 2 the Company's 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.

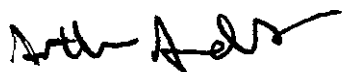
Basis of opinion

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 judgments 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 at 31 December 2000 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

1 Surrey Street
London
WC2R 2PS

27 April 2001

Profit and loss account

For the year ended 31 December 2000

	Notes	2000 £	1999 (restated) £
Turnover		-	-
Operating expenses	1,2,3	<u>(3,893,333)</u>	<u>(252,962)</u>
Operating loss		<u>(3,893,333)</u>	<u>(252,962)</u>
Interest income	4	<u>41,396</u>	<u>-</u>
Loss on ordinary activities before taxation		<u>(3,851,937)</u>	<u>(252,962)</u>
Tax on loss on ordinary activities		<u>-</u>	<u>-</u>
Loss on ordinary activities after taxation		<u>(3,851,937)</u>	<u>(252,962)</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 2000

	Notes	2000 £	1999 £
Loss for the financial year		(3,851,937)	-
Total recognised losses relating to the year		<u>(3,851,937)</u>	-
Prior year adjustment	12	(252,962)	-
Total losses recognised since last annual report and Accounts		<u>(4,104,899)</u>	-

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

Balance sheet

31 December 2000

	Notes	2000 £	1999 £
Fixed assets			
Tangible assets	5	248,214	-
Current assets			
Cash at bank and in hand		1,190,328	14,976
Debtors	6	222,220	64,789
		1,412,548	79,765
Creditors: Amounts falling due within one year	7	-	(78,765)
Net assets		1,660,762	1,000
Capital and reserves			
Called-up share capital	8	1,050,000	1,000
Profit and loss account	9	610,762	-
Equity shareholders' funds	9	1,660,762	1,000

The accounts on pages 4 to 13 were approved by the board of directors and signed on its behalf by:



Patrick Disney

Director

27 April 2001

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

Statement of accounting policies

For the year ended 31 December 2000

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the prior year, except as described in note 12.

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)

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 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 IMRO's regulatory requirements for the 12 month period subsequent to the date of these financial statements.

Turnover

Turnover was zero for the Company during the year ended 31 December 2000 as the Company was in the start-up phase of its business.

Notes to accounts (continued)

1 Loss on ordinary activities before taxation

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

	2000 £	1999 £
Auditors' remuneration for audit services	5,000	5,000
Depreciation and amounts written off tangible fixed assets - owned	20,928	-
Operating lease rentals	5,473	5,396
	<u>5,473</u>	<u>5,396</u>

2 Staff costs

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

	2000 Number	1999 Number
Investment Management	5	-
Sales	4	1
Administration	7	1
	<u>16</u>	<u>2</u>

Their aggregate remuneration comprised:

	2000 £	1999 £
Wages and salaries	1,292,704	83,953
Social security costs	107,344	4,530
Other pension costs (see note 10)	73,159	4,546
	<u>1,473,207</u>	<u>93,029</u>

3 Directors' remuneration and transactions

Remuneration

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

	2000 £	1999 £
Emoluments	610,501	-
Company contributions to money purchase pension schemes	14,011	-
	<u>624,512</u>	<u>-</u>

Notes to accounts (continued)

3 Directors' remuneration and transactions (continued)

Pensions

The number of directors who were members of pension schemes during the year was 2 (1999 – 0).

Highest-paid director

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

	2000 £	1999 £
Emoluments	313,643	-
Company contributions to money purchase schemes	2,536	-
	<u>316,179</u>	<u>-</u>

4 Interest Income

During the year ended 31 December 2000, interest income of £41,396 was earned on a UK Treasury Reserve deposit.

5 Tangible fixed assets

	Computer equipment £	Office furniture £	Leasehold improvements £	Total £
Cost or valuation				
At 1 January 2000	-	-	-	-
Additions	<u>55,683</u>	<u>104,144</u>	<u>109,315</u>	<u>269,142</u>
At 31 December 2000	<u>55,683</u>	<u>104,144</u>	<u>109,315</u>	<u>269,142</u>
Depreciation				
At 1 January 2000	-	-	-	-
Charge for the year	<u>9,783</u>	<u>10,476</u>	<u>669</u>	<u>20,928</u>
At 31 December 2000	<u>9,783</u>	<u>10,476</u>	<u>669</u>	<u>20,928</u>
Net book value				
At 31 December 1999	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2000	<u>45,900</u>	<u>93,668</u>	<u>108,646</u>	<u>248,214</u>

Notes to accounts (continued)

6 Debtors

	2000 £	1999 £
VAT receivable	141,700	26,969
Other debtors	51,805	32,826
Prepayments and accrued income	28,715	4,994
	<u>222,220</u>	<u>64,789</u>

7 Creditors: Amounts falling due within one year

	2000 £	1999 £
Other taxation and social security	-	15,101
Accruals and deferred income	-	59,118
Accrued pension contributions	-	4,546
	<u>-</u>	<u>78,765</u>

8 Called-up share capital

	2000 £	1999 £
<i>Authorised</i>		
100,000,000 ordinary shares of £1.00 each	100,000,000	1,000
	<u>100,000,000</u>	<u>1,000</u>
<i>Allotted, called-up and fully-paid</i>		
1,050,000 ordinary shares of £1.00 each	1,050,000	1,000
	<u>1,050,000</u>	<u>1,000</u>

During the year the Company allotted 1,049,000 ordinary shares with a nominal value of £1.00 for cash consideration of £1,049,000.

Notes to accounts (continued)

9 Reconciliation of movements in shareholders' funds

	2000 £	1999 (restated) £
Loss for the year	(3,851,937)	(252,962)
Issue of ordinary share capital	1,049,000	1,000
Capital contribution	4,462,699	252,962
Net addition to shareholders' funds	<u>1,659,762</u>	<u>1,000</u>
Opening shareholders' funds as previously stated	1,000	-
Closing shareholders' funds	<u>1,660,762</u>	<u>1,000</u>

Movements on reserves are summarised below.

	Called up share capital	Profit and loss Account	Total equity shareholders' funds
At 1 January 2000	1,000	-	1,000
Loss for the year	-	(3,851,937)	(3,851,937)
Capital contribution	-	4,462,699	4,462,699
Issue of ordinary share capital	1,049,000	-	1,049,000
At 31 December 2000	<u>1,050,000</u>	<u>610,762</u>	<u>1,660,762</u>

10 Pension arrangements

The Company operates a number of defined contribution schemes for which the pension cost charge for the year amounted to £73,159 (1999 £4,546).

11 Subsequent events

On 23 March 2001 a further 1,950,000 ordinary £1.00 shares were issued for cash consideration of £1,950,000 with control remaining with the ultimate parent company.

Notes to accounts (continued)

12 Prior year adjustment

In accordance with the requirements of FRS4 as clarified by Guidance on Distributable Profits issued by the ICAEW, those expenses of the Company which have been met by its parent company, SEI Investments Company, have been restated to be a capital contribution to the profit and loss reserves rather than as income.

Accordingly, to ensure consistent disclosure in the financial statements the profit and loss account for the year ended 31 December 1999 has been restated such that £252,962 previously recognised as income has been reclassified as a profit and loss reserve movement. This has been reflected in the Statement of Total Recognised Gains and Losses and does not impact the net assets of the Company.

13 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.

14 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.