

RAND Europe Cambridge Limited
(formerly HCG UK Limited)

Annual report
for the year ended 31 December 2000

Registered no. 2728021



RAND Europe Cambridge Limited
(formerly HCG UK Limited)

Annual report
for the year ended 31 December 2000

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Directors and advisors

Directors

H F Gunn (Chairman and Managing Director)
A J Daly
E P Kroes
M Ben-Akiva

Secretary and registered office

A J Daly
36 Regent Street
Cambridge
CB2 1DB

Registered auditors

PricewaterhouseCoopers
Abacus House
Castle Park
Cambridge
CB3 0AN

Bankers

ABN Amro Bank
250 Bishopsgate
London
EC2M 4AA

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Directors report **for the year ended 31 December 2000**

The directors present their report and the audited financial statements for the year ended 31 December 2000.

Principal activities

The profit and loss account is set out on page 5.

The principal activities of the company are the provision of transport consultancy services.

Review of business and future developments

The directors are satisfied with the results for the year. Negotiations have been rounded off during the first months of 2001 between the parent company Hague Consulting Group B.V. and RAND Europe about a possible merger between both companies. Following the merger HCG UK Ltd. was renamed RAND Europe Cambridge Ltd on 17 January 2002. The immediate parent company is RAND Europe and the ultimate parent company and controlling party is Rand Corporation.

Dividends and transfers to the reserves

The directors do not recommend the payment of a dividend. The deficit for the year of £20,310 (1999: profit of £ 64,866) will be transferred to the company's reserves.

Directors

The directors of the company at 31 December 2000 are listed below:

H.F. Gunn
A.J. Daly
E.P. Kroes
M Ben-Akiva

Directors' interests

No directors held any shares in the company at 31 December 2000.

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Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit and loss of the company for that year.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2000.

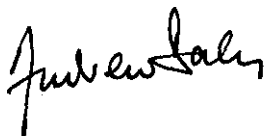
The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

A resolution to reappoint the auditors, PricewaterhouseCoopers, will be proposed at the Annual General Meeting.

By order of the board



A.J. Daly
Company Secretary

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Auditors' report to the members of RAND Europe Cambridge Limited (formerly HCG UK Limited)

We have audited the financial statements on pages 5 to 15.

Respective responsibilities of the directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Cambridge

, 25 January 2002.

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Profit and loss account **for the year ended 31 December 2000**

	Notes	2000 £	1999 £
Turnover - continuing operations	2	426,957	637,465
Cost of sales - continuing operations		(320,627)	(441,660)
Gross Profit		106,330	195,805
Net operating expenses - continuing operations	3	(114,563)	(122,861)
Operating (loss)/profit - continuing operations		(8,233)	72,944
Interest receivable and similar income		136	110
Interest payable and similar charges	6	(14,231)	(6,170)
(Loss)/profit on ordinary activities before taxation	7	(22,328)	66,884
Tax on (loss)/profit on ordinary activities	8	2,018	(2,018)
Retained (loss)/profit for the financial period	15,16	(20,310)	64,866

The company has no recognised gains and losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the period stated above, and their historical cost equivalents.

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Balance sheet at 31 December 2000

	Notes	2000 £	1999 £
Fixed assets			
Intangible assets	9	31,230	10,400
Tangible assets	10	8,668	7,040
		<u>39,898</u>	<u>17,440</u>
Current assets			
Debtors	11	241,009	236,786
Cash at bank and in hand		66,300	30,243
		<u>307,309</u>	<u>267,029</u>
Creditors: amounts falling due within one year	12	(386,133)	(303,085)
Net current liabilities		<u>(78,824)</u>	<u>(36,056)</u>
Net liabilities		<u>(38,926)</u>	<u>(18,616)</u>
Capital and reserves			
Called up share capital	14	2	2
Profit and loss account	15	(38,928)	(18,618)
Equity shareholders' funds	16	<u>(38,926)</u>	<u>(18,616)</u>

The financial statements on pages 5 to 15 were approved by the board of directors on
24.01.02 and were signed on its behalf by:


H.F. Gunn
Chairman and Managing Director

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Notes to the financial statements

for the year ended 31 December 2000

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been consistently applied, is set out below.

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention.

Going concern

The company continues to trade with the support of its holding company, Hague Consulting Group BV, which has confirmed that it will continue to supply finance to the company to enable it to continue at its present level of activity for at least the next twelve months. For this reason, the directors consider it appropriate to prepare the accounts on a going concern basis.

Cash flow statement

At 31 December 2000, the company was a wholly owned subsidiary of Hague Consulting Group BV and the cash flows of the company were included in the consolidated cash flow statement of Hague Consulting Group BV. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 (revised) from publishing a cash flow statement.

Tangible fixed assets

The cost of the tangible fixed assets is their purchase cost, together with any incidental cost of acquisition.

Depreciation is calculated so as to write off the cost of the tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates for this purpose are:

Fixtures and fittings

20 – 33 %

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Intangible fixed assets

Development expenditure relating to specific projects intended for commercial exploitation is carried forward as intangible fixed assets. Such expenditure is amortised against future projects over their expected useful life, which is normally a period of five years.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the year end. Foreign exchange differences arising during the year and on retranslation at the year end are taken to the profit and loss account in the year in which they arise.

Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied and the value of long term contract work done.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise. Full provision is made for deferred taxation on timing differences arising from the provision of employee pensions.

Long term contracts

Turnover on long term contracts is recognised according to the stage reached in the contract by reference to the value of work done. A prudent estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. The amount by which turnover exceeds payments on account is shown under debtors as amounts recoverable on contracts.

Pension scheme arrangements

The company contributes to the individual pension schemes of certain employees. The pension cost is the amount of contributions payable in the year.

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2 Turnover

The analysis of turnover by geographical area is set out below:

	2000 £	1999 £
UK	183,024	221,822
Europe	102,198	219,756
Australia	85,459	171,737
Israel	56,276	24,150
	<u>426,957</u>	<u>637,465</u>

3 Net operating expenses

	2000 £	1999 £
Continuing expenses		
Administrative expenses	<u>114,563</u>	<u>122,861</u>

4 Directors' emoluments

	2000 £	1999 £
Emoluments (including pension contributions and benefits in kind)	<u>6,606</u>	<u>6,372</u>

5 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was:

	2000 Number	1999 Number
By activity		
Consultancy	4	4
Administration	1	1
	<u>5</u>	<u>5</u>

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	2000 £	1999 £
Staff costs (for the above persons)		
Wages and salaries	88,813	111,935
Social security costs	8,786	10,581
Other pension costs	4,303	5,504
	<u>101,902</u>	<u>128,020</u>

6 Interest payable and similar charges

	2000 £	1999 £
On bank loans and overdrafts	23	193
On loan from holding company	14,208	5,977
	<u>14,231</u>	<u>6,170</u>

7 (Loss)/profit on ordinary activities before taxation

	2000 £	1999 £
(Loss)/profit on ordinary activities before taxation is stated after charging :		
Depreciation charge for the year:		
- Tangible owned fixed assets	5,074	4,525
Amortisation of intangible assets	2,600	2,600
Auditors' remuneration	2,500	2,500
Hire of other assets - operating leases	28,000	28,000
	<u>38,174</u>	<u>37,625</u>

8 Taxation

Tax on (loss)/profit on ordinary activities:

	2000 £	1999 £
UK corporation tax at 20.25%	<u>(2,018)</u>	<u>2,018</u>

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9 Intangible fixed assets

	Development costs £
Cost	
At 1 January 2000	32,500
Additions	23,430
At 31 December 2000	55,930
Amortisation	
At 1 January 2000	22,100
Charge for the year	2,600
At 31 December 2000	24,700
Net book value at 31 December 2000	31,230
Net book value at 31 December 1999	10,400

10 Tangible fixed assets

	Fixtures and fittings £
Cost	
At 1 January 2000	36,525
Additions	6,702
At 31 December 2000	43,227
Depreciation	
At 1 January 2000	29,485
Charge for the year	5,074
At 31 December 2000	34,559
Net book value at 31 December 2000	8,668
Net book value at 31 December 1999	7,040

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11 Debtors

	2000	1999
	£	£
Amounts falling due within one year		
Trade debtors	126,742	71,861
Other debtors	20,042	17,387
Amounts recoverable on contracts	92,207	147,538
Corporation tax recoverable	2,018	-
	<u>241,009</u>	<u>236,786</u>
	<u><u>241,009</u></u>	<u><u>236,786</u></u>

12 Creditors

Amounts falling due within one year	2000	1999
	£	£
Payments received on account	2,807	11,936
Trade creditors	75,118	54,021
Other taxation and social security	2,050	3,122
Amounts owed to holding company and fellow subsidiaries	284,160	222,530
Accruals and deferred income	12,368	9,458
VAT payable	9,630	-
Corporation tax payable	-	2,018
	<u>386,133</u>	<u>303,085</u>
	<u><u>386,133</u></u>	<u><u>303,085</u></u>

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13 Deferred taxation

The deferred taxation liability has not been provided (1999: £77) on the basis of materiality. The amounts unprovided are as follows:

	Amount unprovided 2000 £	Amount unprovided 1999 £
Tax effect of timing differences because of:		
Excess of capital allowances over depreciation	(1,089)	(1,849)
Losses	(4,256)	-
Short term timing differences	5,792	1,926
	<u>447</u>	<u>77</u>
	=====	=====

14 Called up share capital

	2000 £	1999 £
Authorised		
100,000 ordinary shares of £ 1 each	100,000	100,000
	=====	=====
Allotted, called up and fully paid		
2 ordinary shares of £ 1 each	2	2
	=====	=====

15 Profit and loss account

	£
At 1 January 2000	(18,618)
Deficit for the year	(20,310)
	<u>(38,928)</u>
At 31 December 2000	=====

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16 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Opening shareholders' funds	(18,616)	(83,482)
(Loss)/profit for the financial period	(20,310)	64,866
Closing shareholders' funds	(38,926)	(18,616)

17 Financial commitments

At 31 December 2000 the company had annual commitments under non-cancellable operating leases expiring as follows:

	2000 Land and buildings £	1999 Land and buildings £
Between two and five years	28,000	28,000

18 Related party transactions

The company has taken advantage of the exemption available under FRS8 (related party transactions) not to disclose transactions with other group companies. There were no other transactions with related parties which require disclosure.

19 Subsequent Events

During 2000 negotiations were opened between the ultimate parent company, Hague Consulting Group B.V., and Stichting Rand Europe about a possible merger. These negotiations have resulted in an agreement being signed on 12 January 2001.

As a result of this merger HCG UK Ltd, as a wholly owned subsidiary of Hague Consulting Group B.V., became part of the newly formed group.

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20 Ultimate parent company

As at 31 December 2000, the directors regard Hague Consulting Group B.V., a company registered in The Netherlands as the ultimate parent company and controlling party. Copies of the parent's financial statements can be obtained from Surinamestraat 4, 2585 GJ Den Haag, The Netherlands.