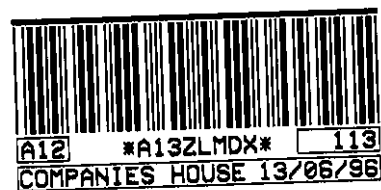


2512083

HANCOCK INTERNATIONAL PRIVATE  
EQUITY MANAGEMENT LIMITED

REPORT AND ACCOUNTS

31ST DECEMBER 1995



HANCOCK INTERNATIONAL PRIVATE EQUITY MANAGEMENT LIMITED

INDEX TO THE REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1995

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**HANCOCK INTERNATIONAL PRIVATE EQUITY MANAGEMENT LIMITED**

**OFFICERS AND ADVISERS**

**DIRECTORS:** Edward W. Kane (U.S.A.)  
D. Brooks Zug (U.S.A.)

**SECRETARY:** Martha D. Vorlicek

**REGISTERED OFFICE:** 34 Dover Street,  
London.  
W1X 3RA

**REGISTERED NUMBER:** 2512083

**REGISTERED AUDITORS:** Ernst & Young,  
Rolls House,  
7 Rolls Buildings,  
Fetter Lane,  
London.  
EC4A 1NH

**BANKERS:** National Westminster Bank p.l.c.,  
P.O. Box 4ND,  
18A Curzon Street,  
London.  
W1A 4ND

**HANCOCK INTERNATIONAL PRIVATE EQUITY MANAGEMENT LIMITED**

**DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31ST DECEMBER 1995**

The directors present their report and audited accounts for the year ended 31st December 1995.

**PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENT**

The company has continued to be engaged by Hancock Venture Partners Inc. as its representative in the United Kingdom, Continental Europe and the Pacific Rim countries through a consulting agreement. Acting as a representative, the company performs various advisory and liaison functions for Hancock Venture Partners Inc.

**RESULTS AND DIVIDENDS**

The profit for the year amounts to £31,357 and has been transferred to reserves.

The directors do not recommend the payment of a dividend.

**DIRECTORS AND THEIR INTERESTS**

The directors during the year were as follows:

Edward W. Kane  
D. Brooks Zug

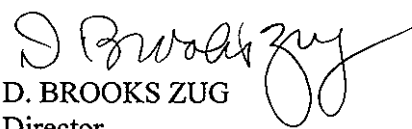
The directors' interests in the share capital of the company were as follows:

	At 31st December 1995 <u>Ordinary Shares</u>	At 1st January 1995 <u>Ordinary Shares</u>
Edward W. Kane	1	1
D. Brooks Zug	1	1

**FIXED ASSETS**

Additions to fixed assets are shown in note 7 to the accounts.

By Order of the Board

  
D. BROOKS ZUG  
Director

26 April 1996

**HANCOCK INTERNATIONAL PRIVATE EQUITY MANAGEMENT LIMITED**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

**FOR THE YEAR ENDED 31ST DECEMBER 1995**

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 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;
- 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 to 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.

**REPORT OF THE AUDITORS OF THE MEMBERS OF**  
**HANCOCK INTERNATIONAL PRIVATE EQUITY MANAGEMENT LIMITED**

We have audited the accounts on pages 5 to 12, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 9.

**Respective Responsibilities of Directors and Auditors**

As described on page 3, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

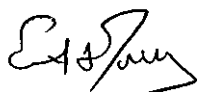
**Basis of Opinion**

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 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 31st December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young,  
Chartered Accountants,  
Registered Auditor,  
London.

30 April 1996

**HANCOCK INTERNATIONAL PRIVATE EQUITY MANAGEMENT LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31ST DECEMBER 1995**

		<b><u>1995</u></b>	<b><u>1994</u></b>
	<b><u>Note</u></b>	<b><u>£</u></b>	<b><u>£</u></b>
<b>TURNOVER</b>	2	560,094	497,572
Operating Costs		<u>509,176</u>	<u>452,341</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	50,918	45,231
Taxation	6	<u>19,561</u>	<u>12,665</u>
<b>RETAINED PROFIT FOR THE YEAR</b>		31,357	32,566
<b>RETAINED PROFIT BROUGHT FORWARD</b>		<u>109,659</u>	<u>77,093</u>
<b>RETAINED PROFIT CARRIED FORWARD</b>		<u>£141,016</u>	<u>£109,659</u>

All the above amounts relate to continuing activities.

The company has no recognised gains and losses other than those included in the profits above and therefore no separate statement of total recognised gains and losses has been prepared.

The notes on pages 8 to 12 form an integral part of these accounts

**HANCOCK INTERNATIONAL PRIVATE EQUITY MANAGEMENT LIMITED**

**BALANCE SHEET**

**AS AT 31ST DECEMBER 1995**

		<u>1995</u>		<u>1994</u>	
	<u>Note</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<b>FIXED ASSETS</b>					
Tangible Assets	7		29,040		37,524
<b>CURRENT ASSETS</b>					
Debtors	8	368,364		299,971	
Cash at Bank and in Hand		<u>      -      </u>		<u>1,973</u>	
		368,364		301,944	
<b>CREDITORS: Amounts falling due within one year</b>					
	9	<u>251,388</u>		<u>224,809</u>	
<b>NET CURRENT ASSETS</b>			<u>116,976</u>		<u>77,135</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>£146,016</u>		<u>£114,659</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	10		5,000		5,000
Profit and Loss Account			<u>141,016</u>		<u>109,659</u>
<b>EQUITY</b>					
<b>SHAREHOLDERS' FUNDS</b>			<u>£146,016</u>		<u>£114,659</u>

Approved by the Board of Directors on 26 April 1996 and signed on their behalf by

Edward W. Kane )

) *Ed W. Kane*

) Directors

D. Brooks Zug )

) *D. Brooks Zug*

The notes on pages 8 to 12 form an integral part of these accounts



**HANCOCK INTERNATIONAL PRIVATE EQUITY MANAGEMENT LIMITED****CASH FLOW STATEMENT****FOR THE YEAR ENDED 31ST DECEMBER 1995**

		<u>1995</u>		<u>1994</u>	
	<u>Note</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Net cash inflow from operating activities	1		10,841		27,462
Returns on investments and servicing of finance					
Interest paid		<u>—</u>		<u>1,248</u>	
Net cash outflow from servicing of finance			-		(1,248)
Taxation					
Corporation Tax paid		<u>12,665</u>		<u>11,636</u>	
			(12,665)		(11,636)
Investing activities					
Payments to acquire tangible fixed assets		3,805		(32,500)	
Proceeds from sale of tangible fixed assets		<u>—</u>		<u>9,500</u>	
Net cash outflow from investing activities			<u>(3,805)</u>		<u>(23,000)</u>
Decrease in cash and cash equivalents	2		<u>£ (5,629)</u>		<u>£ (8,422)</u>

The notes on pages 8 to 12 form an integral part of these accounts.

# HANCOCK INTERNATIONAL PRIVATE EQUITY MANAGEMENT LIMITED

## NOTES TO THE CASH FLOW STATEMENT

### FOR THE YEAR ENDED 31ST DECEMBER 1995

#### 1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>£</u>	<u>£</u>
Profit before tax	50,918	45,231
Depreciation charges	12,289	13,271
Profit on sale of fixed assets	-	(9,500)
Interest charges	-	1,248
Decrease/(increase) in debtors	(68,393)	(171,503)
Increase/(decrease) in creditors	16,027	148,715
	<u>£ 10,841</u>	<u>£ 27,462</u>

#### 2. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	<u>£</u>	<u>£</u>
Balance at 1st January 1995	1,973	10,395
Net cash outflow	<u>(5,629)</u>	<u>(8,422)</u>
Balance at 31st December 1995	<u>£(3,656)</u>	<u>£ 1,973</u>

	<u>1995</u>	<u>Change in year</u>	<u>1994</u>	<u>Change in year</u>	<u>1993</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Cash at bank and in hand	-	(1,973)	1,973	(8,422)	10,395
Bank loan and overdrafts	<u>(3,656)</u>	<u>(3,656)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>£(3,656)</u>	<u>£(5,629)</u>	<u>£1,973</u>	<u>£(8,422)</u>	<u>£10,395</u>

**HANCOCK INTERNATIONAL PRIVATE EQUITY MANAGEMENT LIMITED**

**NOTES TO THE ACCOUNTS**

**AT 31ST DECEMBER 1995**

**1. ACCOUNTING POLICIES**

**(a) Accounting Convention**

These accounts have been prepared under the historical cost convention.

**(b) Basis of Preparation**

The accounts have been prepared in accordance with applicable accounting standards.

**(c) Depreciation**

Depreciation is provided on all tangible assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Computer Software	3 years
Computer Hardware	4 years
Motor Vehicle	4 years
Furniture and Fittings	4 years

**(d) Foreign Currencies**

Monetary assets and liabilities in foreign currencies are translated into sterling at the rate 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 transactions. All exchange differences are taken to the profit and loss account.

**(e) Hire Purchase and Leasing Commitments**

Assets held under hire purchase or finance leases are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the hire purchase installations or rental obligations is charged to the profit and loss account over the period of the relevant agreement and represents a constant proportion of the balance of capital repayments outstanding.

**(f) Deferred Taxation**

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, and is calculated at the rate at which it is estimated that taxation will be payable.

**2. TURNOVER**

Turnover is attributable to the one principal activity, the provision of consulting services in the U.K.

**HANCOCK INTERNATIONAL PRIVATE EQUITY MANAGEMENT LIMITED**

**NOTES TO THE ACCOUNTS**

**AT 31ST DECEMBER 1995**

**3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

Profit on ordinary activities before taxation is stated after charging:

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Depreciation of tangible fixed assets	12,289	13,271
Auditors' remuneration	2,000	2,000
Office and equipment rental	26,222	22,815
Hire purchase interest	-	1,248

The amount of £2,000 for auditors' remuneration is entirely in respect of audit services.

**4. STAFF COSTS**

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Wages and salaries	171,197	325,624
Social Security costs	16,801	32,398
Other pension costs	13,900	13,233
Other employee benefits	<u>205,337</u>	<u>4,885</u>
	<u>£407,235</u>	<u>£376,140</u>

Four people were employed by the company during the year (1994 - 3). The directors received no remuneration in respect of services to the company.

**5. PENSIONS**

The company operates a defined contribution pension scheme and charges all contributions to the profit and loss account as they fall due. Contributions of £975 were outstanding at 31st December 1995.

**6. TAXATION**

	<u>1995</u>	<u>1994</u>
U.K. Corporation Tax at 33% (1994 - 33%)	<u>£19,561</u>	<u>£12,665</u>

**HANCOCK INTERNATIONAL PRIVATE EQUITY MANAGEMENT LIMITED**

**NOTES TO THE ACCOUNTS**

**AT 31ST DECEMBER 1995**

**7. TANGIBLE FIXED ASSETS**

	<b><u>Computer Hardware and Software</u></b>	<b><u>Motor Vehicles</u></b>	<b><u>Furniture and Fittings</u></b>	<b><u>Total</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>	<b><u>£</u></b>	<b><u>£</u></b>
<b>COST:</b>				
At 1st January 1995	17,963	29,935	15,559	63,457
Additions	<u>3,805</u>	<u>-</u>	<u>-</u>	<u>3,805</u>
At 31st December 1995	<u>21,768</u>	<u>29,935</u>	<u>15,559</u>	<u>67,262</u>
<b>DEPRECIATION:</b>				
At 1st January 1995	8,980	2,494	14,459	25,933
Charge for Year	3,854	7,484	951	12,289
Eliminated on Disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31st December 1995	<u>12,834</u>	<u>9,978</u>	<u>15,410</u>	<u>38,222</u>
<b>NET BOOK VALUE:</b>				
At 31st December 1995	<u>£ 8,934</u>	<u>£19,957</u>	<u>£ 149</u>	<u>£29,040</u>
At 31st December 1994	<u>£ 8,983</u>	<u>£27,441</u>	<u>£ 1,100</u>	<u>£37,524</u>

**8. DEBTORS**

	<b><u>1995</u></b>	<b><u>1994</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
Amounts owed by parent undertaking	313,418	266,173
Other debtors	<u>54,946</u>	<u>33,798</u>
	<u>£368,364</u>	<u>£299,971</u>

# HANCOCK INTERNATIONAL PRIVATE EQUITY MANAGEMENT LIMITED

## NOTES TO THE ACCOUNTS

AT 31ST DECEMBER 1995

### 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Bank overdraft	3,656	-
Trade creditors	3,506	-
Amounts owed to fellow subsidiary undertakings	8,725	16,133
Corporation tax	19,561	12,665
Other taxes and social security	4,089	5,937
Other creditors	-	2,740
Accruals	<u>211,851</u>	<u>187,334</u>
	<u>£251,388</u>	<u>£224,809</u>

### 10. CALLED UP SHARE CAPITAL

	<u>Authorised</u>	<u>Allotted, issued and fully paid</u>
Ordinary Shares of £1 each	<u>£20,000</u>	<u>£5,000</u>

### 11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Retained profit for the year	31,357	32,566
Opening Shareholders' Funds	<u>114,659</u>	<u>82,093</u>
Closing Shareholders' Funds	<u>£146,016</u>	<u>£114,659</u>

### 12. ULTIMATE PARENT COMPANY

The parent company of the largest group of which Hancock International Private Equity Management Limited is a member and for which group accounts are prepared is John Hancock Mutual Life Insurance Company, incorporated in the U.S.A. These group accounts may be obtained from 200 Clarendon Street, Boston, Massachusetts, U.S.A.

The parent company of the smallest group of which the company is a member and for which group accounts are prepared is Hancock Venture Partners Inc., incorporated in the U.S.A. These group accounts may be obtained from 44th Floor, 1 Financial Center, Boston, Massachusetts, U.S.A.