

Company Registration No. 2512083 (England and Wales)

**HARBOURVEST PARTNERS (UK) LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2000**



# HARBOURVEST PARTNERS (UK) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Edward W. Kane D. Brooks Zug
<b>Secretary</b>	Martha D. Vorlicek
<b>Company number</b>	2512083
<b>Registered office</b>	1-11 Hay Hill, Berkeley Square, London W1X 7LF
<b>Auditors</b>	Ernst & Young Rolls House 7 Rolls Buildings Fetter Lane London EC4A 1NH
<b>Bankers</b>	National Westminster Bank plc P.O. Box 4ND 18A Curzon Street London W1A 4ND

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# HARBOURVEST PARTNERS (UK) LIMITED

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# HARBOURVEST PARTNERS (UK) LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2000

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

### Principal activities

The company has continued to be engaged by HarbourVest Partners, LLC, 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 HarbourVest Partners, LLC. Prior to 28 January 1997, the company provided similar services to Hancock Venture Partners, Inc. and continues to provide these services under run-off arrangements.

### Results and dividends

The profit for the year after taxation amounts to £100,940 (1999: Profit of £80,118).

During the year an interim dividend of £385,476 was paid. The retained loss for the year, after the dividend paid in the year, has been transferred to reserves. The directors do not recommend the payment of a final dividend.

### Directors

The following directors have held office since 1 January 2000:

Edward W. Kane  
D. Brooks Zug

### Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 December 2000	1 January 2000
Edward W. Kane	-	1
D. Brooks Zug	-	1

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Ernst & Young be reappointed as auditors of the company will be put to the Annual General Meeting.

# HARBOURVEST PARTNERS (UK) LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2000

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### Directors' responsibilities

Company law requires the directors to prepare financial statements 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 financial statements, 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 financial statements 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 financial statements 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.

By order of the board



Martha D. Vorlicek

Secretary

12 APRIL 01

# HARBOURVEST PARTNERS (UK) LIMITED

## AUDITORS' REPORT TO THE SHAREHOLDERS OF HARBOURVEST PARTNERS (UK) LIMITED

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

### Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

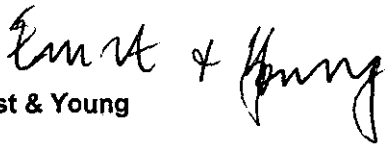
### Basis of opinion

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

  
Ernst & Young

Registered Auditor

Date 24.11.01

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Rolls House  
7 Rolls Buildings  
Fetter Lane  
London  
EC4A 1NH

# HARBOURVEST PARTNERS (UK) LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes	2000 £	1999 £
Turnover	2	1,478,361	1,250,205
Administrative expenses		(1,343,965)	(1,136,550)
<b>Profit on ordinary activities before taxation</b>	3	134,396	113,655
Tax on profit on ordinary activities	4	(33,456)	(33,537)
<b>Profit for the financial year</b>		100,940	80,118
Dividends on equity shares	5	(385,476)	-
<b>Retained (loss)/profit for the year</b>	11	(284,536)	80,118

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

# HARBOURVEST PARTNERS (UK) LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2000

	Notes	2000 £	£	1999 £	£
<b>Fixed assets</b>					
Tangible assets	6		54,040		43,646
<b>Current assets</b>					
Debtors	7	382,995		554,336	
Cash at bank and in hand		6,608		53,529	
		<u>389,603</u>		<u>607,865</u>	
<b>Creditors: amounts falling due within one year</b>	8	<u>(337,703)</u>		<u>(261,035)</u>	
<b>Net current assets</b>			51,900		346,830
<b>Total assets less current liabilities</b>			<u>105,940</u>		<u>390,476</u>
<b>Capital and reserves</b>					
Called up share capital	10		5,000		5,000
Profit and loss account	11		100,940		385,476
<b>Shareholders' funds - equity interests</b>	12		<u>105,940</u>		<u>390,476</u>

The financial statements were approved by the Board on 12 APRIL 01.

*Edward W. Kane*

Edward W. Kane  
Director

*D. Brooks Zug*

D. Brooks Zug  
Director



# HARBOURVEST PARTNERS (UK) LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2000

	2000 £	1999 £
Net cash inflow/(outflow) from operating activities (Note 1)	403,785	(60,645)
Taxation	(37,740)	(26,075)
Capital expenditure		
Payments to acquire tangible assets	<u>(38,509)</u>	<u>(22,738)</u>
Net cash outflow for capital expenditure	(38,509)	(22,738)
Equity dividends paid	<u>(385,476)</u>	<u>-</u>
Net cash outflow before management of liquid resources and financing	(57,940)	(109,458)
Decrease in cash in the year (Note 2)	<u><u>(57,940)</u></u>	<u><u>(109,458)</u></u>

# HARBOURVEST PARTNERS (UK) LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2000

1	<b>Reconciliation of operating profit to net cash inflow/(outflow) from operating activities</b>	<b>2000</b>	<b>1999</b>
		£	£
	Operating profit	134,396	113,655
	Depreciation of tangible assets	22,844	23,592
	Loss on disposal of tangible assets	5,271	-
	Decrease/(increase) in debtors	171,341	(296,077)
	Increase in creditors within one year	69,933	98,185
	<b>Net cash inflow/(outflow) from operating activities</b>	<u>403,785</u>	<u>(60,645)</u>
2	<b>Analysis of net funds</b>	<b>1 January 2000</b>	<b>Cash flow 31 December 2000</b>
		£	£
	Net cash:		
	Cash at bank and in hand	53,529	6,608
	Bank overdrafts	-	(11,019)
	Debt:	-	-
	<b>Net funds</b>	<u>53,529</u>	<u>(4,411)</u>
3	<b>Reconciliation of net cash flow to movement in net funds</b>	<b>2000</b>	<b>1999</b>
		£	£
	Decrease in cash in the year	(57,940)	(109,458)
	Cash inflow from increase in debt	-	-
	<b>Movement in net funds in the year</b>	<u>(57,940)</u>	<u>(109,458)</u>
	Opening net funds	53,529	162,987
	<b>Closing net funds</b>	<u>(4,411)</u>	<u>53,529</u>

# HARBOURVEST PARTNERS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

#### 1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT.

#### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	over the term of the lease
Plant and machinery	Computer software (straight line over 3 years), computer hardware (straight line over 4 years)
Fixtures, fittings & equipment	straight line over 4 years (Artworks, straight line over 10 years)

#### 1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.5 Pensions

The company operates a defined contribution scheme and charges all contributions to the profit and loss account as they fall due.

#### 1.6 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

### 2 Turnover

The total turnover of the company for the year has been derived from its principal activity, of the provision of consulting services wholly undertaken in the United Kingdom, and is stated net of Value Added Tax.

### 3 Operating profit

	2000	1999
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	22,844	23,592
Operating lease rentals	66,915	48,769
Auditors' remuneration	8,599	5,500
	<u>98,358</u>	<u>77,861</u>

# HARBOURVEST PARTNERS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

<b>4</b>	<b>Taxation</b>		<b>2000</b>	<b>1999</b>
			£	£
	<b>U.K. current year taxation</b>			
	U.K. corporation tax at 30% (1999 - 30%)		33,456	37,740
	<b>Prior years</b>			
	U.K. corporation tax		-	(4,203)
			<u>33,456</u>	<u>33,537</u>
<b>5</b>	<b>Dividends</b>		<b>2000</b>	<b>1999</b>
			£	£
	Ordinary interim paid		<u>385,476</u>	<u>-</u>
<b>6</b>	<b>Tangible fixed assets</b>			
		<b>Land and buildings Leasehold</b>	<b>Plant and machinery</b>	<b>Fixtures, fittings &amp; equipment</b>
		£	£	£
	<b>Cost</b>			
	At 1 January 2000	34,405	66,128	40,171
	Additions	-	37,700	809
	Disposals	-	(43,100)	-
		<u>34,405</u>	<u>60,728</u>	<u>40,980</u>
	At 31 December 2000	34,405	60,728	40,980
	<b>Depreciation</b>			
	At 1 January 2000	18,851	46,397	31,810
	On disposals	-	(37,829)	-
	Charge for the year	6,437	12,463	3,944
		<u>25,288</u>	<u>21,031</u>	<u>35,754</u>
	At 31 December 2000	25,288	21,031	35,754
	<b>Net book value</b>			
	At 31 December 2000	<u>9,117</u>	<u>39,697</u>	<u>5,226</u>
	At 31 December 1999	<u>15,554</u>	<u>19,731</u>	<u>8,361</u>
<b>7</b>	<b>Debtors</b>		<b>2000</b>	<b>1999</b>
			£	£
	Amounts owed by parent undertaking		278,628	476,714
	Other debtors		75,841	47,712
	Prepayments and accrued income		28,526	29,910
			<u>382,995</u>	<u>554,336</u>

# HARBOURVEST PARTNERS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

<b>8</b>	<b>Creditors: amounts falling due within one year</b>	<b>2000</b>	<b>1999</b>
		<b>£</b>	<b>£</b>
	Bank loans and overdrafts	11,019	-
	Corporation tax	33,456	37,740
	Other taxes and social security costs	30,439	22,631
	Accruals and deferred income	262,789	200,664
		<u>337,703</u>	<u>261,035</u>
<b>9</b>	<b>Pension costs</b>		
	The company operates a defined contribution pension scheme and charges all contributions to the profit and loss account as they fall due. No contributions were outstanding at 31 December 2000.		
<b>10</b>	<b>Share capital</b>	<b>2000</b>	<b>1999</b>
		<b>£</b>	<b>£</b>
	<b>Authorised</b>		
	20,000 Ordinary shares of £ 1 each	<u>20,000</u>	<u>20,000</u>
	<b>Allotted, called up and fully paid</b>		
	5,000 Ordinary shares of £ 1 each	<u>5,000</u>	<u>5,000</u>
<b>11</b>	<b>Statement of movements on profit and loss account</b>		
			<b>Profit and loss account £</b>
	Balance at 1 January 2000		385,476
	Retained loss for the year		(284,536)
	Balance at 31 December 2000		<u>100,940</u>
<b>12</b>	<b>Reconciliation of movements in shareholders' funds</b>	<b>2000</b>	<b>1999</b>
		<b>£</b>	<b>£</b>
	Profit for the financial year	100,940	80,118
	Dividends	(385,476)	-
	Net (depletion in)/addition to shareholders' funds	(284,536)	80,118
	Opening shareholders' funds	<u>390,476</u>	<u>310,358</u>
	Closing shareholders' funds	<u>105,940</u>	<u>390,476</u>

# HARBOURVEST PARTNERS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

### 13 Financial commitments

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

	Land and buildings			
	2000	1999	2000	Other 1999
	£	£	£	£
Expiry date:				
Between two and five years	76,500	42,500	3,008	3,008

### 14 Employees

#### Number of employees

The average monthly number of employees (excluding directors) during the year was:

2000 Number	1999 Number
6	6

#### Employment costs

	£	£
Wages and salaries	884,998	768,987
Social security costs	107,233	88,429
Other pension costs	46,122	47,070
	1,038,353	904,486

### 15 Control and Parent Undertaking

The parent company of the largest and smallest group of which HarbourVest Partners (UK) Limited is a member and for which group accounts are prepared is HarbourVest Partners, LLC, in the USA. These group accounts may be obtained from 44th Floor, 1 Financial Center, Boston, Massachusetts, USA.

### 16 Related party transactions

The company has taken advantage of the exemption given by Financial Reporting Standard No. 8 ("FRS 8") to subsidiary undertakings, 90% or more of whose voting rights are controlled within the group, by not disclosing information on related party transactions with entities that are part of the group, or investees of the group qualifying as related parties.