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BROWN SHIPLEY VENTURE MANAGERS LIMITED

DIRECTORS' REPORT

The Directors present their report and accounts for the year ended 31 March 1996 which were approved at a meeting on 8 May 1996.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Company continues to be that of an investment fund manager. During the current year this business has been maintained on a similar pattern and scale, and will continue to do so in the foreseeable future.

RESULTS

	£
Profit for the year after taxation	395,754
Dividends paid	(392,822)
Profit and loss account carried forward	<u>2,932</u>

DIVIDEND

During the year, the directors recommended an interim dividend of £83.67 per 'A' Ordinary share paid on 8 November 1995 and a further interim dividend of £48.98 per 'A' ordinary share was paid on 20 March 1996.

There is no recommendation for a final dividend to be paid.

FIXED ASSETS

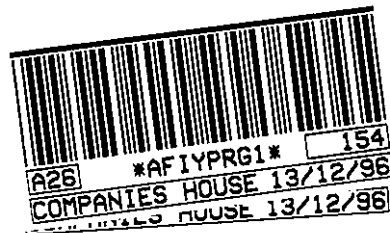
Significant changes in fixed assets are detailed in note 7 to the accounts.

DIRECTORS

The directors during the year were:

R M Mansell-Jones (Chairman) (resigned 2 April 1996)
 D J Wills (Managing Director)
 C R F Kemp
 R D Parker
 M J Hallala
 A D Moye
 R V Thompson (resigned 2 April 1996)

The company maintains a Directors and Officers Liability insurance policy in respect of the company's directors and officers.



BROWN SHIPLEY VENTURE MANAGERS LIMITED

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS

The following directors had direct or beneficial interests in the shares of the Company at 1 April 1995 and 31 March 1996:

	'A' Ordinary Shares of £1 each fully paid
D J Wills	980
C R F Kemp	735
R D Parker	735

No director had any direct or beneficial interest in the shares of the ultimate parent undertaking, Kredietbank S.A. Luxembourgeoise, or any fellow subsidiary.

David Wills, Richard Kemp and Roy Parker have an interest in the put and call option agreement dated 2 April 1996 which is detailed as a post balance sheet event below.

POST BALANCE SHEET EVENTS

On 2 April 1996, the executive directors of Brown Shipley Venture Managers Limited (and their interests) acquired the entire share capital of Brown Shipley Development Capital Limited, the intermediate parent company by which Brown Shipley Venture Managers Limited was a subsidiary of Brown, Shipley & Co. Limited.

With effect from 2 April 1996, therefore, the company's ultimate holding company is Brown Shipley Development Capital Limited.

Brown Shipley Development Capital Limited has been granted a call option to acquire the issued 'A' Ordinary shares of £1 each for £1 million and the registered holders of the 'A' Ordinary shares have been granted a put option to sell the shares for £1 million.

The options are exercisable upon a change in ownership of Brown Shipley Development Capital Limited.

On 22 April 1996, the company was appointed as fund manager of the Third Private Equity Fund.

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 or loss of the company for that period.

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 March 1996. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

BROWN SHIPLEY VENTURE MANAGERS LIMITED

DIRECTORS' REPORT (Continued)

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution to re-appoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

COMPANY SECRETARY

Brown, Shipley & Co. Limited resigned as Company Secretaries on 2 April 1996 at which time Mark Hallala was appointed to the position.

ANNUAL GENERAL MEETING

The sixth Annual General Meeting of the Company will be held at Founders Court, Lothbury, London EC2R 7HE at 2.00pm on 8 May 1996.

By order of the Board



M J Hallala
Secretary

Founders Court
Lothbury
London EC2R 7HE

8 May 1996

BROWN SHIPLEY VENTURE MANAGERS LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 1996

	Note	1996	1995
		£	£
TURNOVER	2	1,694,758	1,595,366
ADMINISTRATIVE EXPENSES	2	(1,172,829)	(1,105,367)
OPERATING PROFIT		521,929	489,999
INTEREST RECEIVABLE AND SIMILAR INCOME			
Bank interest		26,152	14,854
OTHER INCOME			
Profit on disposal of fixed asset		<u>25,998</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		574,079	504,853
Taxation	5	(178,325)	(156,187)
PROFIT AFTER TAXATION FOR THE FINANCIAL YEAR		395,754	348,666
Dividends (including non-equity)	6	(392,822)	(348,666)
RETAINED PROFIT CARRIED FORWARD		<u>2,932</u>	<u>-</u>

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

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

The profit for the year above arises solely from continuing operations.

The notes on pages 7 to 12 form part of these accounts.

BROWN SHIPLEY VENTURE MANAGERS LIMITED

BALANCE SHEET

at 31 March 1996

	Note	1996	1995
		£	£
FIXED ASSETS			
Tangible fixed assets	7	<u>124,687</u>	<u>43,512</u>
CURRENT ASSETS			
Other debtors			
- due within one year		65,397	44,597
- due after one year	8	-	58,231
Prepayments		26,801	22,114
Cash at bank and in hand		<u>102,866</u>	<u>296,512</u>
		195,064	421,454
CURRENT LIABILITIES			
Creditors: amounts falling due within one year			
Amounts due to intermediate parent undertakings		(203,615)	(17,684)
Other creditors and accruals		(51,977)	(45,840)
Corporation tax		(21,888)	(101,080)
ACT payable		(34,339)	(62,437)
Dividend payable		-	(232,925)
		<u>(311,819)</u>	<u>(459,966)</u>
NET CURRENT LIABILITIES		<u>(116,755)</u>	<u>(38,512)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,932</u>	<u>5,000</u>
		<u>7,932</u>	<u>5,000</u>
CAPITAL AND RESERVES			
Called up share capital	9	5,000	5,000
Profit and loss account		<u>2,932</u>	-
Equity Shareholders' Funds		<u>5,382</u>	<u>2,450</u>
Non-equity Shareholders' Funds		<u>2,550</u>	<u>2,550</u>
TOTAL SHAREHOLDERS' FUNDS		<u>7,932</u>	<u>5,000</u>

Approved by the Board on 8 May 1996

D J Wills

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Directors

M J Hallala

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The notes on pages 7 to 12 form part of these accounts.

BROWN SHIPLEY VENTURE MANAGERS LIMITED

CASH FLOW STATEMENT

for the year ended 31 March 1996

	Note	1996	1995
		£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	1	<u>718,264</u>	<u>523,142</u>
RETURNS ON INVESTMENTS AND CONTINUING SERVICING OF FINANCE			
Interest received		26,651	13,512
Dividends paid		<u>(625,747)</u>	<u>(224,097)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>(599,096)</u>	<u>(210,585)</u>
TAXATION			
UK corporation tax paid		<u>(227,382)</u>	<u>(140,981)</u>
INVESTING ACTIVITIES			
Sale of tangible fixed assets		29,265	-
Purchase of tangible fixed assets		<u>(114,697)</u>	<u>(308)</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>(85,432)</u>	<u>(308)</u>
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		<u>(193,646)</u>	<u>171,268</u>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	2	<u>(193,646)</u>	<u>171,268</u>

BROWN SHIPLEY VENTURE MANAGERS LIMITED

NOTES TO THE CASH FLOW STATEMENT

1. Reconciliation of operating profit to net cash inflow from continuing operating activities

	1996	1995
	£	£
Operating profit	521,929	489,999
Depreciation charges	30,255	33,693
(Increase)/decrease in debtors	(21,299)	925
(Increase)/decrease in prepayments	(4,687)	7,024
Increase/(decrease) in creditors and accruals	<u>192,066</u>	<u>(8,499)</u>
Net cash inflow from continuing operating activities	<u>718,264</u>	<u>523,142</u>

2. Analysis of changes in cash and cash equivalents during the year

	1996	1995
	£	£
Balance 1 April 1995	296,512	125,244
Net cash (outflow)/inflow	<u>(193,646)</u>	<u>171,268</u>
Balance 31 March 1996	<u>102,866</u>	<u>296,512</u>

3. Cash and cash equivalents

The balance for cash and cash equivalents is shown in the balance sheet at 'Cash at bank and in hand' of £102,866 (1995 : £296,512). The cash and cash equivalents are held by the intermediate parent undertaking which is authorised by the Banking Act 1987.

BROWN SHIPLEY VENTURE MANAGERS LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) Basis of preparation

The accounts of the Company are prepared on the historical cost basis and in accordance with applicable accounting standards in the United Kingdom.

(b) Profit and loss account

Income and expenses are accounted for in the profit and loss account on an accruals basis.

(c) Fixed assets

Fixed assets are stated at cost less depreciation. Depreciation is calculated on a straight line basis at the following rates:

Motor cars - 25% per annum

Furniture and equipment - 20% per annum

(d) Operating Lease

The annual rentals are charged to operating profit on a straight line basis over the lease term.

(e) Deferred taxation

Deferred taxation is provided using the liability method to the extent that it is probable a liability will crystallise. No provision is made for any deferred tax asset.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover consists entirely of fees earned in the United Kingdom and comprises:

	1996 £	1995 £
Directors' fees	150,981	117,877
Fund management fees	1,531,364	1,441,989
Other fees	<u>12,413</u>	<u>35,500</u>
	<u>1,694,758</u>	<u>1,595,366</u>

Administrative expenses include:

	1996 £	1995 £
Auditor's remuneration	7,900	7,672
Other fees to auditors	8,350	-
Depreciation	<u>30,255</u>	<u>33,692</u>

BROWN SHIPLEY VENTURE MANAGERS LIMITED

NOTES TO THE ACCOUNTS (Continued)

3. EMPLOYEES

Staff costs, including directors' emoluments, were:

	1996 £	1995 £
Salaries	660,517	607,125
Social security costs	67,373	62,021
Other pension costs	<u>90,378</u>	<u>88,450</u>
Aggregate remuneration	<u>818,268</u>	<u>757,596</u>

The average number of persons employed by the Company in the United Kingdom during the year was 8 (1995 : 8).

The Company operates a defined contribution pension scheme for the benefit of all directors and employees, subject to eligibility. The Company contributes 15% of gross salary to the scheme.

4. DIRECTORS' EMOLUMENTS

	1996 £	1995 £
Aggregate remuneration including benefits in kind	579,902	505,261
Pension contributions	<u>76,428</u>	<u>71,556</u>
	<u>656,330</u>	<u>576,817</u>
Included in aggregate remuneration above (excluding pension contributions):		
Remuneration of Chairman	nil	nil
Remuneration of highest paid director	<u>153,237</u>	<u>150,192</u>

The number of directors (including the Chairman and the highest paid director) who received remuneration within the following ranges was:

	Number of Directors	Number of Directors
£0 - £5,000	2	2
£40,001 - £45,000	-	1
£85,001 - £90,000	-	1
£90,001 - £95,000	1	1
£95,001 - £100,000	1	-
£105,001 - £110,000	1	-
£110,001 - £115,000	-	2
£125,001 - £130,000	1	-
£150,001 - £155,000	1	1

BROWN SHIPLEY VENTURE MANAGERS LIMITED

NOTES TO THE ACCOUNTS (Continued)

5. TAXATION

Taxation based on the profit for the year:

	1996 £	1995 £
Corporation tax at effective rate of 33.0% (1995 : 29.4%)	178,325	157,105
Prior year adjustment	<u>-</u>	<u>(918)</u>
	<u>178,325</u>	<u>156,187</u>

6. DIVIDENDS

	1996 £	1995 £
Dividends on equity shares:		
'A' Ordinary		
Interim paid	325,000	49,500
Final proposed	-	232,925
Dividends on non-equity shares:		
'B' Ordinary		
Interim paid	<u>67,822</u>	<u>66,241</u>
	<u>392,822</u>	<u>348,666</u>

7. TANGIBLE FIXED ASSETS

	Motor Vehicles £	Furniture & Equipment £	Total £
At cost 1 April 1995	117,979	46,152	164,131
Additions during the year	106,361	8,336	114,697
Disposals	<u>(86,714)</u>	<u>(2,052)</u>	<u>(88,766)</u>
At cost 31 March 1996	<u>137,626</u>	<u>52,436</u>	<u>190,062</u>
Depreciation 1 April 1995	(92,436)	(28,183)	(120,619)
Charge for the year	(21,222)	(9,033)	(30,255)
Disposals	<u>83,447</u>	<u>2,052</u>	<u>85,499</u>
Depreciation 31 March 1996	<u>(30,211)</u>	<u>(35,164)</u>	<u>(65,375)</u>
Net book value 31 March 1996	<u>107,415</u>	<u>17,272</u>	<u>124,687</u>
Net book value 31 March 1995	<u>25,543</u>	<u>17,969</u>	<u>43,512</u>

BROWN SHIPLEY VENTURE MANAGERS LIMITED

NOTES TO THE ACCOUNTS (Continued)

8. DEBTORS DUE AFTER ONE YEAR

Debtors due after one year consists of advance corporation tax of £nil (1995 : £58,231).

9. CALLED UP SHARE CAPITAL

	1996 £	1995 £
Authorised:		
Equity shares		
2,450 'A' Ordinary Shares of £1 each	2,450	2,450
Non-equity shares		
2,550 'B' Ordinary Shares of £1 each	<u>2,550</u>	<u>2,550</u>
	<u>5,000</u>	<u>5,000</u>
Allotted, called up and fully paid:		
Equity shares		
2,450 'A' Ordinary Shares of £1 each	2,450	2,450
Non-equity shares		
2,550 'B' Ordinary Shares of £1 each	<u>2,550</u>	<u>2,550</u>
	<u>5,000</u>	<u>5,000</u>

On the adoption of new Articles of Association on 31 March 1994, the 'A' Ordinary shares have preference on the distribution of capital and the 'B' Ordinary shares have preference on the distribution of profits. The company has the option of redeeming the 'B' Ordinary shares at par value at any time after the winding-up of the funds currently managed.

10. COMMITMENTS UNDER OPERATING LEASES

The total rentals under operating leases, charged as an expense in the profit and loss account, are disclosed below:

	1996 £	1995 £
Other assets	<u>110,588</u>	<u>102,300</u>

Commitments under leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which each lease expires.

Obligations under operating leases comprise:

	1996 £	1995 £
Other assets:		
Expiring during years 2 to 5	<u>135,450</u>	<u>110,588</u>

BROWN SHIPLEY VENTURE MANAGERS LIMITED

NOTES TO THE ACCOUNTS (Continued)

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996	1995
	£	£
Profit for the financial year	395,754	348,666
Ordinary dividends	(392,822)	(348,666)
	2,932	-
Called up share capital	<u>5,000</u>	<u>5,000</u>
Shareholders' funds at 31 March	<u>7,932</u>	<u>5,000</u>

12. ULTIMATE PARENT UNDERTAKING

At the balance sheet date Brown Shipley Venture Managers Limited was a subsidiary of Brown, Shipley & Co. Limited, incorporated in Great Britain and registered in England and Wales. The directors regard Kredietbank S.A. Luxembourgeoise, incorporated and registered in Luxembourg, as the company's ultimate parent undertaking on that date.

Group accounts for Brown, Shipley & Co. Limited and Kredietbank S.A. Luxembourgeoise are available to the public and can be obtained by application to the Company Secretary of Brown, Shipley & Co. Limited at the address on page 3.

13. POST BALANCE SHEET EVENTS

On 2 April 1996, the executive directors of Brown Shipley Venture Managers Limited (and their interests) acquired the entire share capital of Brown Shipley Development Capital Limited, the intermediate parent company by which Brown Shipley Venture Managers Limited was a subsidiary of Brown, Shipley & Co. Limited.

With effect from 2 April 1996, therefore, the company's ultimate holding company is Brown Shipley Development Capital Limited.

On 22 April 1996, the company was appointed as fund manager of the Third Private Equity Fund.

REPORT OF THE AUDITORS

TO THE MEMBERS OF BROWN SHIPLEY VENTURE MANAGERS LIMITED

We have audited the financial statements on pages 4 to 12.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on pages 2 and 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

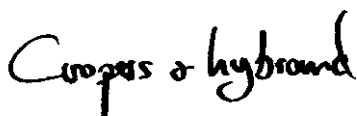
BASIS OF OPINION

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 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 March 1996 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



COOPERS & LYBRAND

Chartered Accountants and Registered Auditors
1 Embankment Place
London WC2N 6NN

8 May 1996