



Reporting
Guidelines

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Preface

These Guidelines set out recommendations, intended to represent best practice, on the content of reports to investors in private equity funds structured as limited partnership fixed-life funds (currently the most common fund structure within the private equity industry). It is hoped that these Guidelines will also serve as a useful reference for private equity funds structured differently. The term "private equity" is used in these Guidelines in a broad sense to include investments in early stage ventures, management buy-outs, management buy-ins and similar transactions and growth or development capital.

The Guidelines do not seek to address the accounts of private equity funds, since these will depend on the structure of the fund and will be governed by legal or regulatory provisions and by generally accepted accounting principles.

These Guidelines incorporate, with minor amendment only¹, the "Level One" provisions of the Reporting Guidelines of EVCA and an excerpt, relating to the Internal Rate of Return performance measure, from the EVCA Valuation Guidelines. The BVCA would like to put on record its gratitude to EVCA for allowing this.

These Reporting Guidelines will take effect from 1 August 2003.

Neither the BVCA nor the members of any committee or working party thereof can accept any responsibility or liability whatsoever (whether in respect of negligence or otherwise) to any party as a result of anything contained in or omitted from the Guidelines nor for the consequences of reliance or otherwise on the provisions of these Guidelines.

¹ Appendix 2 contains a list of amendments made to both the EVCA Reporting Guidelines and the excerpt from the EVCA Valuation Guidelines headed Measuring Performance: The Internal Rate of Return ("IRR")



Reporting

Introduction

The objective of these Guidelines is to set out best practice on the content of reports to investors in private equity funds structured as limited partnership fixed-life funds (currently the most common fund structure in the private equity industry). It is hoped that these Guidelines will also serve as a useful reference for private equity funds structured differently.

The aim in producing these Guidelines is to promote best practice and to improve the quality and consistency of reporting to investors, thereby enabling investors to make better economic decisions.

It is recognised that some private equity firms will wish to disclose additional information to that specified below, and there is no intention that these Guidelines should restrict this.

The reporting provisions are set out below, under the headings Fund Performance, Portfolio Reporting and Capital Account. There then follows a section addressing the Internal Rate of Return ("IRR") as a measure of performance for private equity funds and specifying some principles to be applied in its calculation. Appendix 1 contains a template illustrating how the reporting provisions might be incorporated into a report to investors.

Fund Performance

1. A Fund Summary that includes the following:
 - 1.1. first closing date and vintage year (i.e. year of first cash flow) and total commitments; and
 - 1.2. fund's domicile, legal form and structure, and investment focus both by stage and geography.
2. An Executive Summary that includes the following:
 - 2.1. total commitments, total drawn and invested to date, and total distributed;
 - 2.2. current investments (significant events);
 - 2.3. new investments;
 - 2.4. realisations;
 - 2.5. significant changes to the management company or general partner changes (especially to senior investment personnel) or the environment in which the fund operates;
 - 2.6. net IRR to investors. The mentioning of this at Executive Summary level is optional during the first 2 years of the fund; and
 - 2.7. notification of the Annual Meeting date and place.

-
3. IRR, calculated on at least a monthly cash flow basis, on fund performance (net to investors), multiple of investment cost, return on Capital and Income, all on the assumption that all investments are realised on the date of the reporting.
 4. Clear statement of the overall position, by fund, including prior period comparative figures of:
 - 4.1. total commitments;
 - 4.2. total drawn down, and when;
 - 4.3. total committed or reserved for follow-on investments;
 - 4.4. total invested, and in what;
 - 4.5. total remaining available for draw down;
 - 4.6. total distributions, to the investor, and to the manager or general partner; and
 - 4.7. total value of remaining assets.
 5. Clear statement of management fees, profit share, and carried interest paid to the manager or general partner.
 6. Clear statement of related party transactions, benefits and fees, broken down into principal categories (such as underwriting fees, directors or monitoring fees, deal fees, broken deal fees, etc.). The treatment of such fees and transactions is obviously specific to each individual fund, but clarity in disclosing the treatment of such issues is key.
 7. Note of any leverage to the fund, including debt and guarantees, charges, or contingent liabilities.
 8. Value progression chart, showing the change in value of the fund over the life of the fund, broken down into investments at cost, realised gains and losses, unrealised gains and losses, and compared against total commitments. An example is included in the template (Appendix 1).
 9. IRR – in addition to the fund IRR, a gross IRR on realised and unrealised investments. Furthermore, a consistent and appropriate comparison against an industry benchmark is helpful but optional.

Portfolio Reporting

The following information should be disclosed for significant investments. A significant investment is an investment that either has a carrying amount exceeding 5% of the carrying amount of the portfolio as a whole or is one of the largest 10 investments ranked by carrying amount or is significant for some other reason.

-
10. General information on the portfolio company and the investment:
 - 10.1. legal and trading names (including any changes) of portfolio company;
 - 10.2. location of head office or management;
 - 10.3. total amount invested by the fund;
 - 10.4. brief description of the business;
 - 10.5. stage of investment;
 - 10.6. statement of the fund's role in the investment (lead, co-lead, etc.);
 - 10.7. statement of any co-investment in transactions, in accordance with the arrangements with the fund's investors;
 - 10.8. percentage ownership and board representation (if any) by the fund; and
 - 10.9. valuation at time of investment.
 11. Specific information concerning the investment:
 - 11.1. fund's investment and divestment or distribution amounts (broken down by class, by cost, and by nature – i.e. capital or income; cash or stock/in specie distribution – and by date of investment) in the currency of the fund;
 - 11.2. other exposures, such as guarantees and loans; and
 - 11.3. valuation of each investment, in accordance with BVCA Valuation Guidelines.
 12. Significant events and issues:
 - 12.1. brief analysis of significant events during the reporting period and anticipated events;
 - 12.2. any restrictions on the liquidity of the investment (for example, a lock-up period on listed shares); and
 - 12.3. disclosure of any significant extraordinary items.

Capital Account

It is strongly recommended that the funds include a capital account in their investor report. A capital account details the change in an investor's equity and capital contributions over a given period. An example of a capital account is included in the template (Appendix 1).

Measuring Performance: The Internal Rate of Return

Introduction

Returns may be measured in a number of ways. One may, for example, measure the payback period, that is to say the number of years required for the expenditure associated with a project to be recouped; or one might measure the book rate of return, this being the average annual profit made by an investment as a proportion of the original outlay. Each of these simple techniques exhibits serious deficiencies however. For example, payback does not consider the total profit which may be earned; neither method accounts for the time value of money nor for situations in which more than one investment is made.

The most common measure of performance within the private equity sector is the IRR. Industry-wide private equity performance studies in the US use the IRR. Not only does this measure take the time value of money into account, as well as the ability to measure the returns on groups of investments, but it also expresses the return as a simple percentage. Thus, the BVCA has selected the IRR as being the most appropriate performance benchmark.

Private Equity/Venture Capital Managers and/or their Funders may additionally require performance to be calculated using other measures. Such arrangements between Private Equity/Venture Capital Managers and their Funders are, of course, entirely acceptable. Other benchmarks might include the following: a measure of the cumulative investment returned relative to the invested capital; the valuation of the unrealised portfolio relative to the cumulative drawn-down capital; and the payback period.

The IRR is that rate of discount which equates the present value of the cash outflows associated with an investment with the sum of the present value of the cash inflows accruing from it and the present value of the valuation of the unrealised portfolio.

Three Levels of IRR Advocated by the BVCA

Pure IRRs can only be computed when all investments have been realised and the cash has been paid back to Funders, after the deduction of carried interest, management fees and other applicable professional and ancillary charges. This is the net ("cash-on-cash") return on the wholly realised investment portfolio.

However, users of financial information regarding Private Equity/Venture Capital Companies need to be able to measure returns on a regular basis. Such interim returns are no more than indicators of the pure IRR. The more mature an investment portfolio is, though, the more confidence one may generally ascribe to these interim statistics.

Performance calculations must quantify the prowess of the Private Equity/Venture Capital Managers at two main stages: firstly, on their ability to choose suitable investment opportunities, manage them and

divest from them; and secondly, to assess their overall cost effectiveness by computing the return to Funders net of the total cost of carrying out these tasks.

The first of these stages, that is the gross return, may be usefully broken down into two levels. This enables the actual return on realised investments only to be identified separately from the gross return on all investments, which by its very nature is estimated; the latter accounts for all wholly and partially realised investments and for the subjective element of valuations on the unrealised portion of the portfolio.

The BVCA, therefore advocates that performance be measured at three levels.

1. The Gross Return on Realised Investments

This return takes account of the cash outflows (investments) and inflows (divestments, including realisation values, dividend and interest payments, repayments of the principal of loans, etc.) which take place between the Fund and its realised investments.

For the purposes of this return it is recognised that there are occasional circumstances in which it would be appropriate to include the realised element of gains from a holding in a Portfolio Company where full realisation has not been effected.

In deciding which partially realised gains should be included in this category, the following rules should be observed:

- only those realised gains should be included which represent a substantial part (>30%) of the cost of equity investment. In that case, all cash inflows relating to that equity investment are to be included in this level;
- if the investment is made at different costs per share at different dates, the allocation of gain to cost should be based on the average cost per share of the realised investment;
- partial write-offs should not be included in this level, but will appear in the Gross Return on all Investments; and
- full disclosure should be made of those investments where partial realisations are included in this level, in particular as to the allocation of gain to cost.

2. The Gross Return on all Investments

This return takes account of all of the following:

- the cash outflows (investments) and inflows (divestments, including realisation values, dividend and interest payments, repayments of principal of loans, etc.) which take place between the Fund and:

-
- its wholly realised investments;
 - its partially realised investments; and
 - its wholly unrealised investments;
- the valuation of the unrealised portfolio (consisting of wholly unrealised investments and the unrealised portions of partially realised investments but excluding cash and other assets held in the portfolio).

This return does not take account of carried interest or charges of any kind, such as management fees paid to the Private Equity/Venture Capital Company by the Funder, fees paid by a Portfolio Company either to the Fund or the Private Equity/Venture Capital Company, and fees paid or due to lawyers and accountants.

3. *The Net Return to the Funder*

This measures the return earned by the Funders in the Fund, and takes account of:

- the cash flows which take place between the Fund and the Funders, net, by definition, of all of the following:
 - the Private Equity/Venture Capital Company's carried interest;
 - the management fees paid to the Private Equity/Venture Capital Company by the Funders; and
 - all other applicable professional and ancillary charges which are paid out by the Private Equity/Venture Capital Company in the course of investing, managing and divesting from its investment portfolio;
- the valuation of the unrealised portfolio (consisting of the unrealised portions of partially realised investments, wholly unrealised investments and also including cash and other assets), after deducting the implied carried interest.

When the portfolio is fully realised/fully distributed, the Net Return is the "cash-on-cash" return to the Funders.

Should Private Equity/Venture Capital Managers and/or their Funders consider it desirable to do so, the performance calculated for any of the three levels given above may be broken down to demonstrate the contribution made by the individual elements of which they are made up. For example, the overall measure of the Gross Return on all Investments could be split up so as to separately show the performance of the wholly realised investments, partially realised investments, wholly unrealised investments, and the valuation of the unrealised portfolio.



The ability to break down the impact of the valuation of the unrealised portfolio on the performance may be particularly important as valuations can be no more than indicators of the pure IRR when all investments have been wholly realised.

To enable the returns calculated in accordance with the different levels described herein by various users to be fairly compared, necessitates that the relevant parameters are always treated in an identical manner. It is for this reason that the Principles have been developed, which are set out below.

Principles

Commitments made by a Private Equity/Venture Capital Company to a Portfolio Company

The cash outflows should be taken to be the capital actually invested in a Portfolio Company at a given point in time. A Private Equity/Venture Capital Company may commit itself to making a series of investments in a Portfolio Company over an extended period of time. In such circumstances, the timing and amounts of the individual cash flows only should be taken into account.

Commitments made by a Funder to a Private Equity/Venture Capital Company

The cash outflows should be taken to be the capital actually invested in a Private Equity/Venture Capital Company by a Funder at a given point in time. A Funder may commit itself to making a series of investments (known as draw-downs) in a Fund over an extended period of time. In such circumstances, the timing and amounts of the individual cash flows only should be taken into account.

Equity Received in Lieu of Cash

Any equity received by a Private Equity/Venture Capital Company in lieu of cash in respect of services rendered to a Portfolio Company (for instance, services of directors, provision of guarantees) should be considered as investments of zero cost.

Net Return to the Funder: Carried Interest and the Unrealised Portfolio

When calculating the Net Return to the Funder, as regards the valuation of the unrealised portfolio, appropriate provision should be made for the deduction of carried interest after taking account of any hurdle rates.

Non-Domestic Currency

Where transactions take place in non-domestic currencies, two separate values of the IRR may be computed for each of the three levels which have been described – one to include the effect of exchange rate movements, the other to exclude them. Performance must be calculated with reference to the currency of denomination of the Fund. Should the Private Equity/Venture Capital Managers or Funders so desire, then performance may additionally be calculated with reference to other currencies. Should, therefore, the value of transactions need to be known in both domestic and non-domestic

currencies, the exchange rate which prevailed on the date the transaction took place should be used. Where this is not known, the conversion shall be effected using the monthly average exchange rate for the month and year in question.

Realisations

Shares in companies which are floated and distributed in specie should be considered realised upon the earliest date at which such shares may be converted into cash to the benefit of the Funder. It is implicitly recognised, therefore, that shares cannot be regarded as realised whilst any dealing restrictions are in place.

Write-offs should be accorded a nominal value of one currency unit (for example, £1) rather than zero.

As regards the calculation of the Gross Return on Realised Investments only, a written off investment should be considered as having been realised as soon as the earliest of any of the following or like events takes place: when bankruptcy proceedings are instigated against a Portfolio Company; when a Portfolio Company ceases to trade; when a Portfolio Company enters into arrangements with creditors which result in the investment being written down to zero; when insolvency proceedings are begun.

Investments which have been completely sold subject to a proportion of deferred consideration/earn out should be defined as Realised Investments and an estimate of the discounted proceeds from the deferred consideration should be included in the Realised level calculation. Appropriate disclosure should be given.

When reporting performance measurement of any of the three levels, the cost of the realised investments relative to the cost of all investments made should be given.

By agreement with the Funders, the Private Equity/Venture Capital Manager may only consider it relevant to report the Gross Return on Realised Investments after a given proportion of the investments, by amount and/or number, have been realised.

Share Exchanges

Private Equity/Venture Capital Companies sometimes exchange part or all of their stake in a Portfolio Company for shares in another company. Where such an exchange takes place, the new shareholding should be treated no differently than if it was part of the shareholding in the original Portfolio Company.

Taxation

Dividend and interest payments and capital gains received from Portfolio Companies that are paid net should be grossed up so as to be treated as pre-tax cash flows for the two measures of Gross Return, but not for the Net Return.



Timing of Cash Flows

The date attributed to each cash flow should be taken to be the first day of the month in which it occurred.

Young Investments

Care should be taken in measuring financial returns from recent investments and young funds. Nevertheless, to facilitate the computation of IRRs relating to these investments at an appropriate time in the future, the prerequisite data (cash flows and their timing), should be continuously collected.



Appendix 1 – Template

The following template is for illustrative purposes only and does not aim to represent a real fund nor are the numbers involved necessarily realistic.

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Fund Summary

First closing	30 June, 2000
Final closing	30 November, 2000
Vintage year	2000
Total commitments	£1 billion
Fund's domicile	Jersey
Legal form	Series of limited partnerships
Structure	One General Partner and fourteen Limited Partners. Management Company: "The Venture Capital Company Ltd"
Investment focus by stage	Balanced fund: – Early stage – Development capital – Buy-out investments
Investment focus by geography	Northern Europe including the UK

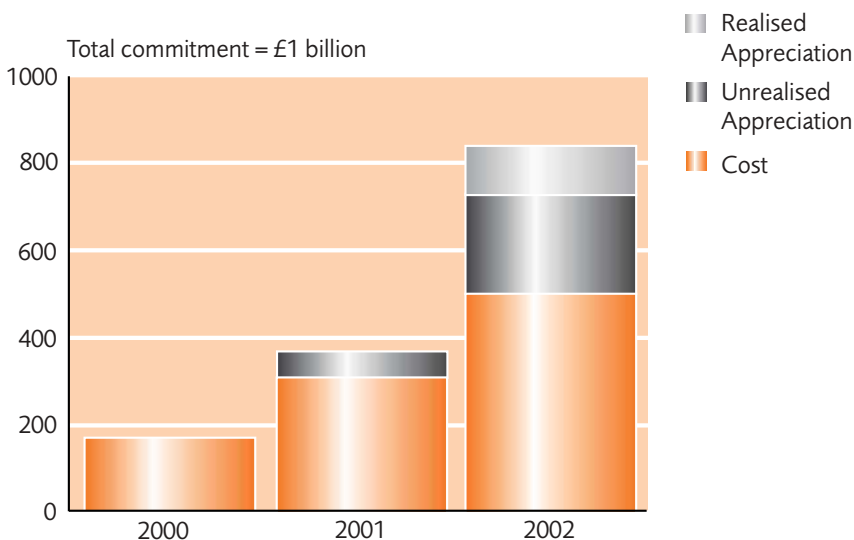
Executive Summary

Fund Update and Overview

The Alpha Fund ("the Fund") had its first closing on 30 June, 2000 and its final closing on 30 November, 2000 raising a total of £1 billion. The first draw down occurred on 30 June, 2000 thereby classifying the Fund as a vintage year 2000 fund. The Fund is a balanced fund and invests in early stage, development capital and buy-out investments. The Fund is a series of Jersey limited partnerships with a geographic investment focus predominantly in Northern Europe including the UK.

As of 31 December, 2002, the Fund had drawn down £600 million or 60% of committed capital and had committed a further £250 million or 25% for follow-on financing in those companies where the fund had invested in an early round of finance. The Fund has returned £200 million in distributions to Limited Partners (20% of committed capital or 33% of contributed capital) and has a remaining value of £800 million. The net IRR to Limited Partners through 31 December, 2002 is 45%.

Value Progression Chart



The management team has been enhanced with the addition of two associate directors: Mr. Smith has joined the UK team in London and Mr. Weiss has joined the Swiss team in Zurich. The management team now totals 38 investment professionals located in six offices. We have begun preparations for raising the Alpha Fund II and would expect to have a first closing before June 2003.



Portfolio Summary

The Fund has now invested in 20 companies for a total cost of £600 million, including 6 new investments in 2002 for a total cost of £250 million. The new investments include Company A, Company B, Company C, Company D, Company E and Company F.

One full realisation and one partial realisation were achieved in the year. The first was Company X, which was sold to a trade buyer for total proceeds of £25 million representing a gross IRR of 41% and a 2.0 times multiple to cost. The second was the flotation of Company Y on the London Stock Exchange. The Fund sold 10% of its holding realising £25 million. The remaining shares of Company Y valued the Fund's holding at year end at £100 million yielding a gross IRR of 145% and a 6.0 times multiple to cost.

The remaining portfolio has an average holding period of less than 2 years and is therefore relatively immature. The majority of the investments are performing according to plan.

Economic and Private Equity Overview

United Kingdom

[commentary to be inserted]

Germany

[commentary to be inserted]

Switzerland

[commentary to be inserted]

Netherlands

[commentary to be inserted]

Sweden

[commentary to be inserted]

Finland

[commentary to be inserted]

We would like to thank you for your continued support of the Alpha Fund and look forward to seeing you at our Annual Meeting on 20 June, 2003.

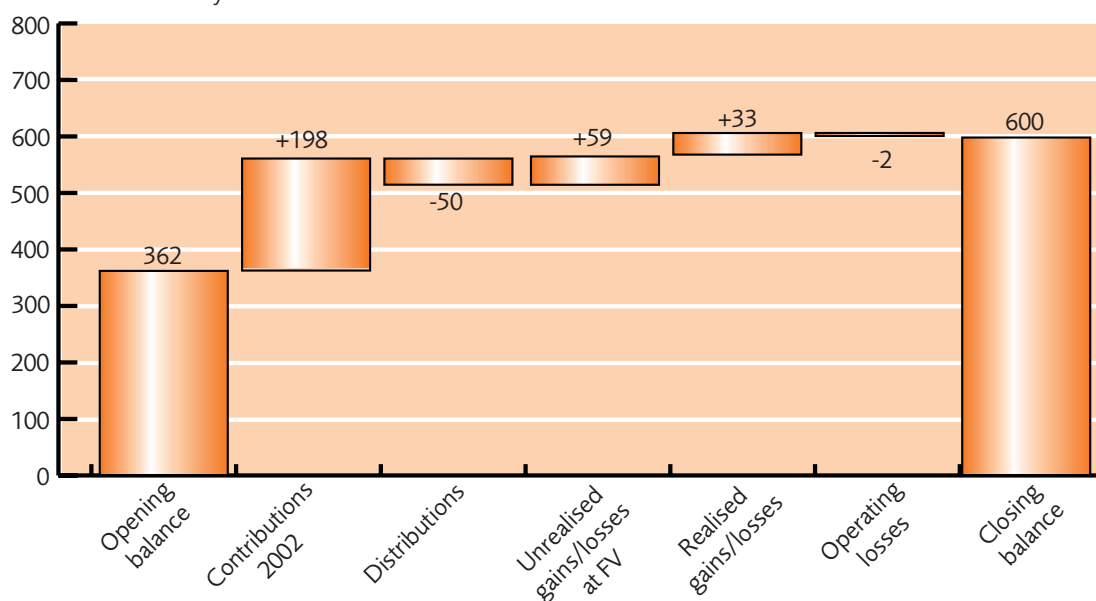
Alpha Management Team

Investment Summary

	2002 £ million	2002 % Committed Capital	2001 £ million	2001 % Committed Capital
CAPITAL COMMITTED	1,000	100%	1,000	100%
Capital contributed	600	60%	402	40%
Less capital distributed	(200)	(20)%	(150)	(15)%
	400		252	
Operating loss	(5)		(3)	
Realised gains/losses	100		67	
Gain/loss on revaluation at FV	105		46	
VALUE OF FUND as of 31/12/02	600		362	
Represented by				
value of current portfolio	595		328	
Current assets	10		65	
Current liabilities	(5)		(31)	
	600		362	
Amount reserved for follow-on	250	25%	150	15%
Available for drawdown	150	15%	448	45%
Contingent liabilities (including debt and guarantees)	50	5%	20	2%
Potential drawdowns for period	100	10%	100	0

The Alpha Fund 31 December, 2002

Investment Summary



Realisations/Portfolio Summary

REALISATIONS	Disposal Date	% Equity	Cost	Proceeds/ Valuations	Realised and Unrealised Gain/Loss	Multiple to Cost	Gross IRR	Exit Route
FOR THE PERIOD BEING MEASURED								
Total Realisations								
Company X	Jun-2002	18.00%	12.5	25	12.5	2.0	41%	Trade buyer
Partial Realisations								
Company Y	Oct-2002	7.20%	4.17	25	20.83	6.0	422%	Flotation
Subtotal Realisations			16.67	50.00	33.33	3.0	87%	
CURRENT AND PREVIOUS REALISATIONS								
Total Realisations								
Company X	Jun-2002	18.00%	12.5	25	12.5	2.0	41%	Trade buyer
Company Z	Apr-2001	13.50%	20	40	20	2.0	63%	Flotation
Company W	Jan-2001	12.00%	30	50	20	1.67	28%	Trade buyer
Partial Realisations								
Company Y	Oct-2002	7.20%	4.17	25	20.83	6.0	422%	Flotation
Company T	Oct-2001	11.00%	14	15	1.00	1.07	4%	Investor
Company U	Mar-2001	22.40%	19.33	45	25.67	2.33	34%	Flotation
Subtotal Realisations			100	200	100	2.0	39%	
CURRENT PORTOFLIO SUMMARY								
Subtotal Current Portfolio			490	595	105	1.21	14%	
Grand Total Realised and Current Portfolio			590	795	205	1.35	20%	

Cash Flow and IRR Calculations



Commitment of Investor: £ 1,000,000

DATE OF CASH FLOW	Contributions	Mgt Fee Paid	Other Expenses	Return of Capital	Income other than Capital Gains	Distribution of Capital Gains	Estimated NAV at FV	Estimated Net IRR	Total Value/ Funded
Opening balance	(402)	(22.50)	(10)	100	0	50	478.0	18.00%	0.82
Jan-02	(60)	(7.50)	(1)						
Feb-02									
Mar-02	(36)								
Apr-02									
May-02				25	5	20			
Jun-02	(33)								
Jul-02		(7.50)	(1)						
Aug-02									
Sep-02									
Oct-02	(41)								
Nov-02									
Dec-02	(28)								
	600	(38)	(12)	125	5	70	600.0	21.00%	1.33
Relevant industry benchmark (i.e. Venture Economics)								30%	

Current Portfolio

	Date of Initial Investment	Geography	Industry	Stage	% Equity Holding	Cost as of 31/12/02	FV as of 31/12/02	FV as of 31/12/01	FV/Cost as of 31/12/02	Gross IRR
QUOTED										
Co. Y	Sep-2001	UK	Service	Expansion	15.30%	20	85	40	4.25	196%
Co. U	Jun-2000	Holland	Retail	Expansion/Later	12.60%	22	34	27	1.55	18%
Co. W	Oct-2000	France	Automotive	Expansion	9.40%	40	58	50	1.45	18%
UNQUOTED										
Co. H	Jul-2000	UK	Retail	Expansion	9.60%	23	11	23	0.48	-26%
Co. I	Sep-2000	France	Service	Expansion	6.17%	37	40	39	1.08	3%
Co. J	Dec-2000	Sweden	Communications	Expansion	33.00%	27	44	32	1.63	26%
Co. K	Jan-2001	UK	Healthcare	Expansion	12.20%	22	11	16	0.50	-29%
Co. L	Feb-2001	Norway	Communications	Early stage	31.70%	31	31	31	1.00	0%
Co. T	Feb-2001	Germany	Communications	Early Stage	28.00%	28	40	28	1.43	21%
Co. M	May-2001	France	Industrial products	Expansion	16.10%	30	52	30	1.73	44%
Co. N	Oct-2001	France	Software	Early Stage	40.90%	12	6	12	0.50	43%
Co. A	Jan-2002	UK	Healthcare	Early Stage	37.50%	31	23	-	0.75	-26%
Co. B	Jan-2002	France	Communications	Early Stage	39.00%	29	22	-	0.75	-24%
Co. C	Mar-2002	UK	Automotive	Expansion	12.00%	36	36	-	1.00	N/A
Co. D	Jun-2002	Belgium	Service	Expansion	14.00%	33	33	-	1.00	N/A
Co. E	Oct-2002	France	Retail	Expansion	18.00%	41	41	-	1.00	N/A
Co. F	Dec-2002	Sweden	Healthcare	Early Stage	23.00%	28	28	-	1.00	N/A
TOTAL/AVERAGE						490	595	328	1.21	

Portfolio Companies

Legal and Trading Name (including any change)	Company J
Description of the Business	Develops wireless communication services
Location of Head Office or Management	Stockholm, Sweden
Development Stage	Expansion
Fund's Role in the Investment (lead, co-lead)	Co-lead
Percentage Ownership and Board Representation (if any by the fund)	33% Two Board Members – Jim Smith and David Jones
Valuation at Time of Investment	£81 million – EBITDA of 5 X
Fair Value 31/12/02	[Wording as appropriate]
Type of Holding	Common ordinary shares
Significant Events	A new generation of software is used which has significantly increased revenues

Date	Book Cost	Fair Value	Outstanding Commitments and Contingent Liabilities	Fund Hold%	Gross IRR
31/12/02	27	44	None	33%	26%

Realised	Date	Book Value	Realised Value	Type of Realisation	Liquidity Restrictions	Fund Hold%	Gross IRR
None	N/A	N/A	N/A	Income (interest/dividends) Capital (cash/stock)	N/A	N/A	N/A

Trading Record – £ million	31/12/00 Actual	31/12/01 Actual	31/12/02 Actual	31/12/03 Budget/Forecast
Sales	82	103	128	179
EBITDA	16	20	23	27
EBIT	8	11	11	13
Net Income	4	5	4	5

Capital Account

Consolidated LP1, LP2, LP3 and LP4												
Investor Name*	% Ownership	Commitment	Inception to 31/12/02		Prior Period	For the 12 Months Ended 31/12/02				31/12/02	31/12/02	31/12/02
			Cumulative Contributions	Cumulative Distributions	Capital Account at Cost	Capital Contribution	Realised Gain	Operating Expenses net of Interest Income	Cash Distributions	Capital Account at Cost	Unrealised Gains on Investments	Capital Account at Fair Value
LIMITED PARTNERS												
Investor No. 1	5.0%	50	30	10	15.80	9.90	1.67	(0)	(3)	24.75	5.25	30.00
Investor No. 2	5.0%	50	30	10	15.80	9.90	1.67	(0)	(3)	24.75	5.25	30.00
Investor No. 3	7.5%	75	45	15	23.70	14.85	2.50	(0)	(4)	37.13	7.88	45.00
Investor No. 4	10.0%	100	60	20	31.60	19.80	3.33	(0)	(5)	49.50	10.50	60.00
Investor No. 5	7.5%	75	45	15	23.70	14.85	2.50	(0)	(4)	37.13	7.88	45.00
Investor No. 6	5.0%	50	30	10	15.80	9.90	1.67	(0)	(3)	24.75	5.25	30.00
Investor No. 7	5.0%	50	30	10	15.80	9.90	1.67	(0)	(3)	24.75	5.25	30.00
Investor No. 8	7.5%	75	45	15	23.70	14.85	2.50	(0)	(4)	37.13	7.88	45.00
Investor No. 9	7.5%	75	45	15	23.70	14.85	2.50	(0)	(4)	37.13	7.88	45.00
Investor No. 10	10.0%	100	60	20	31.60	19.80	3.33	(0)	(5)	49.50	10.50	60.00
Investor No. 11	6.5%	65	39	13	20.54	12.87	2.16	(0)	(3)	32.18	6.83	39.00
Investor No. 12	7.5%	75	45	15	23.70	14.85	2.50	(0)	(4)	37.13	7.88	45.00
Investor No. 13	7.5%	75	45	15	23.70	14.85	2.50	(0)	(4)	37.13	7.88	45.00
Investor No. 14	7.5%	75	45	15	23.70	14.85	2.50	(0)	(4)	37.13	7.88	45.00
GENERAL PARTNER												
Venture Capital Co	1.0%	10	6	2	3.16	1.98	0.33	(0)	(1)	4.95	1.05	6.00
Total Partnership Investments	100%	1,000	600	200	316	198	33.3	(2)	(50)	495	105	600

*General Partners should disclose names of the investors where possible.

Fees

Year ended 31 December, 2002

	£ million
Arrangement fees	5.0
Director/monitoring fees	0.5
Broken deal fees	0.5
Broken deal costs	(2.0)
NET FEES	4.0
Credit against Mgt fee = 50%	2.0
Management fees for the period	15.0
Less 50% credit	(2.0)
Less 100% underwriting fees	(1.0)
NET MANAGEMENT FEES	12.0
Carried interest paid	–
Carried interest earned	–
Potential clawback value	–



Appendix 2 – List of Amendments to EVCA Provisions

As noted in the Preface, these Guidelines incorporate, with minor amendment only, the "Level One" provisions of the Reporting Guidelines of the European Private Equity and Venture Capital Association ("EVCA") and an excerpt, relating to the Internal Rate of Return performance measure, from the EVCA Valuation Guidelines. This Appendix lists the amendments made to the EVCA provisions.

Amendments made to "Level One" provisions of EVCA Reporting Guidelines

1. p.42 of EVCA – the section headed Annual Meeting has been deleted.
2. p.42 of EVCA – the section headed Timing has been deleted.
3. p.44 of EVCA – the note between items 7 and 8 (conflicts of interest) has been deleted.
4. p.44 of EVCA – items 8 (value progression chart), 9 (IRR) and 10 (annual economic and private equity overview), which are in EVCA's Level Two provisions, have been included.
5. p.45 of EVCA – the note between items 15 and 16 (anticipated draw downs) has been deleted.
6. p.45 of EVCA – the Portfolio Reporting provisions are specified as only being required for "significant" investments.
7. p.46 of EVCA – the section on Stock Distribution has been deleted.
8. p.47 of EVCA – the words "Although not a legal requirement" and "and statutory accounts" have been excluded from the Capital Account section.
9. Template – the dates used in EVCA's Template have been updated to reflect a 31 December 2002 report; and the currency has been changed from euros to pounds sterling.
10. Template – references to "Fair Market Value" or "FMV" have been amended to "Fair Value" or "FV".
11. Template – Economic and Private Equity Review – commentary has been deleted.
12. Template – Realisations/Portfolio Summary table – the column headed "Holding Period (months)" has been deleted.
13. Template – Current Portfolio table – columns headed "Conservative Value as of 12/31/99", "Holding period (Months)" and "Currency spot rate" have been deleted.
14. Template – Portfolio Companies table – Disclosures in respect of "Other significant co-investors", "Capitalised fees", "Post investment events" and "Assessment versus Plan" have been deleted.

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15. Template – Portfolio Companies table – disclosure in respect of "Fair Value as of ..." has been deleted, as has the Valuation chart.
 16. Template – the Stock Distribution table has been deleted.

Amendments made to IRR excerpt from EVCA Valuation Guidelines

17. References to "EVCA" and "Valuation Committee" have been amended to "BVCA".
18. References to the Appendix have been deleted.
19. The Appendix has not been included.



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