

Spark Venture Management Limited

Report and Accounts 2009

Company Registration: 2454345



Spark Venture Management Limited

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DIRECTORS

| | |
|---------------------------------------|--------------------------------------|
| A D N Betton | J R Patel |
| A B Carruthers | J A Spooner (resigned 16 April 2008) |
| C J Gee | T A Teichman |
| A P G Holmes (resigned 16 April 2008) | M G Williams |
| S Levi | P R Attridge |
| A D Duffy | |

SECRETARY

N Tran

REGISTERED OFFICE

33 Glasshouse Street
London
W1B 5DG

Spark Venture Management Limited

REPORT OF THE DIRECTORS

The directors present their report and audited financial statements of the company for the year ended 31 March 2009. The directors' report takes advantage of small company exemptions available under section 246(4) of the Companies Act 1985.

PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The principal activity of the company is the marketing, establishing, managing and operating of venture capital funds.

The profit after taxation for the year amounted to £577,031 (2008: £141,981).

DIRECTORS

The directors of the company who served throughout the year and subsequently, except where noted, are shown on page 1 and details of their beneficial interests in the share capital in Spark Ventures plc are shown in the accounts of that company.

DIVIDENDS

No dividends were paid or proposed during the year (2008: £nil).

CHARITABLE AND POLITICAL DONATIONS

The company did not make any charitable or political donations in the current or prior year.

SUBSEQUENT EVENTS

There are no material events after the balance sheet date.

AUDITORS

Deloitte LLP will continue in office.

Spark Venture Management Limited

REPORT OF THE DIRECTORS - CONTINUED

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (2) each of the directors has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This statement is given and should be interpreted in accordance with the provision of s234zA of the Companies Act 1985.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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. In preparing these 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 UK accounting standards have been followed; 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 that 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

A D N Betton

Director

18 December 2009

Spark Venture Management Limited

INDEPENDENT AUDITORS' REPORT

to the members of Spark Venture Management Limited

We have audited the financial statements of Spark Venture Management Limited for the year ended 31 March 2009 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.


Deloitte LLP

Chartered Accountants and Registered Auditors

London, United Kingdom

18 December 2009

Spark Venture Management Limited

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2009

| Notes | 2009 £ | 2008 £ |
|--|------------------|------------------|
| 1 TURNOVER | 4,152,073 | 3,679,089 |
| Administrative expenses | (3,588,100) | (3,546,641) |
| 2 OPERATING PROFIT | 563,973 | 132,448 |
| Other interest receivable and similar income | 13,073 | 10,502 |
| Interest payable and similar charges | (15) | (200) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 577,031 | 142,750 |
| 4 Tax on profit on ordinary activities | - | (769) |
| 12 PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | 577,031 | 141,981 |

All activities are derived from continuing operations.

There are no recognised gains or losses during the year other than as shown above. Consequently a statement of total recognised gains and losses has not been presented.

Spark Venture Management Limited
 Reg no: 2454345
BALANCE SHEET
as at 31 March 2009

| Notes | 2009 £ | 2008 Restated* £ |
|--|----------------|------------------------|
| FIXED ASSETS | | |
| 5 Investments in subsidiary undertakings | 33,650 | 33,650 |
| 6 Preferred return | 146,853 | 146,853 |
| | <u>180,503</u> | <u>180,503</u> |
| CURRENT ASSETS | | |
| 7 Debtors | 2,579,297 | 1,151,912 |
| Cash at bank and in hand | <u>226,447</u> | <u>902,017</u> |
| | 2,805,744 | 2,053,929 |
| 8 CREDITORS: - amounts falling due within one year | (2,017,914) | (1,843,130) |
| NET CURRENT ASSETS | <u>787,830</u> | <u>210,799</u> |
| 9 CREDITORS - amounts falling due after more than one year | (225,094) | (225,094) |
| TOTAL ASSETS LESS LIABILITIES | <u>743,239</u> | <u>166,208</u> |
| CAPITAL AND RESERVES | | |
| 11 Called up share capital | 16,510 | 16,510 |
| 12 Profit and loss account | 726,729 | 149,698 |
| 13 Shareholders' funds | <u>743,239</u> | <u>166,208</u> |

* Please see note 1.

The accounts were approved by the Board of Directors on 18 December 2009, and signed on its behalf by:



A D N Betton
 Director

Spark Venture Management Limited

NOTES TO THE ACCOUNTS
for the year ended 31 March 2009

1 ACCOUNTING POLICIES

The principal accounting policies are summarised below and have been applied consistently in the current and preceding year.

(a) PREPARATION OF ACCOUNTS

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

The Company is part of the SPARK Ventures plc Group. After reviewing the Company's budget and the forecasts for the future, taking into account reasonably possible changes in trading performance and the uncertain economic outlook, the Directors are satisfied that, at the time of approving the financial statements, it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

The restatement of the comparative figures in the balance sheet arises following the director's decision that it is appropriate to show amounts receivable from and payable to associated undertakings at gross rather than net amounts.

Accordingly the comparatives have been restated to show the impact for prior year, this change has no effect on the operating profit or net assets for current or prior year.

(b) TURNOVER

Turnover represents amounts derived from the management and operation of venture capital funds and the provision of management or advisory services to third parties excluding value added tax ("VAT").

(c) FOREIGN EXCHANGE

Transactions in foreign currencies are reflected in the accounts using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date. Any exchange differences arising on translation are taken to the profit and loss account.

(d) DEFERRED TAXATION

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(e) CURRENT TAXATION

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the Balance Sheet date.

(f) INVESTMENTS

Investments in subsidiary undertakings are stated at cost less provision for impairment.

(g) PREFERRED RETURN

Under the terms of the partnership agreement of Quester Venture GP Partnership ("the General Partner"), the part of the priority profit share that will accrue to the third party is contingent on a preferred return being received by investors in the Quester Venture Partnership Fund ("the Fund") of which Quester Venture Participations Limited is the limited partner in the General Partner and is also a 100% subsidiary of the company.

The company as the parent of Quester Venture Participations Limited and manager of the General Partner takes on the liability due to the third party and hence shall receive the preferred return due from the partnership.

In accordance with FRS 12 paragraph 66 and 67, the preferred return has been recognised as an asset along with the liability due to the third party as the company has access to future economic benefit.

Spark Venture Management Limited

NOTES TO THE ACCOUNTS
for the year ended 31 March 2009

2 OPERATING PROFIT

Fees payable to the Company's auditors for the audit of the Company's annual accounts of £3,000 (2008: £3,000) has been borne by the parent Company.

| 3 EMPLOYEES AND DIRECTORS | 2009 £ | 2008 £ |
|--|-----------|-----------|
| Incentive bonus payments to former directors | 527,006 | - |

| 4 TAX ON PROFIT ON ORDINARY ACTIVITIES | 2009 £ | 2008 £ |
|--|-----------|-----------|
| UK corporation tax at 28% (2008: 30%) | - | (769) |
| Deferred tax charge | - | - |
| Total tax charge/(credit) on ordinary activities | - | (769) |

RECONCILIATION BETWEEN PROFIT BEFORE TAXATION AND THE TAXATION CHARGE

| | 2009 £ | 2008 £ |
|---|-----------|-----------|
| Profit on ordinary activities before taxation | 577,031 | 142,750 |
| Corporation tax at 28% thereon (2008: 30%) | (161,569) | (42,825) |
| Effects of: | | |
| Expenses not deductible for tax purposes | - | (11,679) |
| Dividends from group undertakings | - | 99 |
| Trading losses utilised in the year | - | 44,111 |
| Group relief claimed for nil compensation | 161,569 | 9,141 |
| Small companies rate | - | 384 |
| | - | (769) |

Spark Venture Management Limited

NOTES TO THE ACCOUNTS
for the year ended 31 March 2009

5 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

| Cost and valuation | 2009 | 2008 |
|--|---------------|---------------|
| | £ | £ |
| Quester Venture Participations Limited | 24,999 | 24,999 |
| Quester Venture GP Limited | 7,523 | 7,523 |
| Quester Academic GP Limited | 118 | 118 |
| Quester Venture Managers Limited | 1,010 | 1,010 |
| | 33,650 | 33,650 |

At 31 March 2009 the company held an interest in the nominal value of the allotted shares as stated below (all companies registered in England and Wales unless otherwise stated):

| Subsidiary | Principal activity | Description of shares held |
|--|--|---|
| Quester Venture Participations Limited | Investment company holding interests in venture capital funds managed by the company. | 100% of ordinary shares |
| Quester Venture GP Limited | General partner of Quester Venture GP Partnership. Company registered in Scotland. | 100% of preferred shares 100% of 'A' ordinary shares |
| Quester Academic GP Limited | General partner of Quester Venture GP Partnership and of Venture Capital limited partnerships. | 100% of preferred shares 100% of 'A' ordinary shares |
| Quester Venture Managers Limited | General partner of a venture capital limited partnership. | 100% of ordinary shares |

6 PREFERRED RETURN

| | 2009 | 2008 |
|------------------|---------|---------|
| | £ | £ |
| Preferred return | 146,853 | 146,853 |

Under the terms of the partnership agreement the entitlement of the third party to part of the priority profit share, disclosed in note 9, is contingent on a preferred return being received by the investors in the Quester Venture Partnership ("the Fund"). Quester Venture Participations Limited ("QVPL") is a limited partner in the Quester Venture GP Fund, the General Partner of the Fund, with an investment commitment representing a fraction of the 1% commitment of the General Partner as an investor. This entitles QVPL to a share in the preferred return on the same basis as other investors in the Fund. As manager of QVPL and of the Fund, Quester Capital Management Limited effectively takes on the liability due to the third party and at the same time, through its subsidiary QVPL, is entitled to participate in the preferred return.

Spark Venture Management Limited

NOTES TO THE ACCOUNTS
for the year ended 31 March 2009

| 7 DEBTORS | 2009 | 2008 |
|---|------------------|------------------|
| | £ | Restated* £ |
| Prepayments and accrued income | 467,011 | 288,943 |
| Amounts owed from group companies | 1,902,873 | 740,441 |
| Other debtors | 175,516 | 100,934 |
| Deferred tax asset due after more than one year | 20,248 | 21,594 |
| VAT recoverable | 13,649 | - |
| | <u>2,579,297</u> | <u>1,151,912</u> |

* Please see note 1.

The amount owed by group companies is interest free and repayable on demand.

| 8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 2009 | 2008 |
|--|------------------|------------------|
| | £ | Restated* £ |
| Amounts owed to group companies | 1,667,290 | 1,591,669 |
| Accruals and deferred income | 164,996 | 20,155 |
| VAT payable | - | 58,269 |
| Amounts owed to related parties | 148,828 | 173,037 |
| Other creditors | 36,800 | - |
| | <u>2,017,914</u> | <u>1,843,130</u> |

* Please see note 1.

The amount owed to related parties is an amount due to Quester VCT plc of £148,828 (2008: £173,037), being an advance payment of the management fee payable, in accordance with the management agreement.

The amount owed to group companies is interest free and repayable on demand.

| 9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | 2009 | 2008 |
|--|----------------|----------------|
| | £ | £ |
| Provision for third party interest in future priority profit share | 219,165 | 219,165 |
| Subordinated loan | 5,929 | 5,929 |
| | <u>225,094</u> | <u>225,094</u> |

Under the terms of the partnership agreement of Quester Venture GP Partnership, part of the priority profit share in due course accruing to that partnership as general partner of Quester Venture Partnership ("the Fund"), which would normally accrue in turn to the company's subsidiary Quester Venture GP Limited as its general partner, will, subject to certain conditions, accrue instead to a third party, in which case the amount so accruing will be £219,165. Such entitlement will arise upon the investors in the Fund having received repayment in full of their loan commitments drawn down and the preferred return.

Spark Venture Management Limited

NOTES TO THE ACCOUNTS
for the year ended 31 March 2009

10 DEFERRED TAX MOVEMENT

| | 2009 £ | 2008 £ |
|--|-----------|-----------|
| Opening deferred tax liability/(asset) | (21,594) | (21,594) |
| Charge to profit and loss account | 1,346 | - |
| Closing deferred tax liability/(asset) | (20,248) | (21,594) |

11 CALLED UP SHARE CAPITAL

| | Number of shares | Nominal value £ |
|------------------------------------|---------------------|-----------------------|
| Ordinary shares of £1 each | | |
| Authorised: | | |
| At 31 March 2008 and 31 March 2009 | 16,510 | 16,510 |
| Allotted, issued and fully paid: | | |
| At 31 March 2008 and 31 March 2009 | 16,510 | 16,510 |

12 PROFIT AND LOSS ACCOUNT

| | 2009 £ | 2008 £ |
|------------------------------|-----------|-----------|
| At 1 April | 149,698 | 7,717 |
| Retained profit for the year | 577,031 | 141,981 |
| At 31 March | 726,729 | 149,698 |

13 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

| | 2009 £ | 2008 £ |
|---|-----------|-----------|
| Opening shareholders' funds | 166,208 | 24,227 |
| Total recognised gains relating to the year | 577,031 | 141,981 |
| Closing shareholders' funds | 743,239 | 166,208 |

14 PARENT UNDERTAKING

The ultimate parent company and controlling party of the company is SPARK Ventures plc, a company incorporated in Great Britain and registered in England and Wales. SPARK Ventures plc prepares group accounts and hence the company is exempt from the requirements to prepare consolidated accounts, and present a cash flow statement under FRS1. Copies of the group accounts are available from 33 Glasshouse Street, London W1B 5DG.

The company has also taken advantage of the exemption in Financial Reporting Standard No 8 from disclosing transactions with related parties that are part of the SPARK Ventures plc group or investees of the group.

15 POST BALANCE SHEET EVENT

Subsequent to the year end, on 9 October 2009 this Company and others in the SPARK Group were sold to SPARK Venture Management Holdings Limited (SVMHL). SVMHL is controlled by former management of the Group.