

Registered number. 02512083

HARBOURVEST PARTNERS (UK) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011



HARBOURVEST PARTNERS (UK) LIMITED

COMPANY INFORMATION

DIRECTORS	D Brooks Zug George R Anson Martha D Vorlicek
COMPANY SECRETARY	Martha D Vorlicek
COMPANY NUMBER	02512083
REGISTERED OFFICE	Berkeley Square House 8th Floor, Suite 7 Berkeley Square London W1J 6DB
AUDITORS	Ernst & Young LLP London
ACCOUNTANTS	Reeves & Co LLP Chartered Accountants Third Floor 24 Chiswell Street London EC1Y 4YX
BANKERS	National Westminster Bank plc P O Box 4ND 18A Curzon Street London W1A 4ND

HARBOURVEST PARTNERS (UK) LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements	8 - 16

HARBOURVEST PARTNERS (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and the financial statements for the year ended 31 December 2011

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

HarbourVest Partners (UK) Limited (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, and continues to provide these services under run-off arrangements. The company is authorised and regulated by the Financial Services Authority. The company monitors performance of the business primarily through monitoring of expenses.

RISKS AND UNCERTAINTIES

The directors have considered significant risks and uncertainties facing the business and have concluded that all risks and uncertainties have been mitigated. The most significant risk facing the company is liquidity risk. This risk is mitigated since the parent, HarbourVest Partners, LLC, provides continuous financial support to the company and the directors believe that this support will continue as HarbourVest Partners, LLC is adequately funded to provide this support on an ongoing basis.

GOING CONCERN

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the review of the business above. The financial position of the company and its liquidity position are reflected on the balance sheet. The company has considerable financial resources. As a consequence, the directors believe that the company is well placed to manage its business risks successfully. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £905,277 (2010 - £682,042)

An interim ordinary dividend was paid amounting to £682,043 (2010 £605,658). The directors do not recommend the payment of a final dividend.

Shareholders' Funds amounted to £910,276 (2010 £687,042)

FUTURE DEVELOPMENTS

The directors expect the main source of income of the company to continue to be its provision of services to HarbourVest Partners, LLC.

DIRECTORS

The directors who served during the year were

D Brooks Zug
George R Anson
Martha D Vorlicek

HARBOURVEST PARTNERS (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

AUDITORS

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the directors' report and the 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

This report was approved by the board on April 11, 2012 and signed on its behalf



Martha D Vorlicek
Secretary

HARBOURVEST PARTNERS (UK) LIMITED

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

We have audited the financial statements of HarbourVest Partners (UK) Limited for the year ended 31 December 2011, set out on pages 5 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

HARBOURVEST PARTNERS (UK) LIMITED

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Ashley Coups (Senior Statutory Auditor)
For and on behalf of
ERNST & YOUNG LLP, Statutory Auditor

London

Date

13 APRIL 2012

HARBOURVEST PARTNERS (UK) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 £	2010 £
TURNOVER	1,2	13,722,150	10,718,744
Administrative expenses		(12,473,469)	(9,745,847)
OPERATING PROFIT	3	1,248,681	972,897
Interest receivable and similar income		14	1,534
Interest payable and similar charges	7	(1,221)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,247,474	974,431
Tax on profit on ordinary activities	8	(342,197)	(292,389)
PROFIT FOR THE FINANCIAL YEAR	14	905,277	682,042

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and loss account

The notes on pages 8 to 16 form part of these financial statements

HARBOURVEST PARTNERS (UK) LIMITED
REGISTERED NUMBER 02512083

BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	£	2011 £	£	2010 £
FIXED ASSETS					
Tangible assets	9		490,665		568,792
CURRENT ASSETS					
Debtors	10	3,441,440		2,293,134	
Cash at bank and in hand		224,049		123,194	
		<u>3,665,489</u>		<u>2,416,328</u>	
CREDITORS amounts falling due within one year	11	(3,206,878)		(2,256,078)	
NET CURRENT ASSETS			<u>458,611</u>		<u>160,250</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>949,276</u>		<u>729,042</u>
PROVISIONS FOR LIABILITIES					
Deferred tax	12		(39,000)		(42,000)
NET ASSETS			<u><u>910,276</u></u>		<u><u>687,042</u></u>
CAPITAL AND RESERVES					
Called up share capital	13		5,000		5,000
Profit and loss account	14		<u>905,276</u>		<u>682,042</u>
SHAREHOLDERS' FUNDS	15		<u><u>910,276</u></u>		<u><u>687,042</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
APRIL 11, 2012



D Brooks Zug
Director

The notes on pages 8 to 16 form part of these financial statements

HARBOURVEST PARTNERS (UK) LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 £	2010 £
Net cash flow from operating activities	17	1,087,534	324,578
Returns on investments and servicing of finance	18	(1,207)	1,534
Taxation		(256,997)	(285,389)
Capital expenditure and financial investment	18	(46,432)	(35,092)
Equity dividends paid		(682,043)	(605,658)
INCREASE/(DECREASE) IN CASH IN THE YEAR		100,855	(600,027)

NOTE A.

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	2011 £	2010 £
Increase/(Decrease) in cash in the year	100,855	(600,027)
MOVEMENT IN NET FUNDS IN THE YEAR	100,855	(600,027)
Net funds at 1 January 2011	123,194	723,221
NET FUNDS AT 31 DECEMBER 2011	224,049	123,194

The notes on pages 8 to 16 form part of these financial statements

HARBOURVEST PARTNERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES

1.1 ACCOUNTING CONVENTION

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

1.2 TURNOVER

Turnover comprises amounts receivable in respect of consultancy 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 of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Land and buildings Leasehold	-	Over the period of the lease
Plant & machinery	-	33/20%
		Computer software straight line over 3 years
		Computer hardware straight line over 5 years
Fixtures & fittings	-	10%
		Fixtures and fittings, office equipment and artworks straight line over 10 years

1.4 OPERATING LEASES

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

1.5 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

HARBOURVEST PARTNERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1 ACCOUNTING POLICIES (continued)

1.6 FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

1.7 PENSIONS

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

2. TURNOVER

The total turnover of the company for the year has been derived from its principal activity

All turnover arose from the provision of consultancy services to the company's parent in the USA

3. OPERATING PROFIT

The operating profit is stated after charging

	2011 £	2010 £
Depreciation of tangible fixed assets		
- owned by the company	120,047	116,755
Operating lease rentals		
- other operating leases	1,007,232	1,172,198
Difference on foreign exchange	8	-
Loss on sale of tangible assets	4,512	1,608
	<u> </u>	<u> </u>

4. AUDITORS' REMUNERATION

	2011 £	2010 £
Fees payable to the company's auditor for the audit of the company's annual accounts	18,900	18,000
Fees payable to the company's auditor in respect of Non-audit services - other services	10,000	5,511
	<u> </u>	<u> </u>

HARBOURVEST PARTNERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2011 £	2010 £
Wages and salaries	8,938,432	6,509,006
Social security costs	1,150,837	819,344
Other pension costs	374,109	339,506
	<u>10,463,378</u>	<u>7,667,856</u>

The average monthly number of employees, including the directors, during the year was as follows

2011 No.	2010 No
<u>29</u>	<u>28</u>

6. DIRECTORS' REMUNERATION

	2011 £	2010 £
Emoluments	<u>333,402</u>	<u>409,605</u>

The highest paid director received remuneration of £333,402 (2010 - £409,605)

7 INTEREST PAYABLE

	2011 £	2010 £
Other interest payable	<u>1,221</u>	<u>-</u>

HARBOURVEST PARTNERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

8. TAXATION

	2011 £	2010 £
ANALYSIS OF TAX CHARGE IN THE YEAR		
CURRENT TAX (see note below)		
UK corporation tax charge on profit for the year	345,200	295,000
Adjustments in respect of prior periods	(3)	(1,611)
TOTAL CURRENT TAX	<u>345,197</u>	<u>293,389</u>
DEFERRED TAX (see note 12)		
Origination and reversal of timing differences	(3,000)	(1,000)
TAX ON PROFIT ON ORDINARY ACTIVITIES	<u>342,197</u>	<u>292,389</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2010 - *higher than*) the standard rate of corporation tax in the UK of 26% (2010 - 28%) The differences are explained below

	2011 £	2010 £
Profit on ordinary activities before tax	<u>1,247,474</u>	<u>974,431</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2010 - 28%)	324,343	272,841
EFFECTS OF		
Expenses not deductible for tax purposes	4,084	7,139
Capital allowances for year in excess of depreciation	10,292	14,633
Adjustments to tax charge in respect of prior periods	(3)	(1,611)
Other tax adjustments	6,481	387
CURRENT TAX CHARGE FOR THE YEAR (see note above)	<u>345,197</u>	<u>293,389</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges

HARBOURVEST PARTNERS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

9 TANGIBLE FIXED ASSETS

	Leasehold Property £	Plant & machinery £	Fixtures & fittings £	Total £
COST				
At 1 January 2011	561,885	108,151	295,831	965,867
Additions	-	34,885	11,547	46,432
Disposals	-	(11,549)	-	(11,549)
At 31 December 2011	<u>561,885</u>	<u>131,487</u>	<u>307,378</u>	<u>1,000,750</u>
DEPRECIATION				
At 1 January 2011	203,214	59,009	134,852	397,075
Charge for the year	74,127	17,874	28,046	120,047
On disposals	-	(7,037)	-	(7,037)
At 31 December 2011	<u>277,341</u>	<u>69,846</u>	<u>162,898</u>	<u>510,085</u>
NET BOOK VALUE				
At 31 December 2011	<u>284,544</u>	<u>61,641</u>	<u>144,480</u>	<u>490,665</u>
At 31 December 2010	<u>358,671</u>	<u>49,142</u>	<u>160,979</u>	<u>568,792</u>

10. DEBTORS

	2011 £	2010 £
Amounts owed by group undertakings	2,948,732	1,930,809
Other debtors	145,935	97,322
Prepayments and accrued income	346,773	265,003
	<u>3,441,440</u>	<u>2,293,134</u>

**11. CREDITORS.
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2011 £	2010 £
Trade creditors	35,777	746
Corporation tax	183,200	95,000
Social security and other taxes	578,380	353,921
Accruals and deferred income	2,409,521	1,806,411
	<u>3,206,878</u>	<u>2,256,078</u>

HARBOURVEST PARTNERS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

12. DEFERRED TAXATION

	2011 £	2010 £
At beginning of year	42,000	43,000
Released during year	(3,000)	(1,000)
At end of year	<u>39,000</u>	<u>42,000</u>

The provision for deferred taxation is made up as follows

	2011 £	2010 £
Accelerated capital allowances	<u>39,000</u>	<u>42,000</u>

13. SHARE CAPITAL

	2011 £	2010 £
ALLOTTED, CALLED UP AND FULLY PAID		
5,000 Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

14. RESERVES

	Profit and loss account £
At 1 January 2011	682,042
Profit for the year	905,277
Dividends	(682,043)
At 31 December 2011	<u>905,276</u>

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Opening shareholders' funds	687,042	610,658
Profit for the year	905,277	682,042
Dividends (Note 16)	(682,043)	(605,658)
Closing shareholders' funds	<u>910,276</u>	<u>687,042</u>

HARBOURVEST PARTNERS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

16. DIVIDENDS

	2011	2010
	£	£
Dividends paid on equity capital	682,043	605,658

17 NET CASH FLOW FROM OPERATING ACTIVITIES

	2011	2010
	£	£
Operating profit	1,248,681	972,897
Depreciation of tangible fixed assets	120,047	116,755
Loss on disposal of tangible fixed assets	4,512	1,608
(Increase)/decrease in debtors	(130,384)	157,011
Increase in amounts owed by group undertakings	(1,017,923)	(1,117,466)
Increase in creditors	862,601	193,773
NET CASH INFLOW FROM OPERATING ACTIVITIES	1,087,534	324,578

18 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2011	2010
	£	£
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	14	1,534
Interest paid	(1,221)	-
NET CASH (OUTFLOW)/INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(1,207)	1,534
	2011	2010
	£	£
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(46,432)	(35,092)

HARBOURVEST PARTNERS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

19 ANALYSIS OF CHANGES IN NET FUNDS

	1 January 2011 £	Cash flow £	Other non-cash changes £	31 December 2011 £
Cash at bank and in hand	123,194	100,855	-	224,049
NET FUNDS	123,194	100,855	-	224,049

20 PENSION COMMITMENTS

The company contributes to employees' personal pension plans. The unpaid contributions outstanding at the year end are £6,328 (2010: £6,277).

Defined contribution

	2011 £	2010 £
Contributions payable by the company for the year	374,109	339,506

21. OPERATING LEASE COMMITMENTS

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2011 £	2010 £
EXPIRY DATE:		
Between 2 and 5 years	753,165	362,613
After more than 5 years	-	390,552

22. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption given by Financial Reporting Standard No. 8 ("FRS 8") to subsidiary undertakings, 100% 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.

HARBOURVEST PARTNERS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

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.