

HARBOURVEST PARTNERS (UK) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

THURSDAY



A52 *AJI5D TOA* 125
28/04/2011
COMPANIES HOUSE

HARBOURVEST PARTNERS (UK) LIMITED

COMPANY INFORMATION

DIRECTORS	Edward W Kane (resigned 14 April 2010) D Brooks Zug George R Anson (appointed 14 April 2010) Martha D Vorlicek (appointed 14 April 2010)
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 2010

The directors present their report and the financial statements for the year ended 31 December 2010

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 £682,042 (2009 - £605,658)

An interim ordinary dividend was paid amounting to £605,658 (2009 £629,627). The directors do not recommend the payment of a final dividend.

Shareholders' Funds amounted to £687,042 (2009 £610,658)

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 and interest income on its cash balances.

DIRECTORS

The directors who served during the year were

Edward W. Kane (resigned 14 April 2010)
D. Brooks Zug
George R. Anson (appointed 14 April 2010)
Martha D. Vorlicek (appointed 14 April 2010)

HARBOURVEST PARTNERS (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

AUDITORS

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 22, 2011

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 2010, which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, Note A and the related notes 1 to 23. 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.

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 2010 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

Ernst & Young LLP

Amarjit Singh (Senior Statutory Auditor)
For and on behalf of
ERNST & YOUNG LLP, Statutory Auditor
London

Date 26 APRIL 2011

HARBOURVEST PARTNERS (UK) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 £	2009 £
TURNOVER	2	10,718,744	9,911,014
Administrative expenses		<u>(9,745,847)</u>	<u>(9,008,048)</u>
OPERATING PROFIT	3	972,897	902,966
Interest receivable and similar income		1,534	194
Interest payable and similar charges	7	<u>-</u>	<u>(2,166)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		974,431	900,994
Tax on profit on ordinary activities	8	<u>(292,389)</u>	<u>(295,336)</u>
PROFIT FOR THE FINANCIAL YEAR	14	<u>682,042</u>	<u>605,658</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2010 or 2009 other than those included in the Profit and loss account

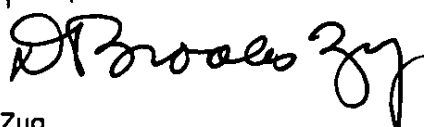
The notes on pages 8 to 16 form part of these financial statements

HARBOURVEST PARTNERS (UK) LIMITED
REGISTERED NUMBER: 02512083

BALANCE SHEET
AS AT 31 DECEMBER 2010

	Note	£	2010 £	£	2009 £
FIXED ASSETS					
Tangible assets	9		568,792		652,063
CURRENT ASSETS					
Debtors	10	2,293,134		1,332,679	
Cash at bank and in hand		123,194		723,221	
		<u>2,416,328</u>		<u>2,055,900</u>	
CREDITORS: amounts falling due within one year	11	<u>(2,256,078)</u>		<u>(2,054,305)</u>	
NET CURRENT ASSETS			160,250		1,595
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>729,042</u>		<u>653,658</u>
PROVISIONS FOR LIABILITIES					
Deferred tax	12		<u>(42,000)</u>		<u>(43,000)</u>
NET ASSETS			<u>687,042</u>		<u>610,658</u>
CAPITAL AND RESERVES					
Called up share capital	13		5,000		5,000
Profit and loss account	14		<u>682,042</u>		<u>605,658</u>
SHAREHOLDERS' FUNDS	15		<u>687,042</u>		<u>610,658</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
 April 22, 2011



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 2010**

	Note	2010 £	2009 £
Net cash flow from operating activities	17	324,578	1,380,807
Returns on investments and servicing of finance	18	1,534	(1,972)
Taxation		(285,389)	(223,336)
Capital expenditure and financial investment	18	(35,092)	(492,334)
Equity dividends paid		(605,658)	(629,627)
(DECREASE)/INCREASE IN CASH IN THE YEAR		(600,027)	33,538

NOTE A:

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010 £	2009 £
(Decrease)/Increase in cash in the year	(600,027)	33,538
MOVEMENT IN NET FUNDS IN THE YEAR	(600,027)	33,538
Net funds at 1 January 2010	723,221	689,683
NET FUNDS AT 31 DECEMBER 2010	123,194	723,221

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 2010

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 represents 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 2010

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 contributes to employees' personal pension schemes. Contributions are charged to the profit and loss account as they become payable in accordance with the employees' contracts of employment

2. TURNOVER

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

A geographical analysis of turnover is as follows

	2010 £	2009 £
United Kingdom	-	75
Rest of world	10,718,744	9,910,939
	<u>10,718,744</u>	<u>9,911,014</u>

3. OPERATING PROFIT

The operating profit is stated after charging

	2010 £	2009 £
Depreciation of tangible fixed assets		
- owned by the company	116,755	81,761
Operating lease rentals		
- other operating leases	1,172,198	795,078
Loss on sale of tangible assets	1,608	7,764
	<u>1,289,561</u>	<u>884,603</u>

HARBOURVEST PARTNERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

4. AUDITORS' REMUNERATION

	2010 £	2009 £
Fees payable to the company's auditor for the audit of the company's annual accounts	18,450	18,000
Fees payable to the company's auditor in respect of Non-audit services - taxation services	5,511	-

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2010 £	2009 £
Wages and salaries	6,509,006	6,033,040
Social security costs	819,344	811,198
Other pension costs	339,506	300,449
	7,667,856	7,144,687

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

2010 No.	2009 No
28	28

6. DIRECTORS' REMUNERATION

	2010 £	2009 £
Emoluments	409,605	-

The highest paid director received remuneration of £409,605 (2009 - £NIL)

7. INTEREST PAYABLE

	2010 £	2009 £
Other interest payable	-	2,166

HARBOURVEST PARTNERS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

8. TAXATION

	2010 £	2009 £
ANALYSIS OF TAX CHARGE IN THE YEAR		
CURRENT TAX (see note below)		
UK corporation tax charge on profit for the year	295,000	275,000
Adjustments in respect of prior periods	(1,611)	336
TOTAL CURRENT TAX	<u>293,389</u>	<u>275,336</u>
DEFERRED TAX (see note 12)		
Origination and reversal of timing differences	(1,000)	20,000
TAX ON PROFIT ON ORDINARY ACTIVITIES	<u>292,389</u>	<u>295,336</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is at the standard rate of corporation tax in the UK of 28% (2009 - 28%)
The differences are explained below

	2010 £	2009 £
Profit on ordinary activities before tax	<u>974,431</u>	<u>900,994</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 - 28%)	272,841	252,278
EFFECTS OF:		
Expenses not deductible for tax purposes	7,139	27,107
Capital allowances for year in excess of depreciation	14,633	(5,996)
Adjustments to tax charge in respect of prior periods	(1,611)	336
Other tax adjustments	387	1,611
CURRENT TAX CHARGE FOR THE YEAR (see note above)	<u>293,389</u>	<u>275,336</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 2010

9. TANGIBLE FIXED ASSETS

	Leasehold Property £	Plant & machinery £	Fixtures & fittings £	Total £
COST				
At 1 January 2010	545,972	99,361	291,424	936,757
Additions	15,913	14,772	4,407	35,092
Disposals	-	(5,982)	-	(5,982)
At 31 December 2010	561,885	108,151	295,831	965,867
DEPRECIATION				
At 1 January 2010	131,484	46,320	106,890	284,694
Charge for the year	71,730	17,063	27,962	116,755
On disposals	-	(4,374)	-	(4,374)
At 31 December 2010	203,214	59,009	134,852	397,075
NET BOOK VALUE				
At 31 December 2010	358,671	49,142	160,979	568,792
At 31 December 2009	414,488	53,041	184,534	652,063

10. DEBTORS

	2010 £	2009 £
Amounts owed by group undertakings	1,930,809	813,343
Other debtors	97,322	99,527
Prepayments and accrued income	265,003	419,809
	<u>2,293,134</u>	<u>1,332,679</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Trade creditors	746	21,418
Corporation tax	95,000	87,000
Social security and other taxes	353,921	459,981
Accruals and deferred income	1,806,411	1,485,906
	<u>2,256,078</u>	<u>2,054,305</u>

HARBOURVEST PARTNERS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

12. DEFERRED TAXATION

	2010 £	2009 £
At beginning of year	43,000	23,000
(Released during)/charge for year	(1,000)	20,000
At end of year	<u>42,000</u>	<u>43,000</u>

The provision for deferred taxation is made up as follows

	2010 £	2009 £
Accelerated capital allowances	<u>42,000</u>	<u>43,000</u>

13. SHARE CAPITAL

	2010 £	2009 £
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 2010	605,658
Profit for the year	682,042
Dividends	(605,658)
At 31 December 2010	<u>682,042</u>

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2010 £	2009 £
At 1 January 2010	610,658	634,627
Profit for the year	682,042	605,658
Dividends (Note 16)	(605,658)	(629,627)
At 31 December 2010	<u>687,042</u>	<u>610,658</u>

HARBOURVEST PARTNERS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

16. DIVIDENDS

	2010 £	2009 £
Dividends paid on equity capital	<u>605,658</u>	<u>629,627</u>

17. NET CASH FLOW FROM OPERATING ACTIVITIES

	2010 £	2009 £
Operating profit	972,897	902,966
Depreciation of tangible fixed assets	116,755	81,761
Loss on disposal of tangible fixed assets	1,608	7,764
Decrease/(increase) in debtors	157,011	(270,149)
(Increase)/decrease in amounts owed by group undertakings	(1,117,466)	436,284
Increase in creditors	193,773	222,181
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>324,578</u>	<u>1,380,807</u>

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

	2010 £	2009 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	1,534	194
Interest paid	-	(2,166)
NET CASH INFLOW/(OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<u>1,534</u>	<u>(1,972)</u>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	<u>(35,092)</u>	<u>(492,334)</u>

HARBOURVEST PARTNERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

19 ANALYSIS OF CHANGES IN NET FUNDS

	1 January 2010 £	Cash flow £	Other non-cash changes £	31 December 2010 £
Cash at bank and in hand	723,221	(600,027)	-	123,194
NET FUNDS	723,221	(600,027)	-	123,194

20. PENSION COMMITMENTS

The company contributes to employees personal pension plans. The unpaid contributions outstanding at the year end are £6,277 (2009 £3,906)

Defined contribution

	2010 £	2009 £
Contributions payable by the company for the year	339,506	300,449

21. OPERATING LEASE COMMITMENTS

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2010 £	2009 £
EXPIRY DATE		
Between 2 and 5 years	362,613	-
After more than 5 years	390,552	712,667

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 2010**

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.