

MVM (GP) Limited
Report and Financial Statements
For the year ended 31 March 2005

Registered Number
3322043



MVM (GP) Limited

**Report and financial statements
For the year ended 31 March 2005**

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MVM (GP) Limited

Directors and Officers

Directors

Mr D J Brister
Dr S Reeders
Mr N H Winterton
Mr P T Triniman (resigned 5 Feb 2005)

Secretary

Mr T T Casdagli

Registered office

6 Henrietta Street
London WC2E 8PU

Independent Auditors

PricewaterhouseCoopers LLP
Southwark Towers
32 London Bridge Street
London SE1 9SY

Bankers

NatWest Bank Plc
Castle Square Branch
Castle Square
Brighton, BN1 1DP

MVM (GP) Limited

Directors' Report

For the year ended 31 March 2005

The Directors present their report and the company's audited financial statements for the year ended 31 March 2005.

Principal activity and business review

The company is the General Partner of the UK Medical Ventures Fund No. 1 Limited Partnership. The company anticipates that it will generate profits in the forthcoming year.

The profit for the year after taxation amounted to £35 (2004: £587).

Dividends

The Directors do not recommend the payment of a dividend (2004: nil).

Directors

Mr D J Brister
Dr S Reeders
Mr N H Winterton
Mr P T Triniman (resigned 5 Feb 2005)

No director had any interest in the shares of the company at 31 March 2005 (31 March 2004 : nil).

Independent Auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the next Annual General Meeting, at which the financial statements are laid before the company.

MVM (GP) Limited

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- (d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm they have complied with the above requirements in preparing the financial statements.

The directors are responsible for maintaining 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 8th June 2005



David Brister
Director

**Independent Auditors' Report
to the Members of MVM (GP) Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' Report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London 8th June 2005

MVM (GP) Limited

**Profit and Loss Account
For the year ended 31 March 2005**

	Note	Year to 31.3.05 £	Year to 31.3.04 £
Turnover	2	459,748	388,987
Operating expenses	3	<u>(459,713)</u>	<u>(388,403)</u>
Operating profit		35	584
Other income		<u>-</u>	<u>3</u>
Profit on ordinary activities before taxation		35	587
Retained profit for the financial year		<u><u>35</u></u>	<u><u>587</u></u>

All activities relate to continuing operations.

The company has no recognised gains and losses other than the losses above and therefore no separate statement of total recognised gains and losses has been presented.

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

The notes on pages 7 to 10 form an integral part of these financial statements.

MVM (GP) Limited

**Balance Sheet
as at 31 March 2005**

	Note	at 31.3.05	at 31.3.04
		£	£
Current assets			
Debtors - due within one year	6	2,369	2,289
Cash at bank and in hand		<u>508</u>	<u>553</u>
		2,877	2,842
 Creditors: Amounts falling due within one year	7	<u>(1,420)</u>	<u>(1,420)</u>
 Net current assets		1,457	1,422
 Net assets		<u>1,457</u>	<u>1,422</u>
 Capital and reserves			
Called up share capital	8	100	100
Profit and loss account	13	<u>1,357</u>	<u>1,322</u>
 Equity shareholders' funds	9	<u>1,457</u>	<u>1,422</u>

The financial statements on pages 5 to 10 were approved by the Board of Directors on 8th June 2005 and were signed on its behalf by:



David Brister
Director

The notes on pages 7 to 10 form an integral part of these financial statements.

MVM (GP) Limited

Notes to the financial statements For the year ended 31 March 2005

1 Principal accounting policies

These financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the principal accounting policies, which have been applied consistently, is as follows:

Basis of accounting

The financial statements have been prepared under the historical cost convention. The General Partner's accounts are included by full consolidation in the consolidated financial statements of its parent, MVM Limited, a company registered in England and Wales, whose principal place of business is at 6 Henrietta Street, London, WC2E 8PU.

Income

Income is priority profit share from the UK Medical Ventures Fund No 1 Limited Partnership and is accounted for on an accruals basis.

Advance in lieu of management profit share

The company has received an interest free advance in lieu of management profit share. In the event that no management profit share is receivable from UK Medical Ventures No 1 LP and MVM International Life Sciences No 1 LP (the "Funds"), the Funds do not have the right to receive repayment or any other recourse in respect of this loan. Therefore this loan has been offset against future accrued management profit share receivable and not disclosed on the balance sheet.

Cash flow statement

The Company is exempt under FRS No 1 (revised 1996) from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary of, and included in, the MVM Limited consolidated financial statements which are publicly available.

Limited Partnership

As at 31 March 2005, MVM (GP) Limited managed a Limited Partnership Fund in which it does not have an economic interest, and for which it acts as the General Partner. Investments held through the Limited Partnership Fund are made with the express intention of capital appreciation. The Limited Partnership Fund as well as certain investments held by the Limited Partnerships technically fall within the definition of Subsidiaries of the General Partner under the Companies Act 1985 and Financial Reporting Standard ("FRS") No. 2. There are severe long-term restrictions upon the ability of the General Partner to exercise control or dominant influence over the Limited Partnership Fund other than for the interests of the Limited Partners. Accordingly the Limited Partnership Fund have been excluded from the consolidation.

2 Turnover

	2005	2004
	£	£
Management profit share income	459,748	388,987
	<u>459,748</u>	<u>388,987</u>

The company acts as the General Partner to UK Medical Ventures Fund No 1 Limited Partnership and shares in the profit of the Fund. The company has a management profit share which is available to draw as a loan from the Fund in advance of profit realisation. In the period, the sum appropriated from the Fund was as follows:

MVM (GP) Limited

Notes to the financial statements (continued) For the year ended 31 March 2005

2 Turnover (Cont.)

	2005 £	2004 £
UK Medical Ventures Fund No 1 Limited Partnership	459,748	388,987
	<u>459,748</u>	<u>388,987</u>

As at 31 March 2005 the available interest free loan against management profit share not yet drawn down by the Company for which no accrual has been made was as follows:

	2005 £	2004 £
UK Medical Ventures Fund No 1 Limited Partnership	309,936	257,254
	<u>309,936</u>	<u>257,254</u>

3 Operating expenses

	2005 £	2004 £
Audit fees:		
Current year charge	1,420	1,420
Prior year over accrual	-	(600)
Management fees	458,248	387,487
Bank charges	45	81
Legal and professional costs	-	15
	<u>459,713</u>	<u>388,403</u>

4 Directors and employees

No remuneration was paid to the Directors during the year ended 31 March 2005 (2004: nil). There were no employees of the company during the year (2004: nil)

5 Taxation

Profit for the year of £35 (2004: £587) was subject to a tax rate of zero, and therefore there was no tax charge.

6 Debtors - debtors within one year

	2005 £	2004 £
Amounts from related parties:-		
MVM Limited	2,369	2,289
	<u>2,369</u>	<u>2,289</u>

MVM (GP) Limited

Notes to the financial statements (continued)
For the year ended 31 March 2005

7	Creditors	2005	2004
		£	£
	Amounts falling due within one year:		
	Amounts due to group undertakings and related parties:-		
	Accruals	<u>1,420</u>	<u>1,420</u>
		<u>1,420</u>	<u>1,420</u>
8	Share Capital	2005	2004
		£	£
	Authorised		
	1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	Allotted, called up and fully paid		
	100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
9	Reconciliation of movements in shareholders' funds	2005	2004
		£	£
	Opening equity shareholders' funds	1,422	835
	Retained profit for the financial year	35	587
	Closing equity shareholders' funds	<u>1,457</u>	<u>1,422</u>
10	Related party transactions		
		£	£
	Transactions in the period with related parties were as follows:	2005	2004
	Receipt of loans from:-		
	UK Medical Ventures Fund No 1 Limited Partnership	<u>459,748</u>	<u>388,987</u>
		<u>459,748</u>	<u>388,987</u>
	Unrecognised balances outstanding at the end of the year were as follows:		
	Interest free advance against management profit share from:		
	UK Medical Ventures Fund No 1 Limited Partnership	1,456,072	1,192,377
	MVM International Life Sciences Fund No 1 Limited Partnership	<u>812,105</u>	<u>812,105</u>
		<u>2,268,177</u>	<u>2,004,482</u>

MVM (GP) Limited

Notes to the financial statements (continued)
For the year ended 31 March 2005

11 Controlling party

The Directors regard The Medical Research Council, a company incorporated in the United Kingdom, as the ultimate parent company. The immediate parent company is MVM Limited, a company registered in the United Kingdom. Copies of the annual financial statements of the immediate parent company can be obtained from the following correspondence address:

MVM Limited
6 Henrietta Street
London
WC2E 8PU

12 Advance in lieu of management profit share

During the period the company received an interest free loan of £459,748 (2004: £388,897) from the Funds in lieu of management profit share. The General Partner was allocated £196,053 of profit during the period, which it used to repay the loan from UK Medical Ventures Fund No 1 LP, taking the cumulative loan to £1,456,072 (2004: £1,192,377). In the event that no management profit share is receivable from the Funds, the Limited Partners do not have the right to receive repayment or any other recourse in respect of this loan. Therefore this loan has been offset against future accrued management profit share receivable and not disclosed in the balance sheet.

13 Profit and loss account

	£	£
At 1 April 2004	1,322	735
Retained profit for the financial year	35	587
At 31 March 2005	<u>1,357</u>	<u>1,322</u>