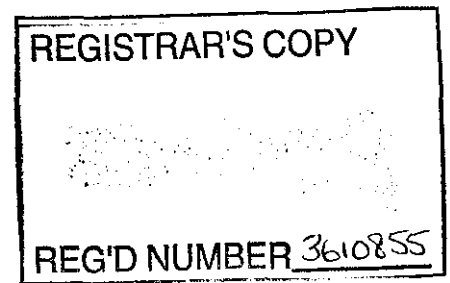


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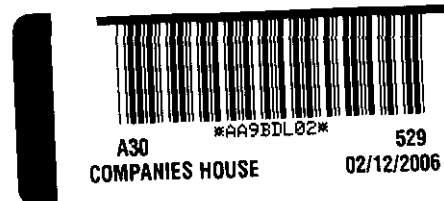


**Sussex Place Ventures Limited**

Report and Financial Statements

Year Ended

31 July 2006



## **Sussex Place Ventures Limited**

### **Annual report and financial statements for the year ended 31 July 2006**

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#### **Secretary and registered office**

R I Gourlay, 18-20 Huntsworth Mews, London, NW1 6DD

#### **Company number**

3610855

#### **Auditors**

BDO Stoy Hayward LLP, Emerald House, East Street, Epsom, Surrey, KT17 1HS

#### **Bankers**

Barclays Bank plc, 50 Pall Mall, London, SW1A 1QB

## **Sussex Place Ventures Limited**

### **Directors**

---

**David Thorp**, (Chairman); Partner at ISIS EP LLP (1995 – to date) and former Director of 3i plc (1971- 1991). Lead Manager of the five Baronsmead VCTs. Chairman of the British Venture Capital Association (2000-2001). M.Sc. London Business School (1969-1971).

**A J Bates**, Founder MD of Sussex Place Ventures (1998 – 2006), Chairman of London Technology Network, NED of Centre for Creative Business; Adjunct Professor of Entrepreneurship, London Business School: - teaches New Venture Development; founded Managing the Growing Business elective.

**M C Williams**, Adjunct Associate Professor of Entrepreneurship, London Business School. Robert Fleming Investment Bank, CEO Bailey Newspaper Group, sold to Southern Newspapers 1997; 3i Investment Manager (1992 – 1996)

**P D Atherton**, Governor London Business School. Founder and MD of Queensgate Instruments (1986 – 2000), NED of Imperial College Innovations; Executive Chairman of Infinitesima, Chairman of C2V BV, Netherlands.

**I M Laing**, Principal investor in Oxford Asymmetry, Oxford Semiconductor and other venture backed companies, founder of Milton Park, Oxford.

**R I Gourlay** (Managing Director) Investment Manager Top Technology Ventures Limited (1996 – 2004); Financial Times journalist, latterly running coverage of venture capital business and venture backed businesses (1986 1996); Citibank.

## **Sussex Place Ventures Limited**

### **Report of the directors for the year ended 31 July 2006**

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The directors present their report together with the audited financial statements for the year ended 31 July 2006.

#### **Results and dividends**

The consolidated profit and loss account is set out on page 7 and shows the profit for the year.

The directors do not recommend the payment of a dividend.

The directors intend to apply profits not required for working capital to charitable purposes.

#### **Principal activities and future developments**

The group provides investment management services to venture capital funds.

The funds are constituted as limited partnerships with investors having the status of limited partners. The general partners of these limited partnerships are limited companies and subsidiaries of Sussex Place Ventures Limited. Under the partnership agreements of the funds, the general partners have appointed Sussex Place Ventures Limited as investment manager with control over investment decisions.

There have been no events since the balance sheet date which materially affect the position of the group.

#### **Review of the business**

The business of the Company is to manage the Sussex Place Partners venture capital funds and the Combined London Colleges University Challenge Limited Partnership fund.

The Sussex Place Ventures funds have reached the end of their investment period and most of the investments have been realised. The major uncertainty that the business faces is that of future fundraising.

The business has performed in line with expectations during the financial year under review and is well placed at the year end with a healthy cash position. The Directors are satisfied with the results achieved by the Group during the year.

*In comparison to 2005, turnover has fallen by 25%. The reason for this is that the company reduced fund management fees following the sale of Sussex Place Partners fund portfolio companies.*

## **Sussex Place Ventures Limited**

### **Report of the directors for the year ended 31 July 2006 (*Continued*)**

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#### **Principal risks and uncertainties**

##### ***Market place***

The market for raising venture capital funds is evolving. The Board meets regularly to discuss and evaluate how the Company can best position itself in order to raise a new fund and leverage value from its connections with the London Business School. The Board ensure that there is regular communication with the existing investors in the Funds.

##### ***Financial instruments***

Working capital requirements are met principally out of retained profits. In addition, trade debtors and trade creditors arise directly from the group's operations. The Group does not enter into any hedging arrangements.

The Group's credit risk is primarily attributable to its trade debtors. Credit risk is managed by monitoring payments against contractual agreements. At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

#### **Directors**

The directors of the company during the year were:

D Thorp  
A J Bates  
M C Williams  
P D Atherton  
I M Laing  
R Gourlay

No director had any beneficial interest in the share capital of the company.

**Sussex Place Ventures Limited**

**Report of the directors for the year ended 31 July 2006 (Continued)**

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**Directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that year. In preparing those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

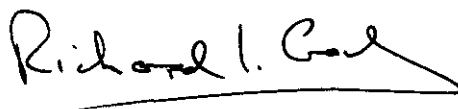
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Auditors**

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

**On behalf of the Board**



R I Gourlay

**Director**

Date

22/11/06

## **Sussex Place Ventures Limited**

### **Report of the independent auditors**

---

#### **To the shareholders of Sussex Place Ventures Limited**

We have audited the group and parent company financial statements (the "financial statements") of Sussex Place Ventures Limited for the year ended 31 July 2006 which comprise the consolidated and company profit and loss accounts, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes on pages 12 to 19. These financial statements have been prepared under the accounting policies set out therein.

#### *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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with those financial statements. We also 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### *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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

**Sussex Place Ventures Limited**

**Report of the independent auditors (*Continued*)**

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*Opinion*

In our opinion:

- the group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 31 July 2006 and of the group's profit for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 July 2006 and of the company's 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.



**BDO STOY HAYWARD LLP**

*Chartered Accountants  
and Registered Auditors*  
Epsom

22 November 2006



**Sussex Place Ventures Limited**

**Consolidated profit and loss account for the year ended 31 July 2006**

|  | <b>Note</b> | <b>2006<br/>£</b> | <b>2005<br/>£</b> |
|--|-------------|-------------------|-------------------|
| <b>Turnover</b>  | <b>2</b>    | <b>384,420</b>    | 511,333           |
| Administrative expenses  |             | (394,467)         | (428,359)         |
|  |             | <u>(10,047)</u>   | <u>82,974</u>     |
| Other operating income   |             | 11,445            | -                 |
| <b>Operating profit</b>  | <b>3</b>    | <b>1,398</b>      | 82,974            |
| Interest receivable  |             | 11,182            | 12,793            |
|  |             | <u>12,580</u>     | <u>95,767</u>     |
| <b>Profit on ordinary activities before and after taxation</b> | <b>13</b>   | <b>12,580</b>     | 95,767            |

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 12 to 19 form part of these financial statements.

**Sussex Place Ventures Limited**

**Company profit and loss account for the year ended 31 July 2006**

|  | <b>Note</b> | <b>2006<br/>£</b> | <b>2005<br/>£</b> |
|--|-------------|-------------------|-------------------|
| <b>Turnover</b>  | <b>2</b>    | <b>384,420</b>    | <b>511,333</b>    |
| Administrative expenses  |             | <b>(394,467)</b>  | <b>(428,359)</b>  |
|  |             | <b>(10,047)</b>   | <b>82,974</b>     |
| Other operating income   |             | <b>11,445</b>     | <b>-</b>          |
| <b>Operating profit</b>  | <b>3</b>    | <b>1,398</b>      | <b>82,974</b>     |
| Interest receivable  |             | <b>11,182</b>     | <b>12,793</b>     |
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All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

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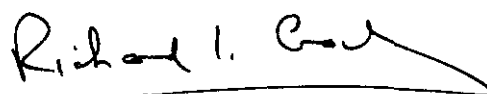
**Sussex Place Ventures Limited**

**Consolidated balance sheet at 31 July 2006**

|   | Note | 2006<br>£      | 2006<br>£      | 2005<br>£      | 2005<br>£      |
|---|------|----------------|----------------|----------------|----------------|
| <b>Fixed assets</b>                                   |      |                |                |                |                |
| Tangible assets                                       | 7    |                | 763            |                | 1,230          |
| <b>Current assets</b>                                 |      |                |                |                |                |
| Investments   | 9    | 6,946          |                | 125,000        |                |
| Debtors   | 10   | 48,775         |                | 68,189         |                |
| Cash at bank  |      | 404,738        |                | 314,676        |                |
|   |      | <u>460,459</u> |                | <u>507,865</u> |                |
| <b>Creditors: amounts falling due within one year</b> | 11   | <u>47,437</u>  |                | <u>107,890</u> |                |
| <b>Net current assets</b>                             |      |                | <u>413,022</u> |                | <u>399,975</u> |
| <b>Total assets less current liabilities</b>          |      |                | <u>413,785</u> |                | <u>401,205</u> |
| <b>Capital and reserves</b>                           |      |                |                |                |                |
| Called up share capital                               | 12   |                | 5,000          |                | 5,000          |
| Profit and loss account                               | 13   |                | 408,781        |                | 396,201        |
| <b>Shareholders' funds</b>                            | 14   |                | <u>413,781</u> |                | <u>401,201</u> |
| <b>Minority interests</b>                             |      |                | <u>4</u>       |                | <u>4</u>       |
|   |      |                | <u>413,785</u> |                | <u>401,205</u> |

The financial statements were approved by the Board and authorised for issue on 22 November 2006.

R I Gourlay  
Director



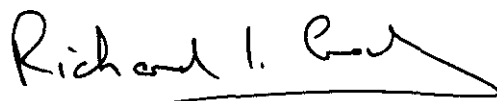
The notes on pages 12 to 19 form part of these financial statements.

**Sussex Place Ventures Limited**

**Company balance sheet at 31 July 2006**

|   | Note | 2006<br>£ | 2006<br>£ | 2005<br>£ | 2005<br>£ |
|---|------|-----------|-----------|-----------|-----------|
| <b>Fixed assets</b>                                   |      |           |           |           |           |
| Tangible assets                                       | 7    |           | 763       |           | 1,230     |
| Investments in subsidiaries                           | 8    |           | 7         |           | 7         |
|   |      |           | <hr/>     |           | <hr/>     |
|   |      |           | 770       |           | 1,237     |
| <b>Current assets</b>                                 |      |           |           |           |           |
| Investments   | 9    | 6,946     |           | 125,000   |           |
| Debtors   | 10   | 48,919    |           | 68,262    |           |
| Cash at bank  |      | 404,586   |           | 314,598   |           |
|   |      | <hr/>     |           | <hr/>     |           |
|   |      | 460,451   |           | 507,860   |           |
| <b>Creditors: amounts falling due within one year</b> | 11   | 47,441    |           | 107,897   |           |
|   |      | <hr/>     |           | <hr/>     |           |
| <b>Net current assets</b>                             |      |           | 413,010   |           | 399,963   |
|   |      |           | <hr/>     |           | <hr/>     |
| <b>Total assets less current liabilities</b>          |      |           | 413,780   |           | 401,200   |
|   |      |           | <hr/>     |           | <hr/>     |
| <b>Capital and reserves</b>                           |      |           |           |           |           |
| Called up share capital                               | 12   |           | 5,000     |           | 5,000     |
| Profit and loss account                               | 13   |           | 408,780   |           | 396,200   |
|   |      |           | <hr/>     |           | <hr/>     |
| <b>Shareholders' funds</b>                            | 14   |           | 413,780   |           | 401,200   |
|   |      |           | <hr/>     |           | <hr/>     |

The financial statements were approved by the Board and authorised for issue on 22 November 2006.



R I Gourlay  
Director

The notes on pages 12 to 19 form part of these financial statements.

**Sussex Place Ventures Limited**

**Consolidated cash flow statement for the year ended 31 July 2006**

|  | Note | 2006<br>£ | 2006<br>£ | 2005<br>£ | 2005<br>£ |
|--|------|-----------|-----------|-----------|-----------|
| <b>Net cash (outflow)/inflow from operating activities</b>                         | 16   |           | (50,619)  |           | 33,588    |
| <b>Returns on investment and servicing of finance</b>                              |      |           |           |           |           |
| Interest received  |      |           | 11,182    |           | 12,661    |
| <b>Capital expenditure and financial investment</b>                                |      |           |           |           |           |
| Sale of investments  |      | 129,499   |           | -         |           |
| Purchase of investments  |      | -         |           | (125,000) |           |
| Purchase of tangible fixed assets  |      | -         |           | (1,171)   |           |
| <b>Net cash inflow/(outflow) from capital expenditure and financial investment</b> |      |           | 129,499   |           | (126,171) |
| <b>Increase/(decrease) in cash</b>   | 17   |           | 90,062    |           | (79,922)  |

The notes on pages 12 to 19 form part of these financial statements.

## **Sussex Place Ventures Limited**

### **Notes forming part of the financial statements for the year ended 31 July 2006**

---

#### **1 Accounting policies**

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

The following principal accounting policies have been applied:

##### *Basis of consolidation*

The consolidated financial statements incorporate the results of the company and all of its subsidiary undertakings as at 31 July 2006 using the acquisition method of accounting.

##### *Turnover*

Turnover comprises the value (excluding value added tax) of services provided during the year in the normal course of business and the revenues from participation in the assets of limited partnerships in the form of non-recourse loans, which will be satisfied by allocation against the companies' share of future income of the partnerships.

##### *Depreciation*

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Office equipment – 33⅓% per annum straight line

##### *Valuation of investments*

Investments held as fixed assets are stated at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost and net realisable value.

##### *Taxation*

Corporation tax payable is provided on taxable profits at the current rate.

Partnership income, included in turnover, may carry associated tax credits. The benefits arising out of such credits are paid to the partnership and the related cost included in the tax charge for the year.

##### *Deferred taxation*

Deferred tax balances are recognised in respect of all material timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

## Sussex Place Ventures Limited

### Notes forming part of the financial statements for the year ended 31 July 2006 (Continued)

#### 1 Accounting policies (continued)

##### *Dividends*

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

##### *Pensions*

The company made payments to a certain employee's individual personal pension plan during the year. These payments are charged to the profit and loss account in the year in which they are paid.

#### 2 Turnover

All turnover arises from the conduct of investment management services and related corporate finance services solely within the United Kingdom.

#### 3 Operating profit

|   | 2006<br>£         | 2005<br>£         |
|---|-------------------|-------------------|
| <b>Group</b>                                |                   |                   |
| This is arrived at after charging:          |                   |                   |
| Depreciation                                | 467               | 584               |
| Profit on sale of current asset investments | 11,445            | -                 |
| Auditors' remuneration - audit services     | 7,500             | 9,000             |
| - non-audit services                        | 6,257             | 6,500             |
|   | <u>          </u> | <u>          </u> |

#### 4 Staff costs

|  | 2006<br>£         | 2005<br>£         |
|--|-------------------|-------------------|
| <b>Group and company</b>                         |                   |                   |
| Employee costs (including directors) consist of: |                   |                   |
| Wages and salaries                               | 240,026           | 257,850           |
| Social security costs                            | 26,378            | 31,399            |
| Other pension costs                              | 20,000            | -                 |
|  | <u>          </u> | <u>          </u> |
|  | 286,404           | 289,249           |
|  | <u>          </u> | <u>          </u> |

## Sussex Place Ventures Limited

### Notes forming part of the financial statements for the year ended 31 July 2006 (Continued)

#### 4 Staff costs (continued)

The average number of persons (including directors) employed by the company and group during the year was as follows:

|                                | 2006<br>Number | 2005<br>Number |
|--------------------------------|----------------|----------------|
| Investment advice and analysis | 2              | 2              |
| Administration                 | 1              | 1              |
|                                | <hr/>          | <hr/>          |
|                                | 3              | 3              |
|                                | <hr/>          | <hr/>          |

#### 5 Directors' remuneration

##### Group and company

|  | 2006<br>£ | 2005<br>£ |
|--|-----------|-----------|
| Directors' emoluments                        | 201,445   | 243,100   |
| Payments to director's personal pension plan | 20,000    | -         |
| Compensation for loss of office              | 20,000    | -         |
|  | <hr/>     | <hr/>     |

Emoluments of highest paid director amounted to £110,000 (2005: £136,275).

Company contributions to the personal pension plan of the highest paid director amounted to £20,000 (2005: £nil).

In addition to the above, F Bailey & Sons Limited, a company of which M Williams is a director, made a charge of £21,200 (2005 - £22,400) for the services of M Williams.

Sussex Place (Founder Partner) Limited is a limited partner in Combined London Colleges University Challenge LP, Sussex Place Partners LP and Sussex Place Partners II LP which entitles it to a share in any income and gains of the partnerships over the preferred return defined in the relevant Partnership Deed. Its share in Combined London Colleges University Challenge LP, and a proportion of its share in Sussex Place Partners LP and Sussex Place Partners II LP, have been assigned to J Bates and M Williams.



# Sussex Place Ventures Limited

Notes forming part of the financial statements for the year ended 31 July 2006 (*Continued*)

## 6 Taxation on profit on ordinary activities

No taxation is payable due to the availability of group loss relief.

The tax assessed for the period is different from the standard rate of corporation tax in the UK.

The differences are explained below:

|   | Group<br>2006<br>£ | Group<br>2005<br>£ |
|---|--------------------|--------------------|
| Profit on ordinary activities before taxation                                       | 12,580             | 95,767             |
| Expected tax charge at a standard rate of UK corporation tax<br>of 30% (2005 - 30%) | 3,774              | 28,730             |
| Effects of:<br>Group relief   | (3,774)            | (28,730)           |
| Current tax charge  | -                  | -                  |

## 7 Tangible assets

|                          | Office<br>equipment<br>£ |
|--------------------------|--------------------------|
| <b>Group and company</b> |                          |
| <i>Cost</i>              |                          |
| At 1 August 2005         | 41,095                   |
| Additions                | -                        |
| <b>At 31 July 2006</b>   | <b>41,095</b>            |
| <i>Depreciation</i>      |                          |
| At 1 August 2005         | 39,865                   |
| Provided in the year     | 467                      |
| <b>At 31 July 2006</b>   | <b>40,332</b>            |
| <i>Net book value</i>    |                          |
| <b>At 31 July 2006</b>   | <b>763</b>               |
| At 31 July 2005          | 1,230                    |

## Sussex Place Ventures Limited

Notes forming part of the financial statements for the year ended 31 July 2006 (*Continued*)

### 8 Fixed asset investments

| Company                           | Subsidiary undertakings<br>£ |
|-----------------------------------|------------------------------|
| <i>Cost and net book value</i>    |                              |
| At 1 August 2005 and 31 July 2006 | 7                            |

The following were subsidiary undertakings at the end of the year and have all been included in the consolidated financial statements.

| Name   | Proportion of voting rights and ordinary share capital held | Nature of business                      |
|--|---|---|
| Sussex Place (General Partner) Limited             | 100%  | General partner of venture capital fund |
| Sussex Place II (General Partner) Limited          | 100%  | General partner of venture capital fund |
| Combined London Colleges (General Partner) Limited | 100%  | General partner of venture capital fund |
| Sussex Place (Founder Partner) Limited             | 100%  | Dormant                                 |

### 9 Current asset investments

The company exercised its warrants in Bamboo Investments (Isle of Man) PLC and subsequently holds 138,935 (2005: 2,500,000) ordinary 5p shares at a subscription price of 5p per share. The investment is held at cost in the balance sheet. During the year under a reduction of capital, Bamboo Investments (Isle of Man) PLC repurchased 2,361,065 shares for a total consideration of £129,499.

### 10 Debtors

|                                     | Group<br>2006<br>£ | Group<br>2005<br>£ | Company<br>2006<br>£ | Company<br>2005<br>£ |
|-------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Trade debtors                       | 6,468              | 53,396             | 6,468                | 53,396               |
| Amounts due from group undertakings | -                  | -                  | 144                  | 73                   |
| Other debtors                       | 42,307             | 14,793             | 42,307               | 14,793               |
|                                     | <u>48,775</u>      | <u>68,189</u>      | <u>48,919</u>        | <u>68,262</u>        |

All amounts fall due for payment within one year.

**Sussex Place Ventures Limited**

**Notes forming part of the financial statements for the year ended 31 July 2006 (Continued)**

**11 Creditors: amounts falling due within one year**

|                                    | <b>Group<br/>2006<br/>£</b> | <b>Group<br/>2005<br/>£</b> | <b>Company<br/>2006<br/>£</b> | <b>Company<br/>2005<br/>£</b> |
|------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Trade creditors                    | 533                         | 158                         | 533                           | 158                           |
| Amounts due to group undertakings  | -                           | -                           | 4                             | 7                             |
| Other taxation and social security | 9,883                       | 16,584                      | 9,883                         | 16,584                        |
| Accruals and deferred income       | 37,021                      | 91,148                      | 37,021                        | 91,148                        |
|                                    | <u>47,437</u>               | <u>107,890</u>              | <u>47,441</u>                 | <u>107,897</u>                |

**12 Share capital**

|  | <b>2006<br/>£</b> | <b>2005<br/>£</b> |
|--|-------------------|-------------------|
| <i>Authorised</i>                            |                   |                   |
| 100,000 ordinary shares of £1 each           | <u>100,000</u>    | <u>100,000</u>    |
| <i>Allotted, called up and fully paid up</i> |                   |                   |
| 5,000 ordinary shares of £1 each             | <u>5,000</u>      | <u>5,000</u>      |

**13 Profit and loss account**

|                     | <b>Group<br/>£</b> | <b>Company<br/>£</b> |
|---------------------|--------------------|----------------------|
| As at 1 August 2005 | 396,201            | 396,200              |
| Profit for the year | 12,580             | 12,580               |
|                     | <u>408,781</u>     | <u>408,780</u>       |
| As at 31 July 2006  |                    |                      |

**14 Reconciliation of movements in shareholders' funds**

|                             | <b>Group<br/>2006<br/>£</b> | <b>Group<br/>2005<br/>£</b> | <b>Company<br/>2006<br/>£</b> | <b>Company<br/>2005<br/>£</b> |
|-----------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Profit for the year         | 12,580                      | 95,767                      | 12,580                        | 95,767                        |
| Opening shareholders' funds | 401,201                     | 305,434                     | 401,200                       | 305,433                       |
|                             | <u>413,781</u>              | <u>401,201</u>              | <u>413,780</u>                | <u>401,200</u>                |
| Closing shareholders' funds |                             |                             |                               |                               |

## Sussex Place Ventures Limited

### Notes forming part of the financial statements for the year ended 31 July 2006 (Continued)

#### 15 Revenues from the partnerships and contingent liabilities

The subsidiaries of the company are general partners in limited partnerships operating as venture capital investment funds. They are entitled to a guaranteed income from the partnerships, but do not otherwise participate in partnership assets. If, upon the winding up of the partnerships, the liabilities of the partnership exceed the limited partners' outstanding capital and loans, the subsidiaries are liable for the shortfall of assets. The directors are of the opinion that no liability is likely to arise in this respect.

#### 16 Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

|   | 2006<br>£ | 2005<br>£ |
|---|-----------|-----------|
| Operating profit                                    | 1,398     | 82,974    |
| Depreciation  | 467       | 584       |
| Profit on sale of current asset investments         | (11,445)  | -         |
| Decrease/(increase) in debtors                      | 19,414    | (32,785)  |
| Decrease in creditors                               | (60,453)  | (17,185)  |
|   | <hr/>     | <hr/>     |
| Net cash (outflow)/inflow from operating activities | (50,619)  | 33,588    |
|   | <hr/>     | <hr/>     |

#### 17 Reconciliation of net cash flow to movement in net funds

|   | 2006<br>£ | 2005<br>£ |
|---|-----------|-----------|
| Increase/(decrease) in cash in the year | 90,062    | (79,922)  |
| Net funds brought forward               | 314,676   | 394,598   |
|   | <hr/>     | <hr/>     |
| Net funds carried forward               | 404,738   | 314,676   |
|   | <hr/>     | <hr/>     |

## Sussex Place Ventures Limited

### Notes forming part of the financial statements for the year ended 31 July 2006 (Continued)

#### 18 Related party transactions

The company has taken advantage of the exemption under Financial Reporting Standard No 8, 'Related Party Transactions', not to disclose transactions with members of the group headed by London Business School on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

The company's subsidiaries are the general partners of venture capital funds, Sussex Place Partners LP, Sussex Place Partners II LP, Sussex Place Partners II (SPIM) LP, Sussex Place Partners II (FEM) LP and Combined London Colleges University Challenge LP. Income included in the consolidated profit and loss account for the year relating to participation in these funds, which is in the form of a non-recourse loan which will be satisfied by allocation against the companies' share of future income of the partnerships, was as follows:

|  | 2006<br>£ | 2005<br>£ |
|--|-----------|-----------|
| Sussex Place Partners II LP                      | 135,525   | 158,528   |
| Sussex Place Partners II (SPIM) LP               | 5,669     | 8,327     |
| Sussex Place Partners II (FEM) LP                | 11,996    | 14,032    |
| Sussex Place Partners LP                         | 9,716     | 57,088    |
| Combined London Colleges University Challenge LP | 116,064   | 112,801   |

#### 19 Ultimate parent company

At 31 July 2006, the company's immediate parent entity was London Business School Anniversary Trust. Consolidated financial statements are not prepared by London Business School Anniversary Trust. The company's ultimate controlling entity was London Business School, whose consolidated financial statements may be obtained from the Chief Financial Officer, London Business School, Regent's Park, London NW1 4SA.