

**REGISTRAR OF
COMPANIES**

Sussex Place Ventures Limited

Report and Financial Statements

Year Ended

31 July 2003



BDO

BDO Stoy Hayward
Chartered Accountants

SUSSEX PLACE VENTURES LIMITED

Annual report and financial statements for the year ended 31 July 2003

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Secretary and registered office

K J Willey, 6-16 Huntsworth Mews, London, NW1 6DD.

Company number

3610855

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1U 3LL.

Bankers

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

SUSSEX PLACE VENTURES LIMITED

Directors

M C Stoddart, formerly Chairman of Electra Investment Trust plc and Joint Chief Executive of Singer and Friedlander. Chairman of Bamboo Investments plc and Elderstreet Millenium Trust plc and a director of a number of public and private companies including Pillar Properties plc. He is also a member of the Development Board and Chairman of the Foundation for Entrepreneurial Management at London Business School ('LBS') and a senior advisor to the Fleming Family & Partners.

A J Bates, Managing Director and Adjunct Professor at London Business School ('LBS'). He is the Executive Director of the Foundation for Entrepreneurial Management. Formerly the founder of Datapaq Limited and a faculty member at Harvard Business School. He is a founder Director of Cambridge Management Group.

M C Williams, Adjunct Associate Professor at LBS. Formerly Managing Director of Bailey Newspaper Group and an investment manager at 3i plc.

P D Atherton, formerly founder and MD of Queensgate. He is also President of euspen (European Society for Precision Engineering and Nanotechnology), visiting professor in Nanotechnology at Cranfield University, a director of Sulis Innovation (Bristol, Bath and Southampton University Challenge Seed Fund), and a Governor of the London Business School.

I M Laing, Chairman of MEPC Milton Park Limited which he founded in 1984. He is also a founding shareholder of a series of high-tech start-up businesses including Oxford Asymmetry Limited, Oxford Semiconductor Limited, Oxagen Limited and Doctors.net.uk Limited and remains a non-executive director of two of these companies. He is a Governor of London Business School.

K J Willey, Chief Operating Officer and Adjunct Assistant Professor at LBS. Formerly a Director of Siddall & Co and the founding Chief Executive Officer of The Centre for Scientific Enterprise.

SUSSEX PLACE VENTURES LIMITED

Report of the directors for the year ended 31 July 2003

The directors present their report together with the audited financial statements for the year ended 31 July 2003.

Results and dividends

The consolidated profit and loss account is set out on page 6 and shows the profit for the year.

The directors do not recommend payment of a dividend (2002 - £Nil).

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

Principal activities, trading review and future developments

The group provides investment management services to venture capital funds, investing wholly in the United Kingdom.

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.

Directors

The directors of the company during the year were:

M C Stoddart (Chairman)
A J Bates
M C Williams
P D Atherton
I M Laing
K J Willey

Each of the first three-named directors has a beneficial interest in 1,250 ordinary shares. Arrangements are underway to place these shares in a trust in which the London Business School will be a potential beneficiary.

SUSSEX PLACE VENTURES LIMITED

Report of the directors for the year ended 31 July 2003 (*Continued*)

Directors' responsibilities

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 company and of the profit or loss of the company for that period. 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 departure 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 company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

BDO Stoy Hayward 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

K J Willey



Director

16 October 2003

SUSSEX PLACE VENTURES LIMITED

Report of the independent auditors

To the shareholders of Sussex Place Ventures Limited

We have audited the financial statements of Sussex Place Ventures Limited for the year ended 31 July 2003 on pages 6 to 19 which have been prepared under the accounting policies set out on page 11.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom 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.

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 group 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 with the group 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 United Kingdom 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 group'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*)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 July 2003 and of the profits of the company and the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO 

BDO STOY HAYWARD
Chartered Accountants
and Registered Auditors
London

16 October 2003

SUSSEX PLACE VENTURES LIMITED**Consolidated profit and loss account for the year ended 31 July 2003**

	Note	2003 £	2002 £
Turnover	2	730,808	1,070,581
Administrative expenses		(723,862)	(991,467)
Operating profit		6,946	79,114
Interest receivable		3,334	5,512
Profit on ordinary activities before taxation	3	10,280	84,626
Tax on profit on ordinary activities	6	70,794	(33,641)
Profit on ordinary activities after taxation	13	81,074	50,985
Retained profit at beginning of year		172,459	121,474
Retained profit at end of year	13	253,533	172,459

All amounts relate to continuing activities.

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

The notes on pages 11 to 19 form part of these financial statements.

SUSSEX PLACE VENTURES LIMITED**Company profit and loss account for the year ended 31 July 2003**

	Note	2003 £	2002 £
Turnover	2	730,808	1,070,581
Administrative expenses		(723,862)	(991,467)
Operating profit		6,946	79,114
Interest receivable		3,333	5,512
Profit on ordinary activities before taxation	3	10,279	84,626
Tax on profit on ordinary activities	6	70,800	(33,647)
Profit on ordinary activities after taxation	13	81,079	50,979
Retained profit at beginning of the year		172,453	121,474
Retained profit at end of year	13	253,532	172,453

All amounts relate to continuing activities.

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

The notes on pages 11 to 19 form part of these financial statements.

SUSSEX PLACE VENTURES LIMITED**Consolidated balance sheet at 31 July 2003**

	Note	2003 £	2002 £
Fixed assets			
Tangible assets	8	2,720	7,772
Current assets			
Debtors	9	69,491	44,987
Cash at bank		288,907	389,013
		358,398	434,000
Creditors: amounts falling due within one year	10	102,581	193,508
Net current assets		255,817	240,492
Total assets less current liabilities		258,537	248,264
Provisions for liabilities and charges	11	-	70,801
Net assets		258,537	177,463
Capital and reserves			
Called up share capital	12	5,000	5,000
Profit and loss account	13	253,533	172,459
Shareholders' funds - equity	14	258,533	177,459
Minority interests		4	4
		258,537	177,463

The financial statements were approved by the Board on 16 October 2003

A J Bates
Director

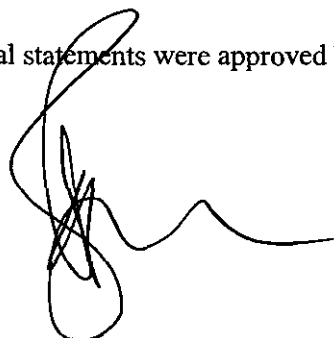
The notes on pages 11 to 19 form part of these financial statements.

SUSSEX PLACE VENTURES LIMITED**Company balance sheet at 31 July 2003**

	Note	2003 £	2002 £
Fixed assets			
Investments	7	7	7
Tangible assets	8	2,720	7,772
		<u>2,727</u>	<u>7,779</u>
Current assets			
Debtors	9	113,052	45,055
Cash at bank		245,334	388,836
		<u>358,386</u>	<u>433,891</u>
Creditors: amounts falling due within one year	10	102,581	264,217
		<u>255,805</u>	<u>169,674</u>
Net current assets			
		<u>258,532</u>	<u>177,453</u>
Net assets			
		<u>258,532</u>	<u>177,453</u>
Capital and reserves			
Called up share capital	12	5,000	5,000
Profit and loss account	13	253,532	172,453
		<u>258,532</u>	<u>177,453</u>
Shareholders' funds - equity	14	<u>258,532</u>	<u>177,453</u>

The financial statements were approved by the Board on 16 October 2003

A J Bates
Director



The notes on pages 11 to 19 form part of these financial statements.

SUSSEX PLACE VENTURES LIMITED

Consolidated cash flow statement for the year ended 31 July 2003

	Note	2003 £	2003 £	2002 £	2002 £
Net cash (outflow)/inflow from operating activities	17		(103,161)		87,172
Returns on investment and servicing of finance					
Interest received		3,334		5,512	
		<u>3,334</u>		<u>5,512</u>	
Net cash inflow from returns on investment and servicing of finance			3,334		5,512
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(366)		(2,335)	
Proceeds from disposal of tangible fixed assets		87		-	
		<u>87</u>		<u>-</u>	
Net cash outflow from capital expenditure and financial investment			(279)		(2,335)
(Decrease)/increase in cash	18		<u>(100,106)</u>		<u>90,349</u>

The notes on pages 11 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 2003

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 its subsidiary undertakings at 31 July 2003 using the acquisition method of accounting.

Turnover

Turnover comprises the value (excluding value added tax) of services provided 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. This income is recognised in the profit and loss account in the year to which its guaranteed receipt relates.

Tax

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 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.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term.

Valuation of investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

Depreciation

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

Office equipment – 33⅓%

SUSSEX PLACE VENTURES LIMITED

Notes forming part of the financial statements for the year ended 31 July 2003 (Continued)

2 Turnover

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

3 Profit on ordinary activities before taxation

	2003 £	2002 £
Group and company		
This has been arrived at after charging/(crediting):		
Depreciation	6,580	15,307
Profit on disposal of fixed assets	(1,249)	-
Rentals payable under operating leases - property	39,468	53,790
Auditors' remuneration - audit services	12,500	16,095
- non-audit services	11,845	9,850
	<u> </u>	<u> </u>

4 Staff costs

	2003 £	2002 £
Group and company		
Particulars of employee costs (including executive directors) are shown below:		
Employee costs during the year amounted to:		
Wages and salaries	389,956	591,467
Social security costs	41,064	65,694
	<u> </u>	<u> </u>
	431,020	657,161
	<u> </u>	<u> </u>

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

	Number	Number
Investment advice and analysis	3	6
Administration	1	2
	<u> </u>	<u> </u>
	4	8
	<u> </u>	<u> </u>

SUSSEX PLACE VENTURES LIMITED

Notes forming part of the financial statements for the year ended 31 July 2003 (Continued)

5 Directors' remuneration

Group and company

	2003 £	2002 £
Remuneration for the services of directors	310,550	317,050
Emoluments of highest paid director:		
Emoluments	160,000	160,000

F Bailey & Sons Limited, a company of which M Williams is a director, made a charge of £30,550 (2002 - £37,050) 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. A proportion of the share in Sussex Place Partners II LP has also been assigned to K Willey.

6 Tax on profit on ordinary activities

Group	2003 £	2002 £
a) Analysis of (credit)/charge in period		
Under/(over)provision in respect of prior years	7	(9,234)
Transfer (from)/to deferred tax provision	(70,801)	42,875
	(70,794)	33,641
Company		
Overprovision in respect of prior years	-	(8,323)
Payment (from)/to subsidiaries for group relief	(70,800)	41,970
	(70,800)	33,647

SUSSEX PLACE VENTURES LIMITED

Notes forming part of the financial statements for the year ended 31 July 2003 (Continued)

6 Tax on profit on ordinary activities (Continued)

b) Factors affecting tax (credit)/charge for period

The tax (credit)/charge for the period differs from the standard rate of corporation tax in the UK of 30% (2002 – 30%). The differences are explained below:

	Group 2003 £	Group 2002 £
Profit on ordinary activities before taxation	10,280	84,626
Expected tax charge at a standard rate of UK corporation tax of 30% (2002 – 30%)	3,084	25,388
Effects of:		
Group relief	(3,084)	(25,388)
Transfer (from)/to deferred taxation account	(70,801)	42,875
Overprovision in prior years	7	(9,234)
Tax (credit)/charge	(70,794)	33,641

7 Fixed asset investments

Company	Subsidiary undertakings £
<i>Cost and net book value</i>	
At 1 August 2002 and 31 July 2003	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 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

In addition to the above investments in subsidiaries the company holds warrants to purchase 125,000 ordinary £1 shares in Bamboo Investments Plc at a subscription price of £1 per share. These were acquired at no cost to the company. They can be exercised at any time up to 8 August 2005.

M Stoddart is Chairman of Bamboo Investments Limited, I Laing is a director and M Williams was a director until 5 April 2003.

SUSSEX PLACE VENTURES LIMITED

Notes forming part of the financial statements for the year ended 31 July 2003 (*Continued*)

8 Tangible assets

Group and company	Office equipment £
<i>Cost</i>	
At 1 August 2002	42,648
Additions in the year	366
Disposals	(976)
	<hr/>
At 31 July 2003	42,038
	<hr/>
<i>Depreciation</i>	
At 1 August 2002	34,876
Provided in the year	6,580
Disposals	(2,138)
	<hr/>
At 31 July 2003	39,318
	<hr/>
<i>Net book value</i>	
At 31 July 2003	2,720
	<hr/>
At 31 July 2002	7,772
	<hr/>

SUSSEX PLACE VENTURES LIMITED

Notes forming part of the financial statements for the year ended 31 July 2003 (Continued)

9 Debtors

Group	2003 £	2002 £
Trade debtors	57,187	36,558
Other debtors	12,304	8,429
	<u>69,491</u>	<u>44,987</u>
Company		
Trade debtors	57,187	36,558
Other debtors	12,304	8,429
Amounts owed by group undertakings	43,561	48
	<u>113,052</u>	<u>45,055</u>

All amounts fall due for payment within one year.

10 Creditors: amounts falling due within one year

Group	2003 £	2002 £
Trade creditors	13,608	12,665
Creditors for taxation and social security	20,048	28,867
Accruals and deferred income	68,925	149,011
Amount owed to investment funds	-	2,965
	<u>102,581</u>	<u>193,508</u>
Company		
Trade creditors	13,608	12,665
Amounts owing to group undertakings	-	70,709
Amounts owed to investment funds	-	2,965
Creditors for taxation and social security	20,048	28,867
Accruals and deferred income	68,925	149,011
	<u>102,581</u>	<u>264,217</u>

SUSSEX PLACE VENTURES LIMITED

Notes forming part of the financial statements for the year ended 31 July 2003 (*Continued*)

11 Provision for liabilities and charges

Group	2003 £	2002 £
Deferred tax		
Provided		
Transfer (to)/from profit and loss account	(70,801)	42,875
Balance brought forward	70,801	27,926
	<hr/>	<hr/>
Balance carried forward	-	70,801
	<hr/>	<hr/>
Unprovided	-	-
	<hr/>	<hr/>

Deferred taxation is provided at 30% (2002 - 30%) analysed over the following timing differences:

	2003 £	2002 £
Unrealised profits	-	70,801
	<hr/>	<hr/>

12 Share capital

Group and company	2003 £	2002 £
<i>Authorised</i>		
100,000 ordinary shares of £1 each	100,000	100,000
	<hr/>	<hr/>
<i>Allotted and fully paid up</i>		
5,000 ordinary shares of £1 each	5,000	5,000
	<hr/>	<hr/>

SUSSEX PLACE VENTURES LIMITED

Notes forming part of the financial statements for the year ended 31 July 2003 (Continued)

13 Profit and loss account

	Group £	Company £
Balance at beginning of year	172,459	172,453
Profit for the year	81,074	81,079
	<hr/>	<hr/>
Balance at end of year	253,533	253,532
	<hr/>	<hr/>

14 Reconciliation of movements in shareholders' funds

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Profit for the year	81,074	50,985	81,079	50,979
Opening shareholders' funds	177,459	126,474	177,453	126,474
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	258,533	177,459	258,532	177,453
	<hr/>	<hr/>	<hr/>	<hr/>

15 Commitments under operating leases

As at 31 July 2003, the company had annual commitments under non-cancellable operating leases for land and buildings as set out below:

	2003 £	2002 £
Operating leases which expire:		
Within one year	14,000	60,500
	<hr/>	<hr/>

16 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.

SUSSEX PLACE VENTURES LIMITED

Notes forming part of the financial statements for the year ended 31 July 2003 (Continued)

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

	2003 £	2002 £
Operating profit	6,946	79,114
Depreciation	6,580	15,307
(Increase)/decrease in debtors	(24,504)	6,385
Decrease in creditors	(90,934)	(13,634)
Profit on disposal	(1,249)	-
Net cash (outflow)/inflow from operating activities	(103,161)	87,172

18 Reconciliation of net cash flow to movement in net funds

	2003 £	2002 £
(Decrease)/increase in cash in the year	(100,106)	90,349
Net funds brought forward	389,013	298,664
Net funds carried forward	288,907	389,013

19 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 other group companies.

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:

	2003 £	2002 £
Sussex Place Partners II LP	296,875	479,165
Sussex Place Partners II (SPIM) LP	17,406	28,095
Sussex Place Partners II (FEM) LP	29,332	47,342
Sussex Place Partners LP	53,744	53,314
Combined London Colleges University Challenge LP	106,399	105,214