

August Equity Management Limited

(formerly August Equity Limited)

Report and Financial Statements

for the 15 month period ended

31 March 2008

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Directors and advisers

Directors

Mr T J Clarke
August Equity LLP

Company secretary

Mr T J Clarke

Registered office

10 Bedford Street
London
WC2E 9HE

Auditors

Deloitte LLP
London

Bankers

Kleinwort Benson Private Bank
Bank of Scotland

Glossary

Abbreviation	Current name	Former name
AEML	August Equity Management Limited	August Equity Limited
AEP I	August Equity Partners I	-
AEP I GP	August Equity Partners I GP Limited	August Equity Partners IV GP Limited
AEP V GP	August Equity Partners V GP Limited	-
KBF III & B	Reference to KB Fund III and KB Fund III B together	-
KBF III	KB Fund III	-
KBF III B	KB Fund III B	-
KBF III GP	KB Fund III GP Limited	-

Directors' report

for the period ended 31 March 2008

The Directors present their annual report and the audited financial statements for the 15 month period ended 31 March 2008. The Directors' report has been prepared in accordance with the special provisions relating to small companies under Section 246(4) of the Companies Act 1985.

Business review and principal activities

The principal activity of the Company was, until 18 May 2007, the management of private equity limited partnerships on behalf of UK and European institutional investors. On 18 May 2007 August Equity LLP ("AE LLP") took over the fund management and business assets, including employees, of August Equity Management Limited ("AEML"), which ceased its regulated activities that day and became a member of the LLP. On the same day the shareholders of AEML transferred their shares to AE LLP such that AE LLP became the parent organisation of AEML. The financial statements have been prepared on a basis other than going concern in accordance with reporting standards although the Directors are of the opinion that the Company will continue to be able to meet its liabilities as they fall due.

On 17 May 2007 the Company changed its name from August Equity Limited to August Equity Management Limited.

Principal risks and uncertainties

The Company ceased trading on 18 May 2007 following the transfer of its business assets to AE LLP. At the period end the net assets of the Company comprised primarily cash balances. The Directors consider that the principal risk is financial risk and in particular credit risk but there are sufficient procedures in place to mitigate these risks.

Directors and Directors' interests in the shares of the Company

None of the Directors had, during the period, directly or indirectly, a material beneficial interest in any contract to which the Company was a party and which are or were significant in relation to the Company's business.

The Directors who held office during the period under review and their interests in the share capital of the Company were as follows:

Directors	Appointed	Resigned	Number of B Ordinary shares held at	
			31 Mar 2008	31 Dec 2006
Mr T J Clarke	01 October 2008	18 May 2007	0	522
Mr R J Green	-	18 May 2007	0	1,456
Mr I D Grant	-	18 May 2007	0	522
Mr A J Hartley	-	18 May 2007	0	1,456
Mr P Rattle	-	18 May 2007	0	522
Mr S J Watkinson	01 March 2007	18 May 2007	0	N/a
AE LLP	18 May 2007	-	5,000	0

Company Secretary

BNP Paribas Secretarial Services Limited resigned as Company Secretary on 29 September 2008 and Mr T J Clarke was appointed as Company Secretary on that day.

Dividends

No dividend was paid in the period under review (2006: £200,000).

Auditors

Each of the persons who is a Director at the date of approval of this report confirms that:

1. so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
2. the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board of Directors



Mr T J Clarke
Director and Secretary
10 Bedford Street
London, WC2E 9HE
30 January 2009

Statement of Directors' responsibilities

for the period ended 31 March 2008

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. 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). The financial statements are required by law to 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 judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed.

The Directors are responsible for keeping proper accounting records that 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 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.

Independent Auditors' report

for the period ended 31 March 2008

We have audited the financial statements of August Equity Management Limited for the 15 month period ended 31 March 2008 which comprise the profit and loss account, the balance sheet and the related notes numbered 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's Directors, as a body, in accordance with Section 235 of the Companies Act 1985. 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 the 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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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.

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 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.

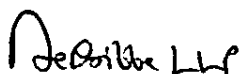
Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2008 and of its profit for the period 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.

Emphasis of matter – Financial statements prepared on an other than going concern basis

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements which explains that the financial statements have been prepared on a basis other than that of a going concern.



Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
30 January 2009

Profit and loss account
for the period ended 31 March 2008

	Notes	15 months ended 31 Mar 2008 (£)	12 months ended 31 Dec 2006 (£)
Turnover	1 & 2	2,072,558	5,757,552
Administrative expenses	4	(1,994,682)	(6,125,523)
Operating profit/(loss) before interest and taxation		<u>77,876</u>	<u>(367,971)</u>
Interest receivable	6	31,280	98,507
Interest payable	7	<u>0</u>	(48,308)
		31,280	50,199
Profit/(loss) on ordinary activities before taxation		<u>109,156</u>	<u>(317,772)</u>
Tax (charge)/credit on profit/(loss) on ordinary activities	8	(46,060)	112,200
Profit/(loss) after taxation	16 & 17	<u><u>63,096</u></u>	<u><u>(205,572)</u></u>

The notes on pages 8 to 13 form part of these financial statements.

Movements on reserves are shown in note 16.

All activities relate to discontinued operations.

There are no gains or losses other than those recognised in the profit and loss account above. Accordingly, no statement of recognised gains and losses is presented.

Balance sheet
as at 31 March 2008

	Notes	31 Mar 2008 (£)	31 Dec 2006 (£)
Fixed assets			
Tangible assets - owned	9	0	84,480
Investments	11	619,374	0
Investment in subsidiary undertakings	12	0	1
		619,374	84,481
Current assets			
Debtors	13	0	1,821,704
Cash at bank		131,643	1,279,889
		131,643	3,101,593
Creditors			
Amounts falling due within one year	14	(5,826)	(2,503,979)
Net current assets		125,817	597,614
Total assets less current liabilities		745,191	682,095
Net assets		745,191	682,095
Capital and reserves			
Called up share capital	15	5,000	5,000
Profit and loss account	16	740,191	677,095
Equity shareholders' funds	17	745,191	682,095

The notes on pages 8 to 13 form part of these financial statements.

These financial statements were approved by the Board of Directors on 30 January 2009.

Signed on behalf of the Board of Directors by Mr T J Clarke.

T J Clarke

Notes to the financial statements

for the period ended 31 March 2008

1. Principal accounting policies

The financial statements have been prepared in accordance with applicable accounting standards. A summary of the principal accounting policies, which have been applied consistently throughout the current and preceding period, is set out below.

Basis of preparation

These financial statements have been prepared in accordance with the historical cost convention. The Company transferred its trade, assets and liabilities to a AE LLP on 18 May 2007 at book value. The Company no longer trades but is a member of AE LLP and an intermediate holding company between AE LLP and the Company's existing subsidiaries. The financial statements have therefore been prepared on an other than going concern basis in accordance with reporting standards although the Directors are of the opinion that the Company will continue to be able to meet its liabilities as they fall due. The adoption of a basis other than a going concern has not had a significant impact on the results and assets and liabilities as reported.

Consolidation

The Company has taken advantage of the exemption not to produce group accounts available under Section 228 of the Companies Act 1985 and Financial Reporting Standard 2 "Accounting for Subsidiary Undertakings" as it is consolidated in the accounts of the parent company AE LLP. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

Investments

Investments are stated at cost less provision for any impairment.

Turnover

Turnover, which excludes value added tax, comprises management fees, advisory fees, arrangement fees and directors' fees, recognised as earned.

Pension costs

The Company operated a non-contributory defined contribution money purchase pension scheme for certain eligible employees until 18 May 2007. The pension costs charged to the profit and loss account represent the amount of contributions payable to the pension scheme in respect of the accounting period to 18 May 2007. The assets of the scheme were held separately in independently administered funds. The Company provides no other post retirement benefits to its employees.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Leasehold improvements and office equipment - fully depreciated over four years; and

Original IT equipment - fully depreciated over zero to two years from date of acquisition. Certain items are fully expensed in the year of acquisition.

Finance lease commitments

Assets obtained under finance leases are capitalised as tangible assets and depreciated over their lease terms. Obligations under such agreements are included in creditors. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant annual rate of charge on the net obligation outstanding in each period.

Taxation

United Kingdom corporation tax is provided at amounts expected to be paid (or recovered) using the tax rate and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Dividends

In accordance with Financial Reporting Standard 21, "Events after the balance sheet date", dividends are recognised in the period in which they are approved, and charged to equity.

Cash flow statement

The company has not prepared a cash flow statement as it has taken advantage of the exemption available in Financial Reporting Standard No 1 (Revised 1996): Cash Flow Statements. The company was, as at 31 March 2008, a wholly-owned subsidiary of its ultimate parent undertaking AE LLP, a limited liability partnership, which prepares consolidated financial statements including a cash flow statement incorporating the results of the company. The financial statements of AE LLP are available to the public.

Notes to the financial statements continued
for the period ended 31 March 2008

2. Turnover

	31 Mar 2008 (£)	31 Dec 2006 (£)
Turnover includes the following income from subsidiary undertakings:		
Investment management and advisory fees from AEP I GP	978,998	1,902,982
Investment management and advisory fees from KBF III GP	304,643	1,284,214
	<u>1,283,641</u>	<u>3,187,196</u>

All turnover is derived from discontinued operations in the United Kingdom.

3. Profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation is stated after charging:

	31 Mar 2008 (£)	31 Dec 2006 (£)
Depreciation of tangible fixed assets		
- owned	(10,215)	(70,021)
- held under finance leases	0	0
Operating lease payments		
- IT	(22,367)	(53,680)
- office premises	(143,572)	(374,136)
Fees payable to the Company's auditors for		
- the audit of the Company's annual accounts	(29,850)	(28,250)
- the audit of the Company's subsidiaries	(7,216)	(14,500)
- taxation services	(35,138)	(67,474)
- other services	(18,750)	(2,500)

4. Staff costs

	31 Mar 2008 (£)	31 Dec 2006 (£)
Average number of employees (including executive Directors) was:		
- managerial	10	9
- administrative	8	10
Their aggregate remuneration comprised:		
Wages and salaries	(999,122)	(3,186,477)
Social security costs	(126,037)	(425,451)
Other pension costs	(53,064)	(177,973)

5. Directors' remuneration

	31 Mar 2008 (£)	31 Dec 2006 (£)
Directors' remuneration		
Aggregate emoluments	(625,342)	(2,319,989)
Company pension contributions to money purchase schemes	(37,333)	(114,567)
Number of Directors included in the above figures	6	7
Highest paid Director		
Aggregate emoluments	(128,368)	(493,829)
Company pension contributions to money purchase schemes	(9,360)	(26,400)

Notes to the financial statements continued
for the period ended 31 March 2008

6. Interest receivable		
	31 Mar 2008 (£)	31 Dec 2006 (£)
Bank account interest	31,280	98,507
	<u>31,280</u>	<u>98,507</u>

7. Interest payable		
	31 Mar 2008 (£)	31 Dec 2006 (£)
Interest paid on 5% Loan Stock 2006	0	(48,308)
	<u>0</u>	<u>(48,308)</u>

8. Tax (charge)/credit on profit/(loss) on ordinary activities		
	31 Mar 2008 (£)	31 Dec 2006 (£)
UK corporation tax at 30%	(9,847)	(12,408)
Adjustment in respect of prior periods	25,322	128,235
	<u>15,475</u>	<u>115,827</u>
Deferred tax timing differences	(61,535)	(3,627)
	<u>(46,060)</u>	<u>112,200</u>

Factors affecting tax charge for current period

The tax charge for the current period is higher than that resulting from applying the UK standard rate of tax of 30%. The differences are explained below.

	31 Mar 2008 (£)	31 Dec 2006 (£)
Profit/(loss) on ordinary activities before taxation	<u>109,156</u>	<u>(317,772)</u>
Tax thereon at 30%	(32,747)	95,332
Tax on expenses not deductible for tax purposes	(30,533)	(120,112)
Depreciation (above)/below capital allowances	(3,065)	12,623
Other deferred tax movements	0	(251)
Utilisation of tax losses	13,033	0
Utilisation of tax losses surrendered under group relief	37,470	0
Reversal of timing differences	5,914	0
Turnover not currently taxable	81	0
Prior period adjustments	25,322	128,235
Current tax charge for the period	<u>15,475</u>	<u>115,827</u>

Notes to the financial statements continued
for the period ended 31 March 2008

9. Movements in tangible fixed assets

	Owned (£)			Total (£)	Leased (£)	Total (£)
	Leasehold improvements	IT equipment	Office equipment		Office equipment	
Cost						
Balance at start of period	572,057	291,394	174,599	1,038,050	56,762	1,094,812
Transferred to AE LLP	(572,057)	(291,394)	(174,599)	(1,038,050)	(56,762)	(1,094,812)
Balance at end of period	0	0	0	0	0	0
Depreciation						
Balance at start of period	(572,057)	(206,914)	(174,599)	(953,570)	(56,762)	(1,010,332)
Profit and loss charge	0	(10,216)	0	(10,216)	0	(10,216)
Transferred to AE LLP	572,057	217,130	174,599	963,786	56,762	1,020,548
Balance at end of period	0	0	0	0	0	0
Net book value						
Balance at start of period	0	84,480	0	84,480	0	84,480
Movements in period	0	(84,480)	0	(84,480)	0	(84,480)
Balance at end of period	0	0	0	0	0	0

10. Dividends

	31 Mar 2008 (£)	31 Dec 2006 (£)
Dividend paid	0	(200,000)
	0	(200,000)

11. Investments

	AE LLP (£)	Total (£)
Net book value and cost at start of period	0	0
Movement in period	619,374	619,374
Net book value and cost at end of period	619,374	619,374

The Company became a member of AE LLP in exchange for transferring its business and assets and liabilities. The investment is stated at the book value of assets and liabilities transferred.

12. Investments in subsidiary undertakings

	KBF III GP (£)	AEP I GP (£)	AEP V GP (£)	Total (£)
Net book value and cost at start of period	0	0	1	1
Companies dissolved in period	0	0	(1)	(1)
Net book value and cost at end of period	0	0	0	0
Ordinary share capital held by the Company	100%	100%	100%	

All the companies listed are registered companies in the United Kingdom and all are general partners of limited partnerships.

Notes to the financial statements continued
for the period ended 31 March 2008

13. Debtors

	31 Mar 2008 (£)	31 Dec 2006 (£)
Amounts due within one year:		
Trade debtors	0	1,089,346
Amounts receivable owed by group undertakings	0	73,207
VAT recoverable	0	73,292
Prepayments	0	297,277
Corporation tax recoverable	0	58,470
Deferred tax asset	0	61,535
	<u>0</u>	<u>1,653,127</u>
Amounts due after more than one year:		
Rent deposit	0	168,577
	<u>0</u>	<u>168,577</u>
	<u>0</u>	<u>1,821,704</u>

14. Creditors - Amounts falling due within one year

	31 Mar 2008 (£)	31 Dec 2006 (£)
Trade creditors	0	(433,367)
VAT payable	0	(68,759)
Corporation tax payable	(5,826)	0
PAYE and National Insurance payable	0	(210,428)
Staff costs payable - pension scheme accrual	0	(20,876)
Accruals	0	(1,569,287)
Deferred income - prepaid monitoring fees	0	(201,262)
	<u>(5,826)</u>	<u>(2,503,979)</u>

15. Called up share capital

	31 Mar 2008 (£)	31 Dec 2006 (£)
Authorised, allotted, issued, called up and fully paid:		
B Ordinary Shares	5,000	5,000
	<u>5,000</u>	<u>5,000</u>

In accordance with the Articles of Association dated 30 October 2001 the B Ordinary Shares carry no rights to receive dividends or other income.

16. Profit and loss account

	31 Mar 2008 (£)	31 Dec 2006 (£)
At start of period	677,095	1,082,667
Profit/(loss) after taxation	63,096	(205,572)
Dividends paid	0	(200,000)
At end of period	<u>740,191</u>	<u>677,095</u>

Notes to the financial statements continued
for the period ended 31 March 2008

17. Reconciliation of movements in shareholders' funds

	31 Mar 2008 (£)	31 Dec 2006 (£)
Opening shareholders' funds	682,095	1,087,667
Profit/(loss) after taxation	63,096	(205,572)
Dividends paid	0	(200,000)
Closing shareholders' funds	745,191	682,095

18. Analysis of deferred tax movement

	31 Mar 2008 (£)	31 Dec 2006 (£)
Balance at start of period	61,535	65,162
(Charge)/credit to profit and loss account	(61,535)	(3,627)
	0	61,535
Analysis of deferred tax balance		
Depreciation in excess of capital allowances	0	55,273
Accrued pension payments not made in period	0	6,262
Balance at end of period	0	61,535

The movement in the deferred tax asset of £61,535 is due to the transfer of the business and assets to AE LLP.

19. Ultimate parent company

At the balance sheet date the ultimate parent entity was AE LLP which is both the smallest and largest group preparing consolidated accounts. That group includes this Company's results. Copies of the consolidated financial statements of AE LLP for the period ended 31 March 2008 will be filed in due course at the Companies Registration Office, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

20. Related party disclosures

At the balance sheet date the ultimate controlling party was AE LLP. The company has taken advantage of the exemption in Financial Reporting Standard No 8 - "Related Party Disclosures" ("FRS 8") from the requirement to disclose intra group transactions that are defined as related party transactions under FRS 8. There were no other related party transactions requiring disclosure.

21. Commitments

	31 Mar 2008 (£)	31 Dec 2006 (£)
Annual commitments under non-cancellable operating leases are:		
Operating lease payments for office premises 2 to 5 years	0	168,577