

# Quester Academic GP Limited

Registered number: 4395109

Directors' report and financial statements  
for the year ended 31 March 2007

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## **Directors' report and financial statements**

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## **Directors' report**

The directors present the audited financial statements for Quester Academic GP Limited ("the Company") for the year ended 31 March 2007

### **Principal activities**

The Company acts as the general partner of the Lachesis Seed Fund Limited Partnership ("Lachesis"), the Isis College Fund No 1 Limited Partnership and the Isis College Fund No 2 Limited Partnership (collectively "Isis"), the Second Isis College Fund Limited Partnership ("Second Isis") and of the Sulis Seedcorn Fund Limited Partnership ("Sulis") Lachesis, Isis, Second Isis and Sulis are collectively referred to as "the Funds" hereafter The Funds carry on the business of venture capital investment

Quester Capital Management Limited ("QCML") is responsible for managing each of the Funds

The Company also acts as the general partner of Quester Academic GP Partnership ("the Partnership") The Partnership was formed to carry on the business of investing in University Funds including holding the carried interest relating to the Funds

### **Acquisition of Querist by NewMedia SPARK**

Querist Limited, of which the Company is a wholly owned subsidiary, was acquired by NewMedia SPARK plc, now SPARK Ventures plc, on 11 May 2007 NewMedia SPARK is an AIM traded technology investment company focused on early stage investment in the ICT and media sectors and is one of the few specialist and successful companies with expertise similar to Quester

### **Review of business and future developments**

Both the level of business and the period end financial position were satisfactory The level of activity is likely to be similar in the year to 31 March 2008 A business review of the Querist Group is provided in the accounts of the ultimate holding company, Querist Limited

### **Financial results**

In the year ended 31 March 2007, turnover amounted to £368,850 (2006 £273,290) After the payment of a management fee to QCML in respect of the Funds and other expenses, the Company had a profit for the year after tax of £22,581 (2006 £9,845)

A dividend of £5 was paid during the year on the fixed rate preference shares (2006 £5) Dividends paid or declared in respect of the year ended 31 March 2007 totalled £nil (2006 £23,005)

## Directors

The directors of the Company during the year ended 31 March 2007 and since that date were

SHV Acland (resigned 11 May 2007)	JB Milne (resigned 17 August 2007)
ADN Betton (appointed 11 May 2007)	JR Patel (appointed 11 May 2007)
JD Brooke (resigned 5 October 2007)	HWB Sallitt (resigned 17 August 2007)
AB Carruthers (appointed 11 May 2007)	JA Spooner (resigned 11 May 2007)
CJ Gee	TA Teichman (appointed 11 May 2007)
APG Holmes (resigned 11 May 2007)	ICS Wilcock (resigned 30 March 2007)
S Levi (appointed 13 November 2006)	MG Williams

## Directors' interests in shares of group companies

During the year, no director other than as mentioned below had any beneficial interest in the share capital of the Company or of any group undertakings save for Querist Limited and Quester Venture GP Limited

SHV Acland, APG Holmes and JA Spooner are directors of Querist Limited (the ultimate parent company) and details of their interests in the shares of Querist Limited and of the Company and options to subscribe for shares are disclosed in the financial statements of Querist Limited

## Provision of relevant information to the auditors

The directors who held office at the date of approval of the Report of the Directors confirm that, so far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

## Auditors

RSM Robson Rhodes LLP (Robson Rhodes) merged its audit practice with Grant Thornton UK LLP ("Grant Thornton") Robson Rhodes resigned as auditors on 30 July 2007 with the successor firm being Grant Thornton filling in the casual vacancy A resolution to reappoint Grant Thornton as auditors of the company will be proposed at the forthcoming Annual General Meeting



By order of the Board

**A Betton**

Director

29 January 2008

33 Glasshouse Street  
London  
W1B 5DG

## Statement of 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 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## **Independent auditor's report to the shareholders of Quester Academic GP Limited**

We have audited the financial statements of Quester Academic GP Limited for the year ended 31 March 2007 which comprise the profit and loss account, the balance sheet and notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Directors' Report and financial statements in accordance with United Kingdom law and 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 2007 and of its 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



Grant Thornton UK LLP

Registered Auditor

Chartered Accountants

29 January 2008

## Profit and loss account

*For the year ended 31 March 2007*

	Note	2007 £	2006 £
<b>Turnover</b>	2	368,850	273,290
Administrative expenses		<u>(350,625)</u>	<u>(260,069)</u>
<b>Operating profit</b>	3	18,225	13,221
Interest receivable and similar income		<u>1,204</u>	<u>888</u>
<b>Profit on ordinary activities before taxation</b>		19,429	14,109
Tax on profit on ordinary activities	5	<u>3,152</u>	<u>(4,264)</u>
<b>Profit on ordinary activities after taxation</b>		<u>22,581</u>	<u>9,845</u>

## Reconciliation of movements in equity shareholders' funds

*for the year ended 31 March 2007*

	Note	2007 £	2006 £
<b>Profit on ordinary activities after taxation</b>		22,581	9,845
Dividends	6	<u>(5)</u>	<u>(23,005)</u>
		22,576	(13,160)
Opening shareholders' funds		<u>6,284</u>	<u>19,444</u>
<b>Closing shareholders' funds</b>		<u>28,860</u>	<u>6,284</u>

The Company has no recognised gains and losses other than as shown above

All results arise from continuing operations

The notes on pages 8 to 12 form part of these financial statements



## Balance sheet

as at 31 March 2007

	Note	2007 £	2007 £	2006 £	2006 £
<b>Current assets</b>					
Debtors	7	90,509		55,852	
Cash at bank and in hand		90,102		30,140	
		180,611		85,992	
<b>Creditors: amounts falling due within one year</b>	8	(142,644)		(67,449)	
<b>Net current assets</b>			37,967		18,543
<b>Creditors: amounts falling due after more than one year</b>	9		(9,107)		(12,259)
<b>Net assets</b>			28,860		6,284
<b>Capital and reserves</b>					
Called up share capital	10		160		160
Profit and loss account	11		28,700		6,124
<b>Shareholders' funds</b>			28,860		6,284

The notes on pages 8 to 12 form part of these financial statements

These financial statements were approved by the Board of Directors on 29 January 2008 and were signed on its behalf by



**A Betton**  
Director

## Notes to the Financial Statements

### 1. Principal accounting policies

#### (a) *Basis of preparation*

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The ultimate parent undertaking in whose consolidated accounts the Company is included is Querist Limited (see note 14)

#### (b) *Dividends*

Under FRS 21 dividends payable by the Company should not be recognised in the accounts unless they have been appropriately authorised by the board and declared to the relevant shareholders on or prior to the Balance Sheet date

#### (c) *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19. In the balance sheet deferred tax liabilities are stated net of deferred tax assets, if any.

#### (d) *Limited partnerships*

The Company acts as the general partner of the Funds, as defined in the directors' report, and by virtue of the role of the general partner, these Funds are deemed to be subsidiary undertakings of the Company under the provisions of the Companies Act 1985.

However, as the Company is itself a subsidiary undertaking of an immediate parent undertaking established under the law of a member state of the EU, it is exempt from the requirement to prepare group accounts. The Company is included in consolidated financial statements prepared by its ultimate parent undertaking Querist Limited, which are drawn up to 31 March in the same financial year.

### 2. Turnover

Turnover represents the Company's entitlement to priority profit share as general partner of the Funds. In the absence of profits within the Funds, a sum equivalent to the Company's entitlement is advanced to the Company as an interest-free limited recourse loan. Such advances are treated as income in the Company's accounts in accordance with Financial Reporting Standard 5, "Reporting the substance of transactions".

## Notes to the Financial Statements *(continued)*

### 3. Operating profit

Auditor's remuneration (both for audit and other services) is paid for by another group undertaking

	2007	2006
	£	£
Fees payable to the Company's auditor for the audit of the financial statements	3,000	3,000

Fees payable to the Company's auditor, Grant Thornton UK LLP, and its associates for non-audit services to the Company itself are not disclosed in the individual financial statements of the Company because the Company's group financial statements are required by the Companies Regulations 2005, regulation 5(1), to disclose such fees on a consolidated basis

### 4. Directors' emoluments and employees

The Company had no employees during the year (2006 nil) and directors' emoluments were paid and borne by another group undertaking

### 5. Tax on profit on ordinary activities

	2007	2006
	£	£
UK Corporation tax at 30%	-	-
Deferred tax credit on unutilised losses	-	(13,763)
Deferred tax (credit)/charge on entitlement to priority profit share	(3,019)	17,996
Adjustment in respect of prior year	(133)	31
<b>Tax (credit)/charge for the period</b>	<b>(3,152)</b>	<b>4,264</b>

### Reconciliation of profit on ordinary activities to corporation tax payable

	2007	2006
	£	£
Profit on ordinary activities before tax	19,429	14,109
Tax on profit on ordinary activities at standard UK corporation tax rate at 30% (2006 30%)	5,829	4,233
Effects of		
Crystallisation of priority profit share entitlement	168,122	-
Unutilised losses carried forward	(63,296)	13,763
Revenues not subject to corporation tax	(110,655)	(17,996)

### Corporation tax payable

-	-
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The deferred tax credit of £3,019 arises principally as a result of the treatment as income of the sum advanced to the Company in the form of an interest-free limited recourse loan paid by some of the Funds

## Notes to the Financial Statements *(continued)*

### 6. Dividends paid and proposed

	2007	2006
	£	£
Dividend paid on fixed rate preference shares	5	5
2005 final dividend paid on A ordinary shares	-	11,200
2005 final dividend paid on B ordinary shares	-	2,800
Interim dividend declared in respect of A ordinary shares	-	7,200
Interim dividend declared in respect of B ordinary shares	-	1,800
	<u>5</u>	<u>23,005</u>

### 7. Debtors

	2007	2006
	£	£
Prepayments and accrued income	90,509	55,852
	<u>90,509</u>	<u>55,852</u>

### 8. Creditors: amounts falling due within one year

	2007	2006
	£	£
Amount owed to group undertakings	47,501	-
Dividends payable to group undertakings (note 6)	5	7,200
Dividends payable	-	1,800
Accruals and deferred income	95,138	58,449
	<u>142,644</u>	<u>67,449</u>

## Notes to the financial statements (continued)

### 9. Creditors: amounts falling due after more than one year

	2007	2006
	£	£
Deferred tax asset	(73,769)	(105,128)
Deferred tax liability	82,876	117,387
	<u>9,107</u>	<u>12,259</u>

The deferred tax asset of £73,769 (2006 £105,128) arises from the carry forward of unutilised corporation tax losses. The deferred tax liability of £82,876 (2006 £117,387) arises from the receipt of interest free limited recourse loans. The crystallisation of the liability and the asset is interlinked and on this basis, the asset has been offset against the liability.

### 10. Called up share capital

	2007	2006
	£	£
<i>Authorised</i>		
95 "A" ordinary shares of £1 each	95	95
250 "B" ordinary shares of £1 each	250	250
655 fixed rate preference shares of £1 each	655	655
	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called up and fully paid</i>		
15 "A" ordinary shares of £1	15	15
40 "B" ordinary shares of £1 each	40	40
105 fixed rate preference shares of £1 each	105	105
	<u>160</u>	<u>160</u>

The "A" ordinary shareholders are entitled to 80% of any dividend declared and the "B" ordinary shareholders are entitled to 20% of any dividend declared. The "B" ordinary shareholders are not entitled to vote at any general meeting.

The fixed rate preference shares of £1 each have a fixed dividend entitlement of 5% per annum of the nominal value per share payable annually on 31 December in each year. The preference shareholders are not entitled to vote at any general meeting.

## Notes to the financial statements *(continued)*

### 11. Profit and loss account

	2007	2006
	£	£
At beginning of period	6,124	19,284
Profit on ordinary activities after taxation	22,581	9,845
Dividends	(5)	(23,005)
<b>At end of period</b>	<b>28,700</b>	<b>6,124</b>

### 12. Cash flow statement

Under Financial Reporting Standard 1 (revised 1996) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own consolidated financial statements

### 13. Related party disclosures

As 100% of the voting rights are controlled by Querist Limited, the Company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions with entities which form part of the Group

### 14. Ultimate parent Company

The ultimate parent company is Querist Limited, which is registered in England and Wales. Querist Limited is both the largest and the smallest undertaking into which the results of the Company are consolidated. Copies of Querist Limited's accounts may be obtained from its registered office at 33 Glasshouse Street, London W1B 5DG.

### 15. Ultimate parent Company

On 11 May 2007, Querist Limited, of which the Company is a wholly owned subsidiary, was acquired by NewMedia SPARK plc, an AIM traded venture capital investment company. The terms of the Company's management agreements with the limited partnerships remains unchanged.

### 16. Post balance sheet events

On 5 October 2007 the General Partnership of the Sulis Seedcorn Fund Limited Partnership was transferred from the Company to Sulis General Partner Limited a company owned by the three Universities.