

Advent Venture Partners LLP

Annual Report and Financial Statements
for the year ended 31 March 2019

Registered in England and Wales
Number: OC302716



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Members' Report

The Members present their report and financial statements for the year ended 31 March 2019.

Principal activity and business review

The principal activity of Advent Venture Partners LLP ("the LLP") is the provision of investment management services to venture capital investment funds. The LLP is authorised to conduct investment business by the Financial Conduct Authority.

Principal subsidiaries

Details of principal subsidiaries and their activities are given in Notes 5 and 9.

Results and distributions

The results for the year are shown in the profit and loss account on page 5. The Members' distributions in the year ended 31 March 2019 amounted to £126,000 (2018: £313,083). The LLP's balance sheet as detailed on page 6 show a satisfactory position with Members' interests amounting to £137,220 (2018: £178,460).

Members' profit allocation

The Partnership Agreement dated 16 December 2002 (revised and updated 11th November 2008 and 1st April 2010), governs the policies for Members' drawings, subscriptions and repayment of Members' capital.

Members' profit and losses are allocated between them based on their respective profit share entitlement during the financial period as determined by the members. Drawings are paid monthly as working capital permits.

Business review

In the year under review the LLP provided investment management services to a venture capital fund.

Advent Private Equity Fund IV (APEF IV)

APEF IV has completed its initial ten-year term and the two permitted one-year extensions. The term was extended for a further one year period to 31st August 2018 at a fixed fee of £500,000 with consent of the Limited Partners. At the expiry of this period the Fund was placed into liquidation and no fees are chargeable after this date. The Fund has drawn down 100% of investors' commitments and has an unrealised portfolio of two holdings at 31 March 2019. There were no realisations in the year, but the Fund's holding in FarFetch Ltd was distributed in specie on 22 May 2019.

The members consider that the key performance indicators used to measure the performance of the LLP comprise the returns of the venture capital funds under management. The Members consider the performance returns of the funds for the year ended 31 March 2019 to be satisfactory.

Principal risks and uncertainties

The LLP derives the majority of its income from the management of venture capital funds. Funds are legally committed by the investors in the Funds under the terms of the respective limited partnership agreements. Fees derived from the venture capital funds decrease as the fund matures and at the present time there is no prospect of new funds being raised to supplement the existing income.

Going concern

The LLP will receive no further fees from its investment management activity and APEF IV has been placed into liquidation. The aim is for APEFIV to exit its remaining investments by the end of September 2019 at which time the LLP will also be liquidated. The Members therefore do not consider it would be appropriate to prepare the financial statements on a going concern basis. The effect of this is explained in Note 1(b).

Members

The profit sharing Members of the LLP during the year were as follows:

P.A. Baines*	L.I. Gabb*
M.S.A. Malik	R.B. Parekh
F.P. Court	M. Baines
M.H Chalfen	
J.C Parekh	

*Designated Members

Members' interests

The interests of the Members in the LLP at 31 March 2019 and in the in the partnership capital of Advent Management IV Limited Partnership ("AMIVLP") which is the general partner of the Advent Private Equity Fund IV partnership were as follows:

Members interests as at 31.03.19		
	AMIVLP	AVP LLP
	£	£
P.A. Baines	422	13,806
L.I. Gabb	175	13,033
M.S.A. Malik	422	47,406
F.P. Court	309	35,214
R.B. Parekh	422	4,067
M.H. Chalfen	232	16,092
M. Baines	-	18,322
J.C. Parekh	-	16,212

Audit

For the year ending 31 March 2019 the LLP was entitled to exemption from audit under section 477 of the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) relating to small LLPs. The members acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts. These accounts have been prepared in accordance with the provisions applicable to LLPs subject to the small LLPs regime.

By order of the Members on 5 August 2019

A handwritten signature in black ink, appearing to be 'L.I. Gabb', written in a cursive style.

L.I. Gabb
Designated Member

Statement of Members' Responsibilities in Respect of the Members' Report and the Financial Statements

The members are responsible for preparing the Members' Report and the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of its profit or loss for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the LLP or to cease operations.

Under Regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that its financial statements comply with those regulations. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the LLP and to prevent and detect fraud and other irregularities.

Income Statement

For the year ended 31 March 2019

	Notes	2019 £	2018 £
Turnover	2	208,333	500,000
Expenses		(118,718)	(163,301)
Operating profit	3	89,615	336,699
Interest receivable and similar income		697	257
Investment income		9,192	304
Other income		3,171	-
(Loss)/profit on fixed asset investments		(17,916)	19,707
Profit before Members' remuneration and profit share		84,759	356,967
Members' remuneration charged as an expense		(126,000)	(313,083)
(Loss)/Profit for the year available for distribution amongst members		(41,241)	43,884

In respect of the profit for the year, there is no difference between the figures stated above and their historical cost equivalents.

All profit and loss items in the above statement derive from continuing operations.

The notes on pages 9 to 13 form part of these financial statements.

Statement of Financial Position

As at 31 March 2019

	Notes	2019 £	2018 £
Current assets			
Investment in subsidiaries	5	-	17,916
Debtors	6	35,333	72,040
Cash at bank and in hand		107,553	153,374
		<u>142,886</u>	<u>243,330</u>
Current liabilities			
Creditors: Amounts falling due within one year	7	(5,667)	(64,870)
Net current assets		<u>137,219</u>	<u>178,460</u>
Net assets attributable to members		<u>137,219</u>	<u>178,460</u>
Represented by:			
Members' other interests			
Members capital classified as a equity under FRS 102		10,000	10,000
Loans and other debts due to members			
Members' capital and other amounts		<u>127,219</u>	<u>168,460</u>
Total Members' Interests		<u>137,219</u>	<u>178,460</u>

For the year ending 31 March 2019 the LLP was entitled to exemption from audit under section 477 of the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) relating to small LLPs.

The members acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to LLPs subject to the small LLPs regime.

These financial statements were approved by the Members on 5 August 2019 and signed on their behalf by:



L.I. Gabb
Designated Member

The notes on pages 9 to 13 form part of these financial statements.

Reconciliation of Movement in Members' Interests

As at 31 March 2019

	Members' capital (classified as equity) £	Other members' interests £	Total £	Loans and other debts due to Members £	Total Members' Interests £
At 1 April 2017	10,000	-	10,000	124,576	134,576
Members' remuneration charged as an expense	-	-	-	313,083	313,083
Profit for the period available for division among Members	-	43,884	43,884	-	43,884
Division of Profits	-	(43,884)	(43,884)	43,884	-
Introduced by Members	-	-	-	-	-
Drawings	-	-	-	(313,083)	(313,083)
At 31 March 2018	10,000	-	10,000	168,460	178,460
At 1 April 2018	10,000	-	10,000	168,460	178,460
Members' remuneration charged as an expense	-	-	-	126,000	126,000
Profit for the period available for division among Members	-	(41,241)	(41,241)	-	(41,241)
Division of Profits	-	41,241	41,241	(41,241)	-
Introduced by Members	-	-	-	-	-
Drawings	-	-	-	(126,000)	(126,000)
At 31 March 2019	10,000	-	10,000	127,219	137,219

The average number of members for the year to 31 March 2019 was 8 (2018: 9). The highest profit sharing member was allocated profits of £16,145 (2018: £67,947).

The notes on pages 9 to 13 form part of these financial statements.

Statement of Cash Flow

For the year ended 31 March 2019

	Notes	2019 £	2018 £
Operating activities			
Net cash inflow from operating activities	8	67,119	355,047
Returns on investments and servicing of			
Interest received		697	257
		<hr/>	<hr/>
Net cash inflow from operating activities and returns on investments and servicing of finance		<hr/> 67,816	<hr/> 355,304
Capital expenditure and financial investment			
Net cash inflow before transactions with Members		67,816	355,304
Transactions with Members and former			
Dividends received		9,192	304
Sundry income		3,171	-
Carry profit received on investments		-	19,707
Payments to Members		<hr/> (126,000)	<hr/> (313,083)
Net cash outflow from transactions with Members		(113,637)	(293,072)
Increase in cash		(45,821)	62,232
Cash and cash equivalents at 1 April 2018		<hr/> 153,374	<hr/> 91,142
Cash and cash equivalents at 31 March 2019		<hr/> 107,553	<hr/> 153,374

The notes on pages 9 to 13 form part of these financial statements.

Notes to the Financial Statements

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements:

a) Basis of preparation

Advent Venture Partners LLP is a Limited Liability Partnership and domiciled in the UK. The accounts have been prepared in accordance with Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Limited liability Partnerships Act 2000, under the historical cost convention and in accordance with the Statement of Recommended Practice ("SORP"), Accounting for Limited Liability Partnerships issued by the Consultative Committee of Accounting Bodies. The presentation currency of these accounts is sterling.

b) Going Concern

For all years before the prior year the financial statements have been prepared on a going concern basis. The initial life of APEF IV terminated on 31st August 2015. The General Partner of APEF IV, Advent Management IV LP received consent from the Limited Partners for an extension of APEF IV's term for an additional two-year period to 31st August 2017 and the LLP and received consent for a further one-year extension to 31st August 2018 which resulted in the LLP continuing to provide venture capital investment management services and receiving a fee for such services. However the LLP will receive no further fees and APEF IV has been placed into liquidation. The aim is for APEFIV to exit its remaining investments by the end of September 2019 at which time the LLP will also be liquidated. The Members therefore do not consider it would be appropriate to prepare the financial statements on a going concern basis. There is no impact on the financial statements.

c) Turnover

Turnover comprises fees receivable for business advisory and investment management services and is accounted for net of value added tax.

d) Taxation

The LLP itself does not pay tax on profits earned. The tax liability to any profits earned in the partnership is with the members.

e) Deferred taxation

FRS 102 has been adopted in these financial statements and a provision is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits in the future against which the asset can be offset. Deferred tax is measured on an undiscounted basis at the rates that are expected to apply in the periods in which the timing differences reverse.

1. Accounting policies (continued)

f) Fixed Asset Investment

Investments are valued at cost less impairment.

g) Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction.

h) Financial instruments

Financial assets classified as loans and receivables are carried at amortised cost using the effective interest rate method, less impairment losses, if any. Financial liabilities are measured at amortised cost using effective interest rate.

i) Members' capital & FRS 102

The Members have adopted FRS 102. Based on the conditions of repayment of members' capital in the partnership deed, members' capital is classified as debt in accordance with FRS 102.

j) Consolidation

The LLP accounts were prepared on a small LLP basis satisfying the following two conditions:

I. Annual turnover must be not more than £10.2 million

II. The average number of employees must be not more than 50

Accordingly, the LLP is not required to prepare consolidated accounts or disclose the highest paid member.

2. Turnover

	2019	2018
	£	£
Management fees	208,333	500,000
	<u>208,333</u>	<u>500,000</u>

3. Operating profit

Operating profit is stated after charging:

	2019	2018
	£	£
Auditor's remuneration:		
Audit of financial statements		
pursuant to legislation	<u>-</u>	<u>15,000</u>
	<u>-</u>	<u>15,000</u>

4. Income from other fixed assets investments

The following gains and losses arose from investing interests:

	2019 £	2018 £
Carried Interest realised on investment in AMIVLP	-	19,707
	<u>-</u>	<u>19,707</u>

5. Investments

	£	£
Subsidiary undertakings (note 9)	-	17,916
	<u>-</u>	<u>17,916</u>

In the accounts, other unlisted investments for the current year represent the interest in Advent Private Equity GmbH.

a) Investment movements

Movement in investments during the year are summarised as follows:

	Subsidiary undertaking £	Total £
Net book value at 1 April 2018	17,916	17,916
Changes in value during the year	(17,916)	-
Net book value at 31 March 2019	<u>-</u>	<u>17,916</u>

6. Debtors

	2019 £	2018 £
Trade debtors	-	12,685
Amounts owed by related parties	33,806	50,416
Other debtors	-	47
Prepayments and accrued income	-	2,717
VAT	1,526	6,175
	<u>35,333</u>	<u>72,040</u>

7. **Creditors: amounts falling due within one year**

	2019	2018
	£	£
Trade and other creditors	5,667	20,560
Accruals and deferred income	-	44,310
	<u>5,667</u>	<u>64,870</u>

8. **Reconciliation of operating profit to net cash inflow from operating activities**

	2019	2018
	£	£
Operating profit	89,615	463,082
Decrease/(Increase) in debtors	36,707	(53,438)
(Decrease)/Increase in creditors	(59,203)	9,517
Net cash inflow from operating activities	<u>67,119</u>	<u>419,161</u>

9. **Particulars of subsidiary undertakings**

The following are the subsidiary undertakings at 31 March 2019.

Advent Management IV Limited

General Partner of Advent Private Equity Fund IV LP

A wholly owned subsidiary of Advent Venture Partners LLP (100%) Registered in Scotland	(Issued share capital of 1 £1 ordinary shares.)
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Advent Nominees Limited

Nominee Company

A wholly owned subsidiary of Advent Venture Partners LLP (100%) Registered in England	(Issued share capital of 2 £1 ordinary shares.)
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Advent Private Equity GmbH

Managing Limited Partner of German Venture Capital Fund

A wholly owned subsidiary of Advent
Venture Partners LLP (100%)
Registered in Germany

Particulars of subsidiary undertakings (Continued)

Advent Private Equity Fund III GmbH & Co 'KG'

A German limited partnership whose principal place of business is at Theresienstrasse 6, 80333 Munich, Germany, and of which the AMIILP is the managing limited partner. A subsidiary undertaking of AMIILP by virtue of Section 1162(2)(c)(i) of the Companies Act 2006.

Advent Management IV Limited Partnership ("AMIVLP")

A Scottish limited partnership whose principal place of business is at 50 Lothian Road, Festival Square, Edinburgh EH3 9BY and of which Advent Management IV Limited is the general partner. A subsidiary undertaking of Advent Management IV Limited by virtue of Section 1162 (2)(c)(i) of the Companies Act 2006.

Advent Private Equity Fund IV LP

English limited partnership whose principal place of business is at 4th Floor, 27 Beak Street, London, W1F 9RU and of which AMIVLP is the general partner. Subsidiary undertaking of AMIVLP by virtue of Section 1162(2)(c)(i) of the Companies Act 2006.

Advent Management V Limited Partnership ("AMVLP")

A Scottish limited partnership whose principal place of business is at 13 Queens Road, Aberdeen AB15 4YL and of which Advent Management IV Limited is the general partner. A subsidiary undertaking of Advent Management IV Limited by virtue of Section 1162 (2)(c)(i) of the Companies Act 2006.

Advent Industry LP

English limited partnership whose principal place of business is at 4th Floor, 27 Beak Street, London, W1F 9RU and of which AMVLP is the general partner. Subsidiary undertaking of AMVLP by virtue of Section 1162(2)(c)(i) of the Companies Act 2006.

10. Related party transactions

Advent Venture Partners held an agreement with Felix Capital in respect to services provided by the company until 31 March 2019. The net charge to Advent Venture Partners LLP to 31 March 2019 was £17,500 (2018: £25,000).

11. Controlling Party

In the Members' opinion there is no ultimate controlling party.