

# **Advent Venture Partners LLP**

Annual Report and Financial Statements  
for the year ended 31 March 2018

Registered in England and Wales  
Number: OC302716

TUESDAY



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## **Members' Report**

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The Members present their report and financial statements for the year ended 31 March 2018.

### **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 7. The Members' distributions in the year ended 31 March 2018 amounted to £313,083 (2017: £454,861). The LLP's balance sheet as detailed on page 8 show a satisfactory position with Members' interests amounting to £178,460 (2017: £134,576).

### **Members' profit allocation**

The Partnership Agreement dated 16 December 2002 (revised and updated 11<sup>th</sup> November 2008 and 1<sup>st</sup> 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.

Investment management services:

#### *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 has been extended for a further one year period to 31<sup>st</sup> August 2018 at a fixed fee of £500,000 with consent of the Limited Partners. The Fund has drawn down 100% of investors' commitments and has an unrealised portfolio of two holdings. During the year, the Fund realised its holding in Conatus Pharmaceuticals Inc and made a partial realisation of FarFetch Ltd.

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 2018 to be satisfactory.

Trustee in liquidation services:

*Advent Private Equity Fund III (APEF III)*

APEF III was placed in liquidation on 9 February 2014 with the LLP acting as Trustee in Liquidation. The liquidation was completed on 31 December 2017 and a final distribution made to limited partners.

***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***

In previous years the financial statements have been prepared on a going concern basis. The initial life of APEF IV terminated on 31<sup>st</sup> 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 31<sup>st</sup> August 2017 and the LLP and has received consent for a further one-year extension to 31<sup>st</sup> August 2018 which will result in the LLP continuing to provide venture capital investment management services and receiving a fee for such services. However subsequently the LLP will receive no further fees and APEF IV will be placed into liquidation. The aim will be for APEFIV to exit its remaining investments by the middle of 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	L. A. Gabb
M.H Chalfen	M. Baines
J.C Parekh	

\*Designated Members

## Members' interests

The interests of the Members in the LLP at 31 March 2018 and in the in the partnership capital of Advent Management III Limited Partnership ("AMIII LP") which is the general partner of the Advent Private Equity Fund III partnerships and 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 31.03.18			
	AMIII LP	AMIVLP	AVP LLP
	£	£	£
P.A. Baines	-	422	13,806
L.I. Gabb	226	175	13,033
M.S.A. Malik	452	422	47,406
F.P. Court	226	309	35,214
R.B. Parekh	245	422	4,067
M.H. Chalfen	-	232	16,092
L.A. Gabb	-	-	14,308
M. Baines	-	-	18,322
J.C. Parekh	-	-	16,212

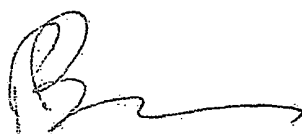
## Disclosure of information to auditor

The members who held office at the date of approval of this members' report confirm that, so far as they are each aware, there is no relevant audit information of which the LLP's auditor is unaware; and each member has taken all the steps that they ought to have taken as a member to make themselves aware of any relevant audit information and to establish that the LLP's auditor is aware of that information.

## Auditor

Pursuant to Section 485 of the Companies Act 2006, the auditor will be deemed to be appointed and KPMG LLP will therefore continue in office.

By order of the Members on 13 July 2018



P.A. Baines  
Designated Member



L.I. Gabb  
Designated Member

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

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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, or have no realistic alternative but to do so.

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.

# **Independent Auditor's Report to the Members of Advent Venture Partners LLP**

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## **Opinion**

We have audited the financial statements of Advent Venture Partners LLP ("the LLP") for the year ended 31 March 2018 which comprise the Income Statement, Statement of Financial Position, reconciliation of Movement in Members' Interests, Statement of Cash Flow and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, of the state of affairs of the LLP as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the LLP in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## **Emphasis of matter - non-going concern basis of preparation**

We draw attention to the disclosure made in note 1(b) to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

## **Other information**

The members are responsible for the other information, which comprises the members' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

## **Matters on which we are required to report by exception**

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the members were not entitled to prepare financial statements in accordance with the small limited liability partnerships' regime.

We have nothing to report in these respects.

### **Members' responsibilities**

As explained more fully in their statement set out on page 4, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the members of the LLP, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by Regulation 39 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Jonathan Martin (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London, E14 5GL

13 July 2018



## Income Statement

For the year ended 31 March 2018

	Notes	2018 £	2017
<b>Turnover</b>	2	500,000	649,777
Expenses		(163,301)	(186,695)
<b>Operating profit</b>	3	336,699	463,082
Interest receivable and similar income		257	194
Investment income		304	10,000
Income from other fixed asset investments		19,707	38,349
<b>Profit before Members' remuneration and profit share</b>		356,967	511,625
Members' remuneration charged as an expense		(313,083)	(454,861)
<b>Profit for the year available for distribution amongst members</b>		43,884	56,764

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 11 to 16 form part of these financial statements.

## Statement of Financial Position

As at 31 March 2018

	Notes	2018 £	2017 £
<b>Fixed assets</b>			
Investment in subsidiaries	5	-	17,916
		-	17,916
<b>Current assets</b>			
Investment in subsidiaries	5	17,916	-
Debtors	6	72,040	74,451
Cash at bank and in hand		153,374	91,142
		243,330	165,593
<b>Current liabilities</b>			
Creditors: Amounts falling due within one year	7	(64,870)	(48,933)
<b>Net current assets</b>		178,460	116,660
<b>Net assets attributable to members</b>		178,460	134,576
<b>Represented by:</b>			
<b>Members' other interests</b>			
Members capital classified as a equity under FRS 102		10,000	10,000
<b>Loans and other debts due to members</b>			
Members' capital and other amounts		168,460	124,576
<b>Total Members' Interests</b>		178,460	134,576

These financial statements were approved by the Members on 13 July 2018 and signed on their behalf by:



P.A. BAINES  
Designated Member



L.I. GABB  
Designated Member

The notes on pages 11 to 16 form part of these financial statements.

## Reconciliation of Movement in Members' Interests

As at 31 March 2018

	Members' capital (classified as equity) £	Other members' interests £	Total £	Loans and other debts due to Members £	Total Members' Interests £
At 1 April 2016	10,000	-	10,000	67,812	77,812
Members' remuneration charged as an expense	-	-	-	454,861	454,861
Profit for the period available for division among Members	-	56,764	56,764	-	56,764
Division of Profits	-	(56,764)	(56,764)	56,764	-
Introduced by Members	-	-	-	-	-
Drawings	-	-	-	(454,861)	(454,861)
<b>At 31 March 2017</b>	<b>10,000</b>	<b>-</b>	<b>10,000</b>	<b>124,576</b>	<b>134,576</b>
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)
<b>At 31 March 2018</b>	<b>10,000</b>	<b>-</b>	<b>10,000</b>	<b>168,460</b>	<b>178,460</b>

The average number of members for the year to 31 March 2018 was 9 (2017: 10). The highest profit sharing member was allocated profits of £67,947 (2016: £97,332).

The notes on pages 11 to 16 form part of these financial statements.

## Statement of Cash Flow

For the year ended 31 March 2018

	Notes	2018 £	2017
<b>Operating activities</b>			
Net cash inflow from operating activities	8	355,047	419,161
<b>Returns on investments and servicing of</b>			
Interest received		257	194
		<u>355,304</u>	<u>419,355</u>
<b>Capital expenditure and financial investment</b>			
		<u>355,304</u>	<u>419,355</u>
Net cash inflow before transactions with Members		355,304	419,355
<b>Transactions with Members and former</b>			
Dividends received		304	10,000
Carry profit received on investments		19,707	38,349
Payments to Members		<u>(313,083)</u>	<u>(454,861)</u>
Net cash outflow from transactions with Members		(293,072)	(406,512)
<b>Increase in cash</b>		62,232	12,843
Cash and cash equivalents at 1 April 2017		<u>91,142</u>	<u>78,299</u>
<b>Cash and cash equivalents at 31 March 2018</b>		<u>153,374</u>	<u>91,142</u>

The notes on pages 11 to 16 form part of these financial statements.

## Notes to the Financial Statements

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### 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

In previous years the financial statements have been prepared on a going concern basis. The initial life of APEF IV terminated on 31<sup>st</sup> 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 31<sup>st</sup> August 2017 and the LLP and has received consent for a further one-year extension to 31<sup>st</sup> August 2018 which will result in the LLP continuing to provide venture capital investment management services and receiving a fee for such services. However subsequently the LLP will receive no further fees and APEF IV will be placed into liquidation. The aim will be for APEFIV to exit its remaining investments by the middle of 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 impact on the financial statements is that £17,916 of assets which had previously been classified as non-current assets are now included in current assets.

#### c) Turnover

Turnover comprises fees receivable for business advisory and investment management services and is accounted for net of value added tax. A substantial proportion of the LLP's income is received in the form of non-recourse loans by way of general partner share in limited partnerships. This loan is recognised as income in the period in which the investment management or other services are provided.

#### 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**

	2018	2017
	£	£
Management fees	500,000	604,167
Other turnover	-	45,610
	<u>500,000</u>	<u>649,777</u>

**3. Operating profit**

Operating profit is stated after charging:

	2018 £	2017 £
Auditor's remuneration:		
Audit of financial statements pursuant to legislation	<u>15,000</u>	<u>25,000</u>
	<u>15,000</u>	<u>25,000</u>

**4. Income from other fixed assets investments**

The following gains and losses arose from investing interests:

	2018 £	2017 £
Carried Interest realised on investment in AMIVLP	<u>19,707</u>	<u>38,349</u>
	<u>19,707</u>	<u>38,349</u>

**5. Investments**

	2018 £	2017 £
Subsidiary undertakings (note 9)	<u>17,916</u>	<u>17,916</u>
	<u>17,916</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 2017	<u>17,916</u>	<u>17,916</u>
Net book value at 31 March 2018	<u>17,916</u>	<u>17,916</u>

**6. Debtors**

	2018	2017
	£	£
Trade debtors	12,685	464
Amounts owed by related parties	50,416	37,833
Other debtors	47	23
Prepayments and accrued income	2,717	28,142
VAT	6,175	7,989
	<u>72,040</u>	<u>74,451</u>

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

	2018	2017
	£	£
Trade and other creditors	20,560	23,670
Amounts owed to subsidiaries	-	263
Accruals and deferred income	44,310	25,000
	<u>64,870</u>	<u>48,933</u>

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

	2018	2017
	£	£
Operating profit	336,699	463,082
Decrease/(Increase) in debtors	2,411	(53,438)
Increase in creditors	15,937	9,517
Net cash inflow from operating activities	<u>355,047</u>	<u>419,161</u>

**9. Particulars of subsidiary undertakings**

The following are the subsidiary undertakings at 31 March 2018.

**Advent Management III Limited**

General Partner of Advent Private Equity Fund III LP

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

**Advent Management IV Limited**

General Partner of Advent Private Equity Fund IV LP

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



**Particulars of subsidiary undertakings (Continued)**

**Advent Nominees Limited**

Nominee Company

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

**Advent GPIC Limited**

Holder of investments in Venture Capital Funds

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

**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

**Advent Management III Limited Partnership ("AMIII LP")**

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

**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 AMIII LP is the managing limited partner. A subsidiary undertaking of AMIII LP by virtue of Section 1162(2)(c)(i) of the Companies Act 2006.

**Advent Management IV Limited Partnership ("AMIV LP")**

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**

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

**Advent Management V Limited Partnership ("AMV LP")**

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.

**Particulars of subsidiary undertakings (Continued)**

**Advent Industry LP**

English limited partnership whose principal place of business is at 4<sup>th</sup> 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 2018. The net charge to Advent Venture Partners LLP to 31 March 2018 was £25,000 (2017: £18,750).

**11. Controlling Party**

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