

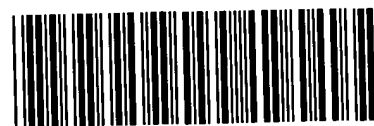
Advent Life Sciences LLP

Report and Accounts

**For the year ended
31 December 2020**

**Registered in England and Wales
Number: OC347034**

THURSDAY



AA2H8QKJ

A04

15/04/2021

#129

COMPANIES HOUSE

Members' Report.....	2-5
Statement of Members' Responsibilities of the Members' Report and the Accounts.....	6
Independent Auditors' Report.....	7-10
Statement of Comprehensive Income	11
Statement of Financial Position	12
Statement of Cash Flows	13
Reconciliation of Movement in Members' Interests.....	14-15
Notes to the Accounts	16-30

Members' Report

The Members present their report and accounts for the year ended 31 December 2020.

Principal activities

Advent Ventures Life Sciences LLP ("the LLP") was established on 8 July 2009 and changed its name to Advent Life Sciences LLP on 8 July 2011. The LLP is authorised and regulated by the Financial Conduct Authority.

The LLP's principal activities are venture capital investing and acting as the Manager to Advent Life Sciences Fund I LP ("ALSF I"), Advent Life Sciences Fund II LP ("ALSF II"), Advent Life Sciences Fund III LP ("ALSF III"), and from 5th November 2020, Advent Harrington Impact Fund ("AHIF"). All entities are venture capital investment partnerships (together "the Funds").

In addition, the LLP also acts as the Manager of Advent Life Sciences II Co-invest LP and ALS III Carry and Co-invest LP.

There have not been any other significant changes in the LLP's principal activities during the year. The members are not aware of any likely major changes in the LLP's activities in the next year.

Results for the year

The results of the LLP for the year ending 31 December 2020 may be found on page 9 of these accounts.

Principal subsidiaries

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

Funds Committed

The LLP holds benefits from investment as an investor alongside ALSF I and ALSF II. The LLP is subject to a co-investment agreement with the Funds, as described in Note 12 to the accounts.

ALSF I held its final closing on 21 June 2012 and as at 31 December 2020 the total commitments were £101,300,000. With the consent of the Limited Partners, ALSF I was re-opened on 18 May 2012 to accept a new Limited Partner and increase commitments from the existing Limited Partners. Under the terms of the co-investment agreement mentioned above, the LLP's commitment to ALSF I is £4,100,000.

ALSF II held its final closing on 27 October 2014 and as at 31 December 2020 the total commitments were £145,480,000. Under the terms of the co-investment agreement mentioned above, the LLP's commitment is £5,000,000.

Additionally the LLP is the Manager of ALSF III and AHIF but will not invest alongside these Funds.

Post balance sheet events

From 1 January 2021 to 30 March 2021, Advent Life Sciences LLP invested a total of £139,683 in Tridek One, Ventus Medical Ltd, Artax Biopharma Inc, Aleta Biotherapeutics, Amphista Therapeutics Ltd and Aura Biosciences Inc.

Members' Report (continued)

Going Concern

After making enquiries, the members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts as explained in Note 2.

Members

There are two classes of partner constituting the LLP, described as follows:

- **Members:** Participants in the profits of the LLP;
- **Investing Members:** Participants in investing activity under the terms of the co-investment agreements of the Funds.

As of 31 December 2020, all Members and Investing Members remained the same, with the exception of Amber Rosamond who was terminated as an Investing Partner in the Partnership.

Policy on members' drawings

The LLP's policy is to distribute profits in accordance with section 16.2 of the Limited Liability Partnership Agreement ("the Partnership Agreement") dated 8 July 2009 as amended and restated from time to time, which states that in respect of each Accounting Period, the profits of the LLP shall be divided between the Profit Sharing Partners, firstly in an amount equal to their respective Profit Sharing Amounts and secondly in accordance with their respective Profit Sharing Percentages.

Review of the year ended 31 December 2020

New investments

The LLP made the following new investments during the year:

Investee Company	Date of Completion	Invested Cost £	Investment type
Levicept Ltd	10 February 2020	8,829	Follow on investment
Capella Biosciences Ltd	28 May 2020	4,047	Follow on investment
Levicept Ltd	04 June 2020	6,376	Follow on investment
Kandy Therapeutics Ltd	11 June 2020	2,024	Follow on investment
F2G Ltd	30 July 2020	2,116	Follow on investment
Capella Biosciences Ltd	25 September 2020	72,852	Follow on investment
Aura Biosciences Inc	05 October 2020	1,958	Follow on investment
Nerre Therapeutics Ltd	30 October 2020	12,738	Follow on investment
Levicept Ltd	17 November 2020	72,748	Follow on investment
Iterum Therapeutics Ltd	17 January 2020	40,691	Follow on investment
Ventus Medical	27 February 2020	22,340	Follow on investment
Zikani Therapeutics Inc	31 March 2020	71,992	Follow on investment
Nalu Medical Inc	29 June 2020	71,837	Follow on investment
Aleta Biotherapeutics	06 August 2020	27,950	Follow on investment
Alpha Anomeric	12 October 2020	47,442	Follow on investment
		<u>465,940</u>	

Members' Report (continued)

Realisations

Proceeds of £3,591,311 were received during the year relating to the partial realisation of the LLP's holding in Axonics Modulations Inc, the full realisation of its holding in Kandy Therapeutics, loan repayment and liquidation proceeds of Calcico Therapeutics Ltd and liquidation proceeds of two Advent Evaluation companies.

Valuation of investments

The LLP's investments are valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines 2018. These guidelines are based on the overall principle of 'fair value' in order to be consistent with FRS 102.

Full details of accounting policies with respect to valuation of investments are included in note 2 to the accounts.

Drawdowns and undrawn commitments

The Members have provided capital contributions totalling £15,000 as at 31 December 2020 (2019: £15,000).

The Investing Members provided capital contributions totalling £22 as at 31 December 2020 (2019: £22) and are responsible for the loan commitment of £4,100,000 in ALSF I and £5,000,000 in ALSF II. As at 31 December 2020, 7% (2019: 9%) of total loan commitments in ALSF I and 33% (2019: 33%) of total loan commitments in ALSF II remain undrawn.

Amounts attributable to the Members

During the year the LLP received income as the Manager of the Funds.

Management fees of £4,383,043 were received from ALSF I and ALSF II in accordance with the Management Agreement between the LLP and Advent Life Sciences GP LLP, acting as the General Partner of ALSF I and ALSF II.

Management fees of £3,389,642 were received from ALSF III and AHIF in accordance with the Management Agreement between the LLP and ALS III GP LLP, acting as the General Partner of ALSF III and AHIF.

Administrative expenses of £1,529,053 have been allocated to the Members in the year ended 31 December 2020 (2019: £946,913).

Amounts attributable to the Investing Partners

The excess of expenses over income attributable to the Investing Members for the year was £276 (2019: £440), which has been transferred to the partners accounts along with net capital and income gains of £2,787,632 (2019 losses: £168,256).

Members

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

M.S.A. Malik

R.B. Parekh

Members' Report (continued)

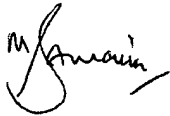
Disclosure of information to auditors

The members confirm that, so far as it is aware, there is no relevant audit information of which the LLP's auditors are unaware, and the members have taken all the steps that ought to have been taken as a member to make itself aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.

Auditors

KPMG LLP has expressed their willingness to continue to act as auditor of the LLP.

By order of the Members on 30 March 2021:



M.S.A Malik
Designated Member

Statement of Members' Responsibilities in respect of the Members' Report and the Accounts

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 Life Sciences LLP

Opinion

We have audited the financial statements of Advent Life Sciences LLP ("the LLP") for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Balance Sheet, Cash Flow Statement, Reconciliation of Movement in Members' Interests and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view, of the state of affairs of the LLP as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with 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.

Going concern

The members have prepared the financial statements on the going concern basis as they do not intend to liquidate the LLP or to cease its operations, and as they have concluded that the LLP's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the members' conclusions, we considered the inherent risks to the LLP's business model and analysed how those risks might affect the LLP's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the members' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the LLP's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the LLP will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of members as to the LLP's policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading the LLP's meeting minutes;

- Using analytical procedures to identify any usual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue is generated from few sources and transactions are easily verifiable to external sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journals posted to revenue and cash.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the members and other management (as required by auditing standards), and from inspection of the LLP's regulatory correspondence, and discussed with the members and other management the policies and procedures regarding compliance with laws and regulations.

As the LLP is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the LLP is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related Limited Liability Partnerships legislation) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the LLP is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the LLP's regulatory permissions. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of LLP legislation recognising the financial and regulated nature of the LLP's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the members and other management and inspection of regulatory correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not

responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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.

We have nothing to report in these respects.

Members' responsibilities

As explained more fully in their statement set out on page 6, 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.

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 Lungalang

Jonathan Lungalang (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL

30 March 2021

**Statement of Comprehensive Income
For the year ended 31 December 2020**

	Notes	2020 £	2019 £
Turnover	3	7,772,685	5,334,107
Operating expenses		(1,531,651)	(949,636)
Operating Profit		6,241,034	4,384,471
Bank interest receivable		1,531	2,283
Investment income		50,177	-
Net realised gains/(losses) on disposal		3,687,861	(201,355)
Movement in unrealised gains and losses	8	705,535	4,337,621
Profit for the financial year before members' remuneration and profit shares		10,686,138	8,523,020
Members' remuneration charged as an expense		(6,292,466)	(4,387,194)
Profit for the financial year available for discretionary division among members		4,393,672	4,135,826
Allocated as follows:			
Income			
Investing Members		276	(440)
Members		-	-
Capital			
Investing Members' realised gains/(losses)		2,787,632	(168,256)
Unallocated realised gains/(losses)		900,229	(33,099)
Unallocated unrealised gains		705,535	4,337,621
Total		4,393,672	4,135,826

The net profit on the LLP Income Statement arises from continuing activities.

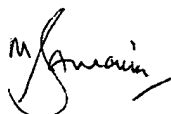
There were no other items of comprehensive income for the year and therefore the profit for the year is also the total comprehensive income for the year

The notes on pages 16 to 30 form part of these accounts.

Balance Sheet
As at 31 December 2020

	Notes	2020 £	2019 £
Fixed Assets			
Investments in subsidiaries	4	4	1
Investments	8	12,139,933	11,488,993
Debtors	9	829,638	-
		<u>12,969,575</u>	<u>11,488,994</u>
Current assets			
Debtors	9	334,130	495,761
Cash at bank and in hand		543,910	185,416
		<u>878,040</u>	<u>681,177</u>
Creditors: amounts falling due within one year	10	<u>(100,165)</u>	<u>(208,525)</u>
Net current assets		<u>777,875</u>	<u>472,652</u>
Net assets attributable to members		<u>13,747,450</u>	<u>11,961,646</u>
Represented by:			
Loans and other debts due to members within one year		6,374,604	6,194,565
Members			
Members other interests - Other reserves classified as equity under FRS 102		15,022	15,022
Total members' interests		<u>6,389,626</u>	<u>6,209,587</u>
Unallocated realised gains		900,229	-
Unallocated unrealised gains		6,457,595	5,752,059
Total Capital and reserves		<u>13,747,450</u>	<u>11,961,646</u>

These accounts were approved by the Members on 30 March 2021 and signed on its behalf by:



M.S.A Malik
Designated Member
The notes on pages 16 to 30 form part of these accounts.
Registered Number: OC347034

Cash Flow Statement
For the year to 31 December 2020

	Notes	2020 £	2019 £
Net cash inflow from operating activities and returns on investments	12	6,133,459	3,954,958
Cash flows from investing activities			
Investments made	8	(465,940)	(533,766)
Proceeds received from sale of investments		3,591,308	39,914
Net cash inflow before financing and liquid resource management		9,258,827	3,461,106
Cash flows from financing activities			
Loan commitments drawn down		381,987	491,000
Movement in capital contributions repaid to Advent LS II LP		-	15
Movement in capital contribution made to ALS III Carry & Co-invest LP		-	(150)
Payments to Members		(5,810,636)	(4,554,816)
Distribution received as Investing member in ALS III Carry and Co-invest		15,175	
Distributions to Investing Members		(3,486,859)	(39,914)
Net increase/(decrease) in cash and cash equivalents		358,494	(642,759)
Cash and cash equivalents at the beginning of the year		185,416	828,175
Cash and cash equivalents at the end of the year		543,910	185,416

The notes on pages 16 to 30 form part of these accounts.

Reconciliation of Movement in Members' Interests at 31 December 2020

Members' Interests

	Members' Other Interests		Total	Loans and other debts due to members	Total 2020
	Members' Capital (classified as equity)	Other reserves			
	£	£	£	£	£
Balance at 1 January 2020	15,000	-	15,000	65,490	80,490
Members' remuneration charged as an expense	-	-	-	6,292,465	6,292,465
Members' interests after profit for the year	15,000	-	15,000	6,357,955	6,372,955
Other divisions of profit	-	-	-	-	-
Distribution received as Investing member in ALS III Carry and Co-invest	-	-	-	15,175	15,175
Drawings	-	-	-	(5,810,636)	(5,810,636)
Balance at 31 December 2020	15,000	-	15,000	562,494	577,494

	Members' Other Interests		Total	Loans and other debts due to members	Total 2020
	Members' Capital (classified as equity)	Other reserves			
	£	£	£	£	£
Balance at 1 January 2020	22	-	22	6,129,075	6,129,097
Profit for the financial period available for discretionary division among members	-	2,787,907	2,787,907	-	2,787,907
Members' interests after profit for the year	22	2,787,907	2,787,929	6,129,075	8,917,004
Other divisions of profit	-	(2,787,907)	(2,787,907)	2,787,907	-
Introduced by members	-	-	-	381,987	381,987
Distributions to members during the year	-	-	-	(3,486,859)	(3,486,859)
Balance at 31 December 2020	22	-	22	5,812,110	5,812,132

Total Interests

	Members' Other Interests		Total	Loans and other debts due to members	Total 2020
	Members' Capital (classified as equity)	Other reserves			
	£	£	£	£	£
Balance at 1 January 2020	15,022	-	15,022	6,194,565	6,209,587
Members' remuneration charged as an expense	-	-	-	6,292,465	6,292,465
Profit for the financial period available for discretionary division among members	-	2,787,907	2,787,907	-	2,787,907
Members' interests after profit for the year	15,022	2,787,907	2,802,929	12,487,030	15,289,959
Other divisions of profit	-	(2,787,907)	(2,787,907)	2,787,907	-
Introduced by members	-	-	-	381,987	381,987
Distributions to members during the year	-	-	-	(3,486,859)	(3,486,859)
Distribution received as Investing member in ALS III Carry and Co-invest	-	-	-	15,175	15,175
Drawings	-	-	-	(5,810,636)	(5,810,636)
Balance at 31 December 2020	15,022	-	15,022	6,374,604	6,389,626
Unallocated realised gains and losses					900,229
Net unallocated unrealised gains and losses					6,457,595
Total Capital and reserves					13,747,450

Net unallocated unrealised gains and losses will be allocated to Investing Members upon realisation of investments in Advent Life Sciences Fund I and Advent Life Sciences Fund II.

Reconciliation of Movement in Members' Interests at 31 December 2019

Members' Interests

	Members' Other Interests		Total	Loans and other debts due to members	Total 2019
	Members' Capital (classified as equity)	Other reserves			
	£	£	£	£	£
Balance at 1 January 2019	15,000	-	15,000	233,247	248,247
Members' remuneration charged as an expense	-	-	-	4,387,194	4,387,194
Members' interests after profit for the year	15,000	-	15,000	4,620,441	4,635,441
Other divisions of profit	-	-	-	-	-
Capital contribution in ALS III Carry and Co-invest	-	-	-	(150)	(150)
Repayment of capital in Advent LS II LP	-	-	-	15	15
Drawings	-	-	-	(4,554,816)	(4,554,816)
Balance at 31 December 2019	15,000	-	15,000	65,490	80,490

Investing Members' Interests

	Members' Other Interests		Total	Loans and other debts due to members	Total 2019
	Members' Capital (classified as equity)	Other reserves			
	£	£	£	£	£
Balance at 1 January 2019	22	(29,424)	(29,402)	5,876,108	5,846,706
Profit for the financial period available for discretionary division among members	-	(168,695)	(168,695)	-	(168,695)
Members' interests after profit for the year	22	(198,119)	(198,097)	5,876,108	5,678,011
Other divisions of profit	-	198,119	198,119	(198,119)	-
Introduced by members	-	-	-	491,000	491,000
Distributions to members during the year	-	-	-	(39,914)	(39,914)
Balance at 31 December 2019	22	-	22	6,129,075	6,129,097

Total Interests

	Members' Other Interests		Total	Loans and other debts due to members	Total 2019
	Members' Capital (classified as equity)	Other reserves			
	£	£	£	£	£
Balance at 1 January 2019	15,022	(29,424)	(14,402)	6,109,355	6,094,953
Members' remuneration charged as an expense	-	-	-	4,387,194	4,387,194
Profit for the financial period available for discretionary division among members	-	(168,695)	168,695	-	(168,695)
Members' interests after profit for the year	15,022	(198,119)	(183,097)	10,496,549	10,313,452
Other divisions of profit	-	198,119	198,119	(198,119)	-
Introduced by members	-	-	-	491,000	491,000
Distributions to members during the year	-	-	-	(39,914)	(39,914)
Capital contribution in ALS III Carry and Co-invest	-	-	-	(150)	(150)
Repayment of capital in Advent LS II LP	-	-	-	15	15
Drawings	-	-	-	(4,554,816)	(4,554,816)
Balance at 31 December 2019	15,022	-	15,022	6,194,565	6,209,587
Net unallocated unrealised gains and losses					5,752,059
Total Capital and reserves					11,961,646

Notes to the Accounts

1. Management Agreement

Under the terms of the Management Agreement between the LLP and Advent Life Sciences GP LLP, acting as the General Partner of ALSF I and ALSF II, Management fees will be received from Advent Life Sciences GP LLP as remuneration for (i) undertaking portfolio management and risk management with respect to ALSF III and (ii) managing and operating ALSF I and ALSF II.

Under the terms of the Management Agreement between the LLP and ALS III GP LLP, acting as the General Partner of ALSF III and AHIF, Management fees will be received from ALS III GP LLP as remuneration for (i) undertaking portfolio management and risk management with respect to ALSF III and AHIF and (ii) managing and operating ALSF III and AHIF.

Both Advent Life Sciences GP LLP and ALS III GP LLP has given consent for the Management fee to be paid by the Partnership directly to the LLP and this shall reduce the General Partner Share payable for that accounting period, provided that the General Partner's Share shall not be reduced below zero.

In any accounting period, the fee payable by the Funds to the LLP shall not exceed an amount equal to the difference between (i) the General Partner's Share for such accounting period and (ii) the aggregate amounts offset against the General Partner's Share in that accounting period.

2. Accounting policies

a) Basis of preparation

Advent Life Sciences LLP is a Limited Liability Partnership and domiciled in the UK.

These LLP accounts were prepared in accordance with Financial Reporting Standard 102 ("FRS 102"), which is the Financial Reporting Standard applicable in the UK and Republic of Ireland. The accounts also comply with the requirements of the Statement of Recommended Practice, Accounting by Limited Liability Partnerships. The presentation currency of these accounts is sterling.

b) Going concern

After reviewing the Partnership's performance projections, the Members are satisfied that the Partnership has adequate access to resources to enable it to meet its obligations and to continue in operational existence for the foreseeable future.

The financial statements are prepared on a going concern basis. The Designated Members have considered the impact of the of COVID-19 pandemic on the Partnership and have completed a financial forecast alongside severe but plausible scenario-based downside stress-testing, including the impact of declining portfolio values and a reduced ability to generate portfolio realisations. The Designated Members have considered the impact of the emergence and spread of Covid-19 pandemic and potential implications on future partnership operations. After reviewing the Partnership's performance projections, taking into account a cash balance of £543,910 as at 31 December 2020, forecast fund expenses and available uncalled commitments of £1,937,000 as at 31 December 2020, the Designated Members is satisfied that the Partnership has adequate access to resources to enable it to meet its obligations and to continue in operational existence for a period at least the next 12 months. Whilst there are significant wider market uncertainties which may impact portfolio company investments and fund investors due to the impact of the emergence and spread of

Notes to the Accounts (continued)

1. Accounting policies (continued)

Covid-19, the Designated Members does not believe this will significantly impact the liquidity of the partnership over the next 12 months. For this reason, the Designated Members has adopted the going concern basis in preparing these financial statements.

c) Consolidation

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to the preparation of accounts.

The LLP accounts were prepared using the small entity consolidation exemption by 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

Therefore in accordance with Section 399 of the Companies Act 2006 the LLP is not required to prepare consolidated accounts.

d) Financial instruments

Recognition

The LLP recognises financial assets on the date it becomes a party to the contractual provisions of the instruments.

Measurement

Financial instruments are measured on acquisition at fair value. Transaction costs that are directly attributable to the acquisition of the financial asset are expensed immediately.

Subsequent to initial recognition, all instruments are measured at fair value with changes in their fair value recognised in the Profit and loss account.

Fair Value Measurement Principles

Unquoted investments

For investments where it is not practical to estimate the fair value by future earnings or cash flows, or by the probability and financial impact of the success of the company's development activities, the investment is valued on the basis of a recent material transaction in which an arms-length investment is made into the business and considering liquidation preference arrangements and any accrued dividends or interest due. In the absence of such a transaction, the fair value of the investment is considered to equate to the carrying cost. A provision or uplift will be taken to reflect any impairment to the investment that may have occurred in the intervening period or a significant event in the market or the investment indicates there has been a change in the fair value.

For investments in start-up or early-stage businesses, it may be considered whether the investments cost is the most appropriate fair value where it is not practical to estimate the fair value by future earnings or cash flows and where there has been no recent material transaction

Notes to the Accounts (continued)

2. Accounting policies (continued)

in which an arms-length investment is made into the business. A provision or uplift may subsequently be taken where required.

For investments in more established businesses, in the absence of a valuation based on a material third-party transaction, investments in respect of which at least a year has elapsed since the investment was made are normally valued on an earnings basis, by the application of the earnings/revenue multiple methodology to the maintainable earnings of the company.

Quoted investments

Quoted instruments are valued based on their quoted market prices at the balance sheet date, without any deductions for future selling costs, at current bid prices where available.

Investments denominated in foreign currencies

The carrying values of investments denominated in foreign currencies are translated to sterling at the exchange rates ruling at the balance sheet date.

d) Financial instruments (continued)

Derecognition

The LLP derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires.

e) Income and expenses

Turnover comprises of amounts received from the Funds, of which the LLP was Manager of during the year. These amounts are included in the Statement of Comprehensive Income in accordance with the contracted dates of receipt and other fees which are recognised on an accruals basis. Income is shown exclusive of value added tax primarily within the UK.

Dividends receivable from equity shares are brought into account on the ex-dividend date or when no ex-dividend date is quoted, when the right to receive payment is established.

Interest income on shareholder loan stock is recognised on an accruals basis, this is shown net of provisions where there are doubts over recoverability.

Bank interest receivable and expenses are recognised on an accruals basis.

f) Foreign exchange

Foreign currency transactions are recorded when they do not occur in the functional currency of the Partnership (sterling), by applying a spot exchange rate between the foreign currency amount and sterling on the date of the transaction.

At each balance sheet date:

- (i) foreign currency monetary items are translated into sterling using the exchange rate at balance sheet date;
- (ii) non-monetary items that are measured in a foreign currency at historical cost are translated using the exchange rate at the date of the transaction; and

Notes to the Accounts (continued)

2. Accounting policies (continued)

- (iii) non-monetary items that are measured in a foreign currency at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they initially recognised are recognised in the Statement of Comprehensive Income in the period in which they arise.

When a gain or loss on a non-monetary item is recognised in the Statement of Comprehensive Income, any exchange component of that gain or loss is also recognised in the Statement of Comprehensive Income.

g) Members capital

Based on the conditions of repayment of members' capital set out in section 15.4 of the partnership deed, members' capital is classified as equity in accordance with FRS 102. Repayment will only be made in the following circumstances:

- If the General Partners by Resolution so agree, provided that such repayment would not cause the LLP to have aggregate Capital Contributions of less than the Regulatory Capital Requirement;
- on the winding up of the LLP; or
- if a Member ceases to be a Member and either such repayments would not cause the LLP to have aggregate Capital Contributions of less than the Regulatory Capital Requirement or one or more other Members immediately contributes further capital in an aggregate amount equal to or greater than the shortfall;
- if the FCA grants a waiver to the LLP permitting the return of such capital.
- upon the LLP ceasing to be authorised by the FCA or no longer holding a permission under Part IV of FSMA; or
- If the FCA grants a waiver to the LLP permitting the return of such capital.

In the event of the winding up of the LLP, amounts related to Investing Members and other Members will be treated separately. Debts due to Investing Members rank pari passu with other creditors specifically related to Investing Members, and debts due to other Members rank pari passu with other creditors specifically related to other Members.

h) Investments in subsidiaries

Investments in subsidiaries are included at cost less provision for impairment.

i) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the LLP's cash management are included as a component of cash and cash equivalents in the Statement of Cash Flows.

Notes to the Accounts (continued)

j) Taxation

Income tax, being the individual liability of each Member, is not provided for in the accounts of the LLP.

k) Members remuneration charged as an expense

The LLP agreement provides that fixed amounts, determined for each member, be paid to members irrespective of the profits of the LLP. These amounts are included in the Statement of Comprehensive Income after arriving at profit for the period before members' profit share.

A member's share in the profit for the period is accounted for as an allocation of profits.

l) Contingent consideration

For assets sold by the entity where the sale agreement includes a contractual right to future consideration, a financial instrument is recognised. The General Partner notes that future consideration is variable depending on future events and outcomes. The General Partner uses a discounted cashflow to estimate fair value using cashflows which have been probability weighted to reflect the outcomes which they have deemed most appropriate, before discounting the cashflows by a rate which the General Partner deems appropriate. The General Partner revisits the assumptions on a quarterly basis to consider ongoing appropriateness.

The future consideration is presented as a debtor in these financial statements and an unallocated gain.

3. Turnover

Advent Life Sciences GP LLP and ALS III GP LLP has given consent for a Management fee to be paid by the Partnership directly to the LLP and this shall reduce the General Partner Share payable for that accounting period, provided that the General Partner's Share shall not be reduced below zero.

In any accounting period, the fee payable by the Funds to the LLP shall not exceed an amount equal to the difference between (i) the General Partner's Share for such accounting period and (ii) the aggregate amounts offset against the General Partner's Share in that accounting period.

The General Partner's Share was calculated and paid directly from 2 February 2011 for ALSF I and 27 March 2015 for ALSF II, being the date of the first drawdown from investors. The Management fee for ALSF I and ALSF II has commenced from 1 January 2020.

The Management fee for ALSF III has been calculated from 28 March 2019, being the Commencement date of the Fund.

Notes to the Accounts (continued)

3. Turnover (continued)

	2020 £	2019 £
General Partners' profit share received from:		
Advent Life Sciences Fund I and Advent Life Sciences Fund II	-	3,774,065
Management fee received from:		
Advent Life Sciences Fund I and Advent Life Sciences Fund II	4,383,043	-
Management fee received from:		
Advent Life Sciences Fund III and Advent-Harrington Impact Fund	3,389,642	1,560,042
	<u>7,772,685</u>	<u>5,334,107</u>

4. Investments in Subsidiaries

Investments in subsidiaries are included at cost less provision for impairment.

	2020 £	2019 £
Cost and net book value:		
At 1 January 2020	1	1
Additions	3	-
At 31 December 2020	<u>4</u>	<u>1</u>

5. Operating profit

Operating profit is stated after charging:

	2020 £	2019 £
Auditor's remuneration:		
Audit of financial statements pursuant to legislation	22,500	17,500
Audit of CASS pursuant to legislation	13,500	15,000
	<u>36,000</u>	<u>32,500</u>

6. Staff costs

There were no staff (2019: 0) employed by the LLP in the year to 31 December 2020 and therefore £nil (2019: £nil) salaries paid.

All staff employed to perform administrative work relating to the LLP are contracted and paid through the LLP's subsidiary company, Advent LS Services Ltd.

Notes to the Accounts (continued)

7. Related Parties

The related undertakings of the LLP at the end of the year are:

<u>Name</u>	<u>Registered Address</u>	<u>Net Assets</u> £	<u>Net Income</u> £	<u>Ownership</u> %
Advent LS Services Ltd	158-160 North Gower Street, London, NW1 2ND	31,392	(25,630)	100
Advent Management Life Sciences Ltd	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ	1	-	100
ALS III MemberCo Ltd	158-160 North Gower Street, London, NW1 2ND	11	-	100
Advent Life Sciences Fund I LP	158-160 North Gower Street, London, NW1 2ND	222,361,000	(52,000)	-
Advent Life Sciences Fund II LP	158-160 North Gower Street, London, NW1 2ND	113,793,000	(118,000)	-
Advent Life Sciences Fund III LP	158-160 North Gower Street, London, NW1 2ND	20,876,000	(16,000)	-
Advent-Harrington Impact Fund LP	158-160 North Gower Street, London, NW1 2ND	-	-	-
ALS III Carry and Co-invest LP	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ	891,000	(17,000)	-
Advent Life Sciences II Co-invest LP	158-160 North Gower Street, London, NW1 2ND	8,716,000	(17,000)	-

Advent Life Sciences LLP is the Manager of ALSF I, ALSF II, ALSF III and AHIF. During the year the LLP has received Management fees of £7,783,706 from these entities for Management Services provided.

Notes to the Accounts (continued)

8. Investments

Advent Life Sciences Fund I LP

	Unquoted £	Quoted £	Total £
Cost			
At 1 January 2020	2,552,161	284,578	2,836,739
Acquisitions	181,662	-	181,662
Realisations	(326,562)	-	(326,562)
Quoted in year	(451,383)	451,383	-
At 31 December 2020	1,955,878	735,961	2,691,839
Unrealised Gains			
At 1 January 2020	5,021,051	-	5,021,051
Realised in year	-	-	-
Movement in year	884,018	-	884,018
Quoted in year	(816,287)	816,287	-
At 31 December 2020	5,088,782	816,287	5,905,069
Unrealised Losses			
At 1 January 2020	(123,136)	(172,163)	(295,299)
Realised in year	123,136	-	123,136
Movement in year	-	(67,538)	(67,538)
At 31 December 2020	-	(239,701)	(239,701)
Fair Value			
At 1 January 2020	7,450,076	112,415	7,562,491
At 31 December 2020	7,044,660	1,312,547	8,357,206

Notes to the Accounts (continued)

8. Investments (continued)

Advent Life Sciences Fund II LP

	Unquoted £	Quoted £	Total £
Cost			
At 1 January 2020	2,097,274	803,016	2,900,290
Acquisitions	241,562	40,690	282,252
Realisations	(51,558)	(140,390)	(191,948)
At 31 December 2020	2,287,278	703,316	2,990,594
Unrealised Gains			
At 1 January 2020	842,941	701,509	1,544,450
Realised in year	-	(469,756)	(469,756)
Movement in year	211,113	225,568	436,681
At 31 December 2020	1,054,054	457,321	1,511,375
Unrealised Losses			
At 1 January 2020	(193,399)	(324,839)	(518,238)
Realised in year	25,780	-	25,780
Movement in year	(104,891)	(121,893)	(226,784)
At 31 December 2020	(272,510)	(446,732)	(719,242)
Fair Value			
At 1 January 2020	2,746,816	1,179,686	3,926,502
At 31 December 2020	3,068,822	713,905	3,782,727

Notes to the Accounts (continued)

8. Investments (continued)

Total

	Unquoted £	Quoted £	Total £
Cost			
At 1 January 2020	4,649,435	1,087,594	5,737,029
Acquisitions	423,224	40,690	463,914
Realisations	(378,120)	(140,390)	(518,510)
Quoted in the year	(451,383)	451,383	-
At 31 December 2020	4,243,156	1,439,277	5,682,433
Unrealised Gains			
At 1 January 2020	5,863,992	701,509	6,565,501
Realised in year	-	(469,756)	(469,756)
Movement in year	1,095,131	225,568	1,320,699
Quoted in year	(816,287)	816,287	-
At 31 December 2020	6,142,835	1,273,608	7,416,443
Unrealised Losses			
At 1 January 2020	(316,535)	(497,002)	(813,537)
Realised in year	148,916	-	148,916
Movement in year	(104,891)	(189,431)	(294,322)
At 31 December 2020	(272,510)	(686,433)	(958,943)
Fair Value			
At 1 January 2020	10,196,892	1,292,101	11,488,993
At 31 December 2020	10,113,482	2,026,452	12,139,933

Notes to the Accounts (continued)

8a. Analysis of investments as at 31 December 2020

Advent Life Sciences Fund I LP

	Holding %	Cost £000's	Unrealised Gain £000's	(Loss) £000's	Valuation £000's
Acutus Medical Inc	0.2%	564	816	-	1,380
Aravive Inc	0.1%	285	-	(240)	45
Aura Biosciences Inc	0.4%	383	169	-	552
Capella Bioscience Ltd	1.3%	262	75	-	337
F2G Ltd	0.4%	411	438	-	849
GMP Orphan SA	1.7%	314	3,367	-	3,681
Levcept Ltd	0.7%	278	986	-	1,264
Nerre Therapeutics Ltd	0.9%	195	54	-	249
Total		2,692	5,905	(240)	8,357

Notes to the Accounts (continued)

8b. Analysis of investments as at 31 December 2020 (continued)

Advent Life Sciences Fund II LP

	Holding %	Cost £000's	Unrealised Gain £000's	(Loss) £000's	Valuation £000's
Agenus Inc	0.03%	221	-	(95)	126
Aleta Biotherapeutics Inc	2.7%	338	-	(16)	322
Alpha Anomeric SAS	1.8%	93	-	(1)	92
Amphista Therapeutics Ltd	1.4%	112	213	-	325
Arrakis Therapeutics Inc	0.4%	385	737	-	1,122
Artax Biopharma Inc	0.9%	144	1	-	145
Axonics Modulation Tech Inc	0.04%	69	458	-	527
Iterum Therapeutics Ltd	0.1%	413	-	(352)	61
Zikani Pharmaceuticals Inc	0.9%	318	-	(226)	92
Moximed Inc	0.3%	280	-	(29)	252
Nalu Medical Inc	0.4%	390	102	-	491
Ventus Medical Ltd	2.3%	159	-	-	159
Tridek-One Therapeutics	0.9%	35	-	-	35
Pheno Therapeutics	1.4%	34	-	-	34
Total		2,991	1,511	(719)	3,783

Notes to the Accounts (continued)

9. Debtors

	2020	2019
	£	£
Escrow and milestones relating to the sale of Kandy Therapeutics ¹	900,229	-
Amounts owed by Investing Members	20,445	-
Amounts owed by Funds	1,079	1,079
Amounts owed by related parties	164,127	133,294
Other debtors	77,889	58,265
Prepayments	-	19,978
Sale proceeds relating to sale of Axonics	-	283,144
	1,163,768	495,761

¹ Under the terms of the sale of Kandy Therapeutics, in addition to the upfront consideration there is an additional contractual right to future consideration in respect of escrow milestone payments and future sales milestone payments. The General Partner has fair valued this financial instrument in accordance with accounting policy at note 3e.

The General Partner expects to receive £70,591 within the next 12 months and this has been recognised as a current asset. The remainder is expected between 2024 and 2035 and has been recognised as a non-current asset.

10. Creditors

	2020	2019
	£	£
Amounts owed to Funds	-	8,047
Amounts owed to Related Parties	12	11
Amounts owed to Investing Members	-	32
Accruals	37,346	32,100
Trade creditors	62,807	168,335
	100,165	208,525

11. Partners' Commitments

Following the Final Closing of Advent Life Sciences Fund I on 21 June 2012, the Investing Members through the LLP committed total funds of £4,100,000. As at 31 December 2020 £3,813,000 has been drawn down.

Following the Final Closing of Advent Life Sciences Fund II on 27 October 2014, the Investing Members through the LLP committed total funds of £5,000,000. As at 31 December 2020 £3,350,000 has been drawn down.

The remaining undrawn commitments of the Investing Members to the LLP may be drawn down by the LLP giving ten business days' written notice.

Notes to the Accounts (continued)

12. Cash flow from operating activities and returns on investment

	2020 £	2019 £
Profit for the year before members' remuneration and profit share	10,686,137	8,523,020
Increase in debtors	(50,923)	(212,599)
Decrease in creditors	(108,360)	(219,197)
Gross realised losses and gains on investments	(3,687,861)	201,355
Decrease in unallocated unrealised losses and gain	(705,535)	(4,337,621)
	<u>6,133,459</u>	<u>3,954,958</u>

13. Co-investment Agreement

The LLP has entered into a co-investment agreement with ALSF I. The co-investment agreement requires that the LLP and ALSF I shall be entitled and bound to co-invest on the same terms and conditions and in proportion to their respective commitments.

The LLP has entered into a co-investment agreement with ALSF II. The co-investment agreement requires that the LLP and ALSF II shall be entitled and bound to co-invest on the same terms and conditions and in proportion to their respective commitments.

14. Related Parties

The LLP generated £7,783,706 income during the year through its role as manager of the Funds. At the year end the amount payable to the Funds was £nil (2019: £8,047).

From 8 April 2019 the LLP committed £850,000 as a Limited Partner investing in ALS III Carry and Co-Invest LP.

During the year the LLP paid £920,000 (2019: £380,000) to Advent LS Services Limited for office services supplied by the Limited Company.

The Partnership is a Member of the same VAT group as Advent LS Services Ltd. At the period end Advent LS Services Ltd owed the Partnership £1,496 (2019: £8,000) for VAT collected on its behalf.

Notes to the Accounts (continued)

15. Reconciliation of Movement in Members' Interests

	2020 £	2019 £
Opening Members interests including unallocated unrealised gains and losses	11,961,646	7,542,491
Profit for the year available for discretionary distribution among members	4,393,672	4,135,826
Allocated profits/(losses) not yet paid to Members	497,004	(167,622)
Loan commitments and capital contributions drawn down	381,987	491,000
Capital contributions made to ALS III Carry & Co-invest LP	-	(150)
Capital contribution repaid to Advent LS II LP	-	15
Distributions to Investing Members	(3,486,859)	(39,914)
Closing Members interests including unallocated unrealised gains and losses	13,747,450	11,961,646

16. Post balance sheet events

From 1 January 2021 to 30 March 2021, Advent Life Sciences LLP invested a total of £139,683 in Tridek One, Ventus Medical Ltd, Artax Biopharma Inc, Aleta Biotherapeutics, Amphista Therapeutics Ltd and Aura Biosciences Inc.

In early 2020, the existence of a new coronavirus (COVID-19) was confirmed and since this time COVID-19 has spread across China and to a significant number of other countries. COVID-19 has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock markets. The General Partner considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. Given the inherent uncertainties, it is not practicable at this time to determine the impact of COVID-19 on the fund or to provide a quantitative estimate of this impact.