

Advent Management Limited

Annual Report and Accounts
for the year ended 31 March 2004

Registered in Scotland
Number: 82734



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Directors' Report

The directors have pleasure in submitting their annual report and accounts for the year ended 31 March 2004.

Activities

The principal activity of the company is that of acting as general partner of partnerships which carry on business as venture capital funds. The company is currently the general partner of Advent Management Limited Partnership ("AMLPL") which is the general partner of a series of partnerships, namely Advent First Limited Partnership and three sister partnerships, which carry on business as venture capital funds. The partnerships were put in liquidation on 31 March 2000 and no further business is to be conducted except for such actions as necessary for the winding-up of the affairs of the partnerships.

Financial results and dividends

The loss for the financial year before tax was £6,167 (2003: £2,088) and loss after tax £6,167 (2003: £1,462). The directors do not recommend the payment of a dividend (2003: £nil).

Directors

The directors who held office throughout the year, except where otherwise stated, were as follows:

J.C. Benjamin
Sir David Cooksey
D. Cheesman
N.J. Teasdale

The interest of the persons who were directors of the company at 31 March 2004 in the share capital of the company were as follows:

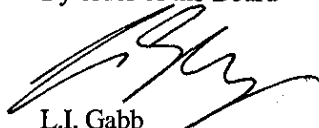
	31.03.2004	01.04.2003
	Ordinary Shares	Ordinary Shares
Sir David Cooksey	1	1

The interests of J.C. Benjamin, Sir David Cooksey, D. Cheesman and N.J. Teasdale at 31 March 2004 in the partnership interest of the ultimate parent undertaking, Advent Venture Partners LLP, and in the partnership capital of AMLP are disclosed in the annual report of Advent Venture Partners LLP.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board


L.I. Gabb
16 July 2004

Statement of Directors' Responsibilities in Relation to the Accounts

The directors are required to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company, and of the profit or loss and cash flows for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company, and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are generally responsible for taking such steps as are reasonably open to them to safeguard the Company's assets, and to prevent and detect fraud and other irregularities.

The directors confirm that they have complied with these requirements and, having a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the accounts.

Independent Auditor's Report to the Members of Advent Management Limited

We have audited the company's accounts for the year ended 31 March 2004, which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and Cash Flow Statement and the related notes 1 to 13. These accounts have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 March 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
London
16 July 2004

Profit and Loss Account

For the year ended 31 March 2004

	Notes	2004 £	2003 £
Turnover		-	-
Other operating charges		(6,279)	(2,272)
Operating loss		(6,279)	(2,272)
Other interest receivable and similar income		112	184
Loss on ordinary activities before taxation	2	(6,167)	(2,088)
Tax on loss on ordinary activities	4	-	626
Loss for the financial year after taxation		(6,167)	(1,462)
Retained profit brought forward		5,422	6,884
Retained (loss)/profit carried forward		(745)	5,422

Statement of Total Recognised Gains and Losses

For the year ended 31 March 2004

There were no recognised gains or losses other than the loss attributable to the shareholders of the company of £6,167 for the year ended 31 March 2004 (2003: loss of £2,088).

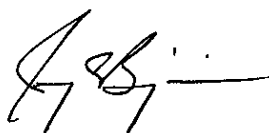
The notes on pages 9 to 12 form part of these accounts.

Balance Sheet

As at 31 March 2004

	Notes	2004 £	2003 £
Current assets			
Debtors	5	2,421	992
Cash at bank		<u>3,129</u>	<u>6,724</u>
		5,550	7,716
Creditors:			
Amounts falling due within one year	6	<u>(6,293)</u>	<u>(2,292)</u>
Net current assets		<u>(743)</u>	<u>5,424</u>
Total assets less current liabilities		<u>(743)</u>	<u>5,424</u>
Capital and reserves			
Called up share capital	7	2	2
Profit and loss account		<u>(745)</u>	<u>5,422</u>
Equity shareholders' funds		<u>(743)</u>	<u>5,424</u>

These accounts were approved by the Board on 16 July 2004 and signed on their behalf by:



JERRY C. BENJAMIN
Director



SIR DAVID COOKSEY
Director

The notes on pages 9 to 12 form part of these accounts.

Cash Flow Statement

For the year ended 31 March 2004

	<i>Notes</i>	2004 £	2003 £
Operating activities			
Net cash outflow from operating activities	9	(3,707)	(2,638)
Returns on investments and servicing of finance			
Interest received		112	184
Net cash outflow before financing and management of liquid resources		(3,595)	(2,454)
Decrease in cash	10	(3,595)	(2,454)

The notes on pages 9 to 12 form part of these accounts.

Notes to the Financial Statements

1. Accounting policies

a) Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with Section 228 of, and Schedule 4 to, the Companies Act 1985 and in accordance with applicable accounting standards.

b) Fundamental accounting concepts

The accounts have been prepared on the going concern basis as the directors believe that the company will continue in business for the foreseeable future.

c) Exemption from requirement to prepare group accounts

The company is the general partner of Advent Management Limited Partnership ("AMLP") and hence it is legally the parent undertaking of AMLP and of the four venture capital limited partnerships, namely Advent First Limited Partnership and the three sister partnerships (the "venture capital partnerships"), of which AMLP is the general partner.

However, the directors consider that the accounts would not give a true and fair view if all the assets and income of AMLP and the venture capital partnerships were consolidated since the company has no equity interest in those assets or income. Accordingly, the group consolidates on a proportional basis its nil share of the assets and income of AMLP and the venture capital partnerships. The departure from the requirements of the Companies Act 1985 has no effect on the results for the year or on the net assets at 31 March 2004.

In the group accounts of the ultimate parent undertaking, the group consolidates on a proportional basis its nil share of the assets and income of AMLP and the venture capital partnerships. As a result, the company and AMLP have taken advantage of the exemption conferred by regulation 7 of the Partnerships and Unlimited Companies (Accounts) Regulations 1993.

d) Turnover

Turnover represents the share of the net income and/or realised capital gains of the venture capital partnerships that is attributable to AMLP as general partner, and which in turn is attributable to the company as general partner of AMLP.

e) Deferred taxation

FRS 19 "Deferred Tax" 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.

2. **Loss on ordinary activities before taxation**

	2004 £	2003 £
Loss on ordinary activities before taxation is stated after charging:		
Auditors' remuneration:		
Audit services	<u>1,500</u>	<u>2,200</u>

3. **Directors' emoluments**

No emoluments were paid to directors in the year (2003: £nil).

4. **Tax on loss on ordinary activities**

	2004 £	2003 £
Corporation tax	-	-
Group relief surrendered for payment	<u>-</u>	<u>(626)</u>
	<u>-</u>	<u>(626)</u>
Factors affecting current tax charge for the year:		
(Loss)/profit on ordinary activities before taxation	<u>(6,167)</u>	<u>(2,088)</u>
Corporation tax at 19% (2003: 30%)	(1,172)	(626)
Effects of:		
Excess management expenses utilised in the current year	1,172	
Unutilised expenses carried forward	<u>-</u>	<u>-</u>
	<u>-</u>	<u>(626)</u>

There is an unrecognised deferred tax asset of £29,650 (2003: £27,800). The deferred tax asset relates to the prior year unutilised expenses. It is considered too uncertain that there will be taxable profits in the future against which the deferred tax assets can be offset and, therefore, in accordance with FRS 19, the asset has not been recognised.

5. **Debtors**

	2004 £	2003 £
Amounts owed by parent undertaking	<u>2,421</u>	<u>992</u>
	<u>2,421</u>	<u>992</u>

6. Creditors: amounts falling due within one year

	2004 £	2003 £
Other creditors	4,793	92
Accruals	1,500	2,200
	<u>6,293</u>	<u>2,292</u>

7. Called up share capital

	Authorised		Allotted, called up and fully paid	
	2004 £	2003 £	2004 £	2003 £
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>2</u>	<u>2</u>

8. Reconciliation of movements in equity shareholders' funds

	2004 £	2003 £
Shareholders' funds at beginning of year	5,424	6,886
Loss for the financial year	<u>(6,167)</u>	<u>(1,462)</u>
Shareholders' funds at end of year	<u>(743)</u>	<u>5,424</u>

9. Reconciliation of operating loss to net cash (outflow) from operating activities

	2004 £	2003 £
Operating loss for the year	(6,279)	(2,272)
(Increase) in debtors	(1,429)	(366)
Increase in creditors	<u>4,001</u>	<u>-</u>
Net cash (outflow) from operating activities	<u>(3,707)</u>	<u>(2,638)</u>

10. **Change in cash**

	2004 £	2003 £
Balance at beginning of year	6,724	9,178
Net cash outflow	(3,595)	(2,454)
Balance at end of year	<u>3,129</u>	<u>6,724</u>

11. **Particulars of subsidiary undertakings**

The following are the subsidiary undertakings:

Advent Management Limited Partnership ("AMLP")

A Scottish limited partnership whose principal place of business is at 50 Lothian Road, Festival Square, Edinburgh EH3 9BY and of which the company is the general partner. A subsidiary undertaking of the company by virtue of Section 258(2)(c)(i) of the Companies Act 1985 as amended.

Advent First Limited Partnership)
Advent First Limited Partnership 'A') (the "venture capital
Advent First Limited Partnership 'B') partnerships")
Advent First Technology Limited Partnership)

English limited partnerships whose principal place of business is at 25 Buckingham Gate, London SW1E 6LD and of which AMLP is in each case the general partner. Subsidiary undertakings of AMLP by virtue of Section 258(2)(c)(i) of the Companies Act 1985 as amended.

12. **Contingent liabilities and commitments**

There were no contingent liabilities or commitments at the balance sheet date.

13. **Ultimate parent undertaking**

The company's ultimate parent undertaking is Advent Venture Partners LLP, a limited liability partnership registered in England and Wales. The consolidated financial statements for that entity are available for inspection at Companies House.