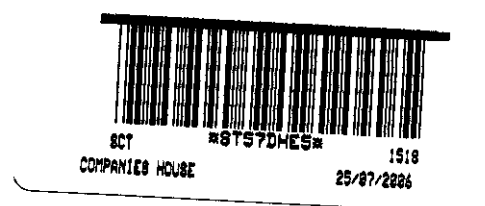


# **Advent Management Limited**

Annual Report and Accounts  
for the year ended 31 March 2006

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 2006.

### 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 £1,279 (2005: profit of £2,345) and loss after tax of £1,279 (2005: profit of £2,213). The directors do not recommend the payment of a dividend (2005: £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 2006 in the share capital of the company were as follows:


	31.03.2006	01.04.2005
	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 2006 in 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 has been passed to re-appoint KPMG Audit Plc as auditor of the company.

By order of the Board



L.I. Gabb  
19 July 2006

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law.

## **Independent Auditors' Report to the Members of Advent Management Limited**

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We have audited the financial statements of Advent Management Limited for the year ended 31 March 2006 which comprise Profit and Loss Account and the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for 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 on page 4, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, 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 other transactions is not disclosed.

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

### **Basis of audit opinion**

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

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

## **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- The information given in the directors' report is consistent with the Financial Statements.



KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

8 Salisbury Square  
London EC4Y 8BB

19 July 2006

## Profit and Loss Account

For the year ended 31 March 2006

	<i>Notes</i>	2006 £	2005 £
<b>Turnover</b>		-	-
Other operating (charges) / credits		(1,354)	2,249
Operating (loss) / profit		<u>(1,354)</u>	<u>2,249</u>
Other interest receivable and similar income		<u>75</u>	<u>96</u>
<b>(Loss)/profit on ordinary activities before taxation</b>	2	(1,279)	2,345
Tax on profit on ordinary activities	4	<u>-</u>	<u>(132)</u>
<b>(Loss)/profit for the financial year after taxation</b>		<u>(1,279)</u>	<u>2,213</u>

There were no recognised gains or losses other than the loss attributable to the shareholders of the company of £1,279 for the year ended 31 March 2006 (2005 profit: £2,213).

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

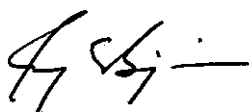
The notes on pages 9 and 11 form part of these accounts.

## Balance Sheet

As at 31 March 2006

	Notes	2006 £	2005 £
<b>Current assets</b>			
Debtors	5	26	1,742
Cash at bank		<u>1,597</u>	<u>2,953</u>
		1,623	4,695
<b>Creditors:</b>			
Amounts falling due within one year	6	<u>(1,432)</u>	<u>(3,225)</u>
Net current assets		191	1,470
Total assets less current liabilities		<u>191</u>	<u>1,470</u>
<b>Capital and reserves</b>			
Called up share capital	7	2	2
Profit and loss account		<u>189</u>	<u>1,468</u>
Equity shareholders' funds	8	<u>191</u>	<u>1,470</u>

These accounts were approved by the Board on 19 July 2006 and signed on their behalf by:



JERRY C. BENJAMIN  
Director



LESLIE I. GABB  
Secretary

The notes on pages 9 and 11 form part of these accounts.



## Notes to the Financial Statements

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### 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) Exemption from requirement to prepare group accounts and cash flow statement

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 2006.

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.

In accordance with Financial Reporting Standard 1 (Revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

#### c) 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.

#### d) 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. **Profit on ordinary activities before taxation**

	2006 £	2005 £
Profit on ordinary activities before taxation is stated after charging:		
Auditor's remuneration:		
Audit services	<u>1,300</u>	<u>1,500</u>

3. **Directors' emoluments**

No emoluments were paid to directors in the year (2005: £nil).

4. **Tax on profit on ordinary activities**

	2006 £	2005 £
Corporation tax	<u>-</u>	<u>132</u>
Factors affecting current tax charge for the year:		
Profit/(loss) on ordinary activities before taxation	<u>(1,279)</u>	<u>2,345</u>
Corporation tax at 30% (2005: 19%)	(383)	704
Effects of:		
Excess management expenses utilised in the current year		-
Group relief surrendered/(claimed) not for payment	<u>383</u>	<u>(572)</u>
	<u>-</u>	<u>132</u>

There is an unrecognised deferred tax asset of £27,096 (2005: £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**

	2006 £	2005 £
Amounts owed by parent undertaking	<u>26</u>	<u>1,742</u>
	<u>26</u>	<u>1,742</u>

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

	2006 £	2005 £
Other creditors	-	1,593
Accruals	1,300	1,500
Corporation tax	<u>132</u>	<u>132</u>
	<u>1,432</u>	<u>3,225</u>

**7. Called up share capital**

	Authorised		Allotted, called up and fully paid	
	2006	2005	2006	2005
	£	£	£	£
Ordinary shares of £1 each	100	100	2	2

**8. Reconciliation of movements in equity shareholders' funds**

	2006	2005
	£	£
Shareholders' funds at beginning of year	1,470	(743)
Profit/(loss) for the financial year	(1,279)	2,213
Shareholders' funds at end of year	191	1,470

**9. 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.

**10. Contingent liabilities and commitments**

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

**11. Related party transactions**

The Company has claimed the exemption from disclosure of transactions with group companies in accordance with Financial Reporting Standard No. 8 'Related Party Transactions' on the grounds that over 90% of voting rights are controlled within the group and that the parent company accounts are publicly available (please refer to Note 12 'Ultimate Parent Undertaking')

**12. 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.