

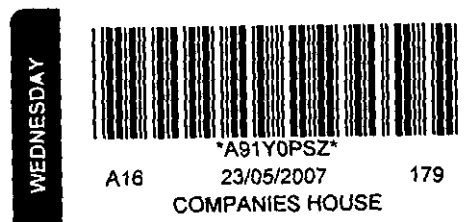
SC 203786

**Pond (GP) II Limited**

Report and Financial Statements

Year Ended

31 December 2006



**BDO**  
BDO Stoy Hayward  
Chartered Accountants

## **Pond (GP) II Limited**

### **Annual report and financial statements for the year ended 31 December 2006**

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#### **Directors**

C H Irving  
R H Irving

#### **Secretary and registered office**

C H Irving, 50 Lothian Road, Edinburgh, Midlothian, EH3 9BY

#### **Company number**

SC203786

#### **Auditors**

BDO Stoy Hayward LLP, Connaught House, Alexandra Terrace  
Guildford, Surrey, GU1 3DA

## **Pond (GP) II Limited**

### **Report of the directors for the year ended 31 December 2006**

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The directors present their report together with the audited financial statements for the year ended 31 December 2006

#### **Results and dividends**

The profit and loss account is set out on page 5 and shows the result for the year. The directors do not recommend the payment of a dividend for the year.

#### **Principal activities, review of business and future developments**

The company's principal activity is that of general partner of the limited partnerships of the Pond Ventures II Fund, which are managed by the company's holding company, and it will continue in this passive role for the foreseeable future. There was no change in its financial position over the year which remained sound.

#### **Directors**

The directors of the company during the year were

C H Irving  
R H Irving

No director had any beneficial interest in the share capital of the company at 31 December 2005. The interests of the directors in the shares of the parent undertaking are disclosed in the accounts of Pond Venture Partners Limited.

#### **Directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which 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 year. 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, 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 which 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Pond (GP) II Limited**

**Report of the directors for the year ended 31 December 2006 (*Continued*)**

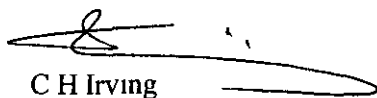
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**Auditors**

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

**On behalf of the board**

  
C H Irving

**Director**

Date 25 April 2007

**To the shareholders of Pond (GP) II Limited**

We have audited the financial statements of Pond (GP) II Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

*Respective responsibilities of directors and auditors*

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

*Basis of audit opinion*

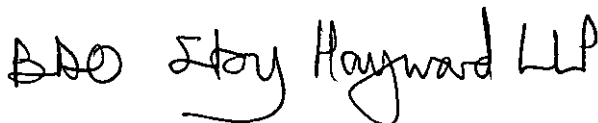
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its result 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



**BDO STOY HAYWARD LLP**

*Chartered Accountants  
and Registered Auditors*  
Guildford

Date 25 April 2007

**Pond (GP) II Limited**

**Profit and loss account for the year ended 31 December 2006**

	Note	2006 £	2005 £
Turnover	2	593,389	599,344
Administrative expenses		593,389	599,344
Profit on ordinary activities before and after taxation for the financial year		<u>          </u>	<u>          </u>
		<u>          </u>	<u>          </u>

All amounts relate to continuing activities

All recognised gains and losses in the current and prior year are included in the profit and loss account

There are no movements in shareholders' funds in the current and prior year apart from the profit for the year

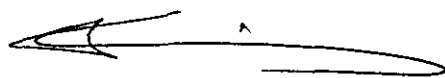
The notes on pages 7 to 10 form part of these financial statements

**Pond (GP) II Limited**

**Balance sheet at 31 December 2006**

	Note	2006 £	2006 £	2005 £	2005 £
<b>Current assets</b>					
Debtors	4	255,682		82,002	
<b>Total assets less current liabilities</b>			<b>255,682</b>		<b>82,002</b>
<b>Provisions for liabilities</b>	5		<b>248,680</b>		<b>75,000</b>
			<u>7,002</u>		<u>7,002</u>
<b>Capital and reserves</b>					
Called up share capital	6		<b>2</b>		<b>2</b>
Profit and loss account			<b>7,000</b>		<b>7,000</b>
<b>Shareholders' funds</b>			<b>7,002</b>		<b>7,002</b>

The financial statements were approved by the board of directors and authorised for issue on 25 April 2007

  
C H Irving  
Director

The notes on pages 7 to 10 form part of these financial statements



## **1 Accounting policies**

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards except as noted below

The following principal accounting policies have been applied

### *Cash flow statement*

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Pond Venture Partners Limited and the company is included in consolidated financial statements

### *Foreign currency*

Foreign currency transactions are translated into sterling at the rates ruling when they occurred Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates Any differences are taken to the profit and loss account

### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date

Deferred tax balances are not discounted

### *Limited partnership funds and investments*

As at 31 December 2006, the company managed venture capital Limited Partnership funds for which Pond General Partner LP acts as General Partner The funds are Pond Ventures II LPA, Pond Ventures II LPB, Pond Ventures II GmbH & Co KG and Pond Ventures II Associates LP Pond (GP) II Limited acts as a general partner for Pond General Partner LP Investments held through the Limited Partnerships are made with the express intention of capital appreciation The Limited Partnerships technically fall within the definition of subsidiaries of the General Partner under the Companies Act 1985 and Financial Reporting Standard 2 and are required by the Act and that Standard to be consolidated into the Group accounts

In the opinion of the Directors, consolidating the Limited Partnerships would not give a true and fair view of the interest of the Group in the Limited Partnerships since the nature of the Partnerships are such that the company only provides investment management services If the Limited Partnership Funds had been consolidated into the group financial statements in full the effect would have been to increase the net assets before minority interests and minority interests by £35,100,162 (2005 £27,486,233)

## **2 Turnover**

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom

**Pond (GP) II Limited**

**Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)**

**3 Taxation on profit on ordinary activities**

	2006 £	2005 £
<i>UK Corporation tax</i>		
Group relief	(173,680)	
<i>Deferred tax</i>		
Origination and reversal of timing differences	173,680	
	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below

	2006 £	2005 £
	<u>          </u>	<u>          </u>
Effect of		
Group relief surrender of tax losses	(173,680)	
	<u>          </u>	<u>          </u>
Current tax charge for period	(173,680)	
	<u>          </u>	<u>          </u>

**4 Debtors**

	2006 £	2005 £
Amounts owed by group undertakings	255,682	82,002
	<u>          </u>	<u>          </u>

All amounts shown under debtors fall due for payment within one year

Pond (GP) II Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

5 Provisions for liabilities

		Deferred taxation £
At 1 January 2006		75,000
Charged to profit and loss account		173,680
		<hr/>
At 31 December 2006		248,680
		<hr/>
<i>Deferred taxation</i>		
	2006 £	2005 £
Sundry timing differences	1,893,557	1,532,000
Unutilised tax losses	(1,644,877)	(1,457,000)
	<hr/>	<hr/>
	248,680	75,000
	<hr/>	<hr/>

6 Share capital

	2006 £	2005 £
<i>Authorised</i>		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
	2006 £	2005 £
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2
	<hr/>	<hr/>

## Pond (GP) II Limited

### Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

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#### 7 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by Pond Venture Partners Limited on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements

##### *Related party transactions and balances*

	Income from related party	Income from related party
	2006	2005
	£	£
<b>Related party</b>		
Pond General Partner LP	593,389	599,344

Pond General Partner L P acts as the General Partner for the venture capital Limited Partnership funds that Pond (GP) II Limited manages

#### 8 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of Pond Venture Partners Limited which is the ultimate parent company

The largest and smallest group in which the results of the company are consolidated is that headed by Pond Venture Partners Limited, incorporated in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from

The Registrar of Companies,  
Companies House,  
Cardiff, CF14 3UZ