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**LLOYDS TSB VENTURE MANAGERS LIMITED**

**FINANCIAL STATEMENTS 2006**

**MEMBER OF LLOYDS TSB GROUP**

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# **LLOYDS TSB VENTURE MANAGERS LIMITED**

## **FINANCIAL STATEMENTS 2006**

*Registered office*

45 Old Bond Street, London W1S 4QT

*Registered number*

2495714

*Directors*

D C Eales  
P E Sellers

*Secretary*

S J Hopkins

# **LLOYDS TSB VENTURE MANAGERS LIMITED**

## **Business review and principal activities**

The principal activity of the company is venture capital fund management.

The results of the company are presented in the financial statements that follow and are considered self explanatory.

The results of the company show a profit before tax of £22,000 (2005:£34,000).

## **Future outlook**

The company currently manages one venture capital fund, this is expected to close over the course of the next year at which time the company will become dormant.

## **Principal risks and uncertainties**

Due to the expected inactivity on this company it is judged that there are no risks and uncertainties surrounding this company.

## **Key Performance Indicators (KPIs)**

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

## **Directors**

The names of the directors of the company are shown on page 1.

Mr M W Joseph resigned as a director on 15 November 2006.

All of the directors are also directors of Lloyds TSB Development Capital Limited and reference to their interests in the share capital of Lloyds TSB Group plc, the ultimate parent company, and its subsidiaries, is made in the report and accounts of Lloyds TSB Development Capital Limited.

## **Policy and practice on payment of creditors**

The company aims to follow "The Better Payment Practice Code" published by the Department of Trade and Industry regarding the making of payments to suppliers. A copy of the code and information about it may be obtained from the DTI publications orderline 0870 150 2500 quoting ref URN 04/606.

The company's policy is to agree terms of payment with suppliers and these normally provide for settlement within 30 days after the date of the invoice, except where other arrangements have been negotiated. It is the aim of the company to abide by the agreed terms of payment, provided the supplier performs according to the terms of the contract.

As the company owed no amounts to trade creditors at 31 December 2006, the number of days required to be shown in this report, to comply with the provisions of the Companies Act 1985, is nil (2005: nil).

# **LLOYDS TSB VENTURE MANAGERS LIMITED**

## **Statement of directors' responsibilities**

The directors are responsible for preparing the annual 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 prepared company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. In preparing these financial statements, the directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board (IASB). 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 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 that the financial statements comply with IFRSs as adopted by the European Union and IFRSs issued by IASB; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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. 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.

## **Statement of disclosures of information to auditors**

As so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



S J Hopkins  
Secretary

2 March 2007

## **LLOYDS TSB VENTURE MANAGERS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF LLOYDS TSB VENTURE MANAGERS LIMITED**

We have audited the financial statements of Lloyds TSB Venture Managers Limited for the year ended 31 December 2006 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes on pages 9 to 12. 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union 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). This report, including the opinion, has been prepared for and only for the company's member as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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.

#### **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.

## LLOYDS TSB VENTURE MANAGERS LIMITED

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 December 2006 and of its loss and cash flows 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.



*PricewaterhouseCoopers LLP*  
*Chartered Accountants and Registered Auditors*  
*London*  
**2** March 2007

# LLOYDS TSB VENTURE MANAGERS LIMITED

## Income statement

For the year ended 31 December 2006

	Note	2006 £000	2005 £000
Management fees	6	19	40
Administration expenses		(4)	(7)
<b>Operating profit</b>		<b>15</b>	<b>33</b>
Interest income		7	1
<b>Profit before taxation</b>	3	<b>22</b>	<b>34</b>
Taxation	5	(7)	(2)
<b>Profit after taxation</b>		<b>15</b>	<b>32</b>

## Statement of changes in equity

For the year ended 31 December 2006

	Number of shares 000	Share capital £000	Retained earnings £000
<b>At 1 January 2006</b>	200	200	39
Profit on ordinary activities after taxation for 2006	-	-	15
Dividend	-	-	(30)
<b>At 31 December 2006</b>	<b>200</b>	<b>200</b>	<b>24</b>
<b>At 1 January 2005</b>	200	200	47
Profit on ordinary activities after taxation for 2005	-	-	32
Dividend	-	-	(40)
<b>At 31 December 2005</b>	<b>200</b>	<b>200</b>	<b>39</b>

The company is 100% owned by Lloyds TSB Development Capital Limited with all shares having equal voting and dividend distribution rights.

The share capital consists of £1 ordinary shares that are authorised, issued and fully paid.

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

# LLOYDS TSB VENTURE MANAGERS LIMITED

## Balance sheet

At 31 December 2006

	Note	2006 £000	2005 £000
<b>Current assets</b>			
Cash and cash equivalents		278	249
Intercompany receivables	6	3	5
<b>Total assets</b>		<b>281</b>	<b>254</b>
<b>Current liabilities</b>			
Taxation payable		16	9
Other creditors		11	6
Intercompany payables		30	-
<b>Total liabilities</b>		<b>57</b>	<b>15</b>
<b>Equity</b>			
Issued share capital		200	200
Retained earnings		24	39
<b>Total equity</b>		<b>224</b>	<b>239</b>
<b>Total equity and liabilities</b>		<b>281</b>	<b>254</b>

The directors approved the accounts on 2 March 2007.



D C Eales  
Director

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



# LLOYDS TSB VENTURE MANAGERS LIMITED

## Cash flow statement For the year ended 31 December 2006

	2006 £000	2005 £000
<b>Cash flows from operating activities</b>		
Profit before taxation	22	34
<i>Changes in working capital</i>		
Intercompany receivables	2	231
Other creditors	5	-
Taxation paid	-	(4)
<i>Net cash from operating activities</i>	<u>29</u>	<u>261</u>
<b>Cash flows from financing activities</b>		
Dividends paid	-	(40)
<i>Net cash absorbed by financing activities</i>	<u>-</u>	<u>(40)</u>
<b>Net increase in cash and cash equivalents</b>	29	221
<b>Cash and cash equivalents at 1 January</b>	<u>249</u>	<u>28</u>
<b>Cash and cash equivalents at 31 December</b>	<u><u>278</u></u>	<u><u>249</u></u>

There was £7,000 (2005: £1,000) of cash inflows in the form of interest received in the year.

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

# **LLOYDS TSB VENTURE MANAGERS LIMITED**

## **Notes to the accounts**

### **1. General information**

The company's principal activity is venture capital fund management and the company is incorporated and domiciled in the United Kingdom.

The company's ultimate parent company is Lloyds TSB Group plc, which is also the parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member. Lloyds TSB Bank plc is the parent undertaking of the smallest such group of undertakings. Lloyds TSB Development Capital Limited is the parent undertaking. Copies of the accounts may be obtained from the company secretary's office, Lloyds TSB Group plc, 25 Gresham Street, London EC2V 7HN.

The company is regulated by the Financial Services Authority (FSA) in the United Kingdom (registration number: 147964). The FSA regulatory capital requirement for the company is £5,000.

### **2. Accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **a. Basis of presentation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the European Union and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The financial statements have been prepared on the historical cost basis. A summary of the more important accounting policies is set out below.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

#### **b. First time adoption of IFRS**

For the year ended 31 December 2005 the financial statements have been prepared in accordance with IFRS for the first time.

#### **c. Revenue recognition**

Management fees are derived from investment management services provided to Lloyds TSB Ventures General Partner Limited, the unlimited partner of Henderson Unquoted Growth Equities Fund II.

Management fees are recognised and accrued in accordance with the contractual agreement with Henderson Unquoted Growth Equities Fund II.

# **LLOYDS TSB VENTURE MANAGERS LIMITED**

## **Notes to the accounts**

Where, in the opinion of the directors, there is uncertainty over ultimate collectability of an amount already included in revenue, the uncollectable amount is recognised separately as an expense.

### **d. Financial instruments**

The company recognises cash and cash equivalents, accounts receivable and accounts payable as financial instruments in accordance with IAS 32 and IAS 39.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition.

All cash or cash equivalent balances disclosed in the balance sheet are carried at nominal value and are available for use by the company.

#### *Financial assets*

Intercompany receivables do not carry any interest and are stated at their cost as reduced by appropriate allowances for estimated irrecoverable amounts. They are accounted for at trade date.

#### *Financial liabilities*

Taxation and sundry payables are not interest bearing and are stated at their cost. They are accounted for at trade date and are typically settled monthly with payments made in British sterling.

### **e. Taxation**

The tax charge on the profit for the year has been based upon a UK corporation tax rate of 30 per cent (2005: 30 per cent).

There are no temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

### **f. Dividends**

Dividends are recognised in equity in the period in which they are paid or approved by the board or by written resolutions of the directors.

Dividends payable for the year that are declared after the balance sheet date are dealt with in note 7.

# LLOYDS TSB VENTURE MANAGERS LIMITED

## Notes to the accounts

### 3. Operating profit

The operating profit is stated after charging:

	2006 £000	2005 £000
Auditors' remuneration	4	3

The company does not have any employees (2005: nil) and as such, there is no salary or pension expenditure incurred in the year to 31 December 2006.

### 4. Key management compensation

	2006 £000	2005 £000
Salaries and other short-term benefits	25	25

The company's related parties include the immediate and ultimate parents, and fellow subsidiaries of the company's ultimate parent company and the company's key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, which is determined to be the company's directors.

No remuneration was paid or is payable by the company to key management. Key management compensation was not borne by the company but relates to that received by Mr D C Eales and Mr P E Sellers who are paid by Lloyds TSB Development Capital Limited for the proportion of their services to that company which relates to the management of this company. Their total compensation is disclosed in the accounts of Lloyds TSB Development Capital Limited.

### 5. Taxation

	2006 £000	2005 £000
Profit before tax	22	34
Profit multiplied by the standard rate of corporation tax in the UK 30% (2005:30%)	7	10
Capital gains covered by substantial shareholder exemption/losses	-	(1)
Prior year corporation tax adjustment	-	(7)
Tax charge for the year	7	2

# **LLOYDS TSB VENTURE MANAGERS LIMITED**

## **Notes to the accounts**

### **6. Related party transactions and balances**

The company's related parties include the immediate and ultimate parents, and fellow subsidiaries of the company's ultimate parent company and the company's key management personnel.

Intercompany receivables and payables are unsecured, interest free and have no fixed date of repayment. They are recognised at performance date and derecognised on settlement. At balance date all balances were held within related parties and none of the debtors were provided against.

Management fees are derived from management services provided to Lloyds TSB Ventures General Partner Limited.

Other than directors' interests disclosed on page 2, there were no transactions between the company with key management personnel during the current or preceding year.

### **7. Dividends**

The directors do not propose a dividend for the year ended 31 December 2006 (2005: £30,000).

### **8. Post balance sheet event**

All of Henderson Unquoted Growth Equities Fund II's investments were sold on 31 December 2006 to Lloyds TSB Development Capital Limited. The intention is to make final distributions to the limited partners and terminate the partnership early in 2007.