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LLOYDS TSB VENTURE MANAGERS LIMITED

FINANCIAL STATEMENTS 2007

MEMBER OF LLOYDS TSB GROUP

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LLOYDS TSB VENTURE MANAGERS LIMITED

FINANCIAL STATEMENTS 2007

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

Report of the directors

Business review and principal activity

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 £6,000 (2006 £22,000)

Future outlook

The company is the manager of one venture capital fund which is currently being wound up, after which 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

Policy and practice on payment of creditors

The company follows "The Better Payment Practice Code" published by the Department for Business, Enterprise and Regulatory Reform regarding the making of payments to suppliers. A copy of the code and information about it may be obtained from the BERR Publications Orderline 0845 015 0010 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 policy 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 2007, the number of days required to be shown in this report, to comply with the provisions of the Companies Act 1985, is nil (2006 nil)

LLOYDS TSB VENTURE MANAGERS LIMITED

Report of the directors (continued)

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 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

6 March 2008

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 2007 which comprise the income statement, the balance sheet, the statement of changes in equity, the cash flow statement, 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.

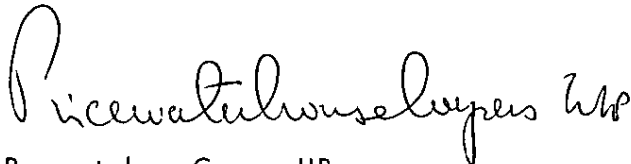
LLOYDS TSB VENTURE MANAGERS LIMITED

Independent auditors' report to the member of Lloyds TSB Venture Managers Limited (continued)

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 2007 and of its profit 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
6 March 2008

LLOYDS TSB VENTURE MANAGERS LIMITED

Income statement

For the year ended 31 December 2007

	Note	2007 £000	2006 £000
Management fees	6	-	19
Administration expenses		(4)	(4)
Operating profit	3	(4)	15
Sundry interest		10	7
Profit before taxation		6	22
Taxation	5	(2)	(7)
Profit after taxation		4	15

Statement of changes in equity

For the year ended 31 December 2007

	Number of shares 000	Share capital £000	Retained earnings £000
At 1 January 2006	200	200	39
Profit after taxation for 2006	-	-	15
Dividend paid	-	-	(30)
At 31 December 2006	200	200	24
At 1 January 2007	200	200	24
Profit after taxation for 2007	-	-	4
Dividend paid	-	-	-
At 31 December 2007	200	200	28

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 company's objective in managing capital is to maintain share capital and retained earnings at an appropriate level to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for its shareholder

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

LLOYDS TSB VENTURE MANAGERS LIMITED

Balance sheet

At 31 December 2007

	Note	2007 £000	2006 £000
Current assets			
Cash and cash equivalents		258	278
Intercompany receivables	6	3	3
Total assets		261	281
Current liabilities			
Taxation payable		2	16
Sundry creditors		7	11
Intercompany payables	6	24	30
Total liabilities		33	57
Equity			
Issued share capital		200	200
Retained earnings		28	24
Total equity		228	224
Total equity and liabilities		261	281

The directors approved the accounts on 6 March 2008



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 2007

	2007 £000	2006 £000
Cash flows from operating activities		
Profit before taxation	6	22
<i>Changes in working capital</i>		
Intercompany receivables	-	2
Intercompany payables	22	-
Sundry creditors	(4)	5
Taxation payable	(14)	-
Cash generated from operations	<u>10</u>	<u>29</u>
<i>Net cash from operating activities</i>	<u>10</u>	<u>29</u>
Cash flows from financing activities		
Dividends paid	(30)	-
<i>Net cash from financing activities</i>	<u>(30)</u>	<u>-</u>
Net increase in cash and cash equivalents	(20)	29
Cash and cash equivalents at 1 January	278	249
Cash and cash equivalents at 31 December	<u>258</u>	<u>278</u>

There was £10,000 (2006 £7,000) 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 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, except for the revaluation of financial assets. 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 Changes in accounting policy and presentation

The following IFRS pronouncements relevant to the company have been adopted in these financial statements

- (i) IFRS 7 'Financial Instruments: Disclosures'. This standard, which was effective from 1 January 2007, requires more detailed qualitative and quantitative disclosures about exposure to risks arising from financial instruments. As a disclosure standard, the application of this new standard has not had any impact on amounts recognised in the financial statements. IFRS 7 supersedes IAS 30 'Disclosures in the Financial Statements of Banks and Similar Financial Institutions' and the disclosure requirements previously contained in IAS 32 'Financial Instruments: Presentation'

LLOYDS TSB VENTURE MANAGERS LIMITED

Notes to the accounts

b Changes in accounting policy and presentation (continued)

- (ii) Amendment to IAS 1 'Presentation of Financial Statements – Capital Disclosures'
This standard, which was effective from 1 January 2007, requires additional disclosures of the objectives, policies and processes for managing capital

The adoption of these standards has not had a significant impact on the company's financial statements

IFRS 8 'Operating Segments' will be relevant for the company but was not effective at 31 December 2007 and has not been applied in these financial statements. It will become effective from 1 January 2009, but as a disclosure standard, it is not expected to cause any material adjustments to reported numbers in the financial statements

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

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

LLOYDS TSB VENTURE MANAGERS LIMITED

Notes to the accounts

d Financial instruments (continued)

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.

As the company's financial instruments principally comprise cash and cash equivalents held with the company's parent group, it is not exposed to significant financial instrument risks.

e Taxation

The tax charge on the profit for the year has been based upon a UK corporation tax rate of 30 per cent (2006: 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 payable

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 a subsequent events note.

3. Operating profit

The operating profit is stated after charging

	2007 £000	2006 £000
Auditors' remuneration	4	4

The company does not have any employees (2006: nil) and as such, there is no salary or pension expenditure incurred in the year to 31 December 2007.

LLOYDS TSB VENTURE MANAGERS LIMITED

Notes to the accounts

4. Key management compensation

	2007	2006
	£000	£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

	2007	2006
	£000	£000
Profit before tax	6	22
Profit before tax multiplied by the standard rate of corporation tax in the UK 30% (2006 30%)	2	7
Current tax charge for the year	<u>2</u>	<u>7</u>

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.

There were no transactions between the company and key management personnel during the current or preceding year.