

**Company Registration No. 1591587**

**Abingworth Management Limited**

**Report and Financial Statements**

**30 June 2010**

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# **Abingworth Management Limited**

## **Report and financial statements 2010**

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# **Abingworth Management Limited**

## **Report and financial statements 2010**

### **Officers and professional advisers**

#### **Directors**

J F Abell  
M F Bigham  
S W Bunting (Managing Director)  
D F J Leathers  
J J MacQuitty  
D W Quysner (Chairman)

#### **Secretary**

J G Heard

#### **Registered office**

Princes House  
38 Jermyn Street  
London SW1Y 6DN

#### **Bankers**

Barclays Bank PLC  
Pall Mall Corporate Group  
London SW1A 1QB

#### **Auditors**

Deloitte LLP  
London

#### **Tax Consultants**

BDO Stoy Hayward LLP  
Chartered Accountants  
London & New York



# Abingworth Management Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2010

### Business review and principal activities

The principal activities of Abingworth Management Limited (the "Company") are the management of investment funds focused on biotechnology, life sciences and related areas. The Company's clients are venture capital funds (known as the Abingworth Bioventures funds)

During the year to 30 June 2010, the Company made a profit before tax of £1,048,112 (2009 – profit of £1,170,398) on turnover of £7,731,518 (2009 – £7,893,244). The directors consider the results satisfactory.

### Performance and development of the business

The directors monitor the business using a number of key performance indicators (KPI's). The most relevant KPI for this report is detailed below.

	Target	30 June 2010 Actual	Target	30 June 2009 Actual
Operating profit	£0.8 million	£0.8 million	£0.7 million	£0.9 million

### Going Concern

The directors of the Company have acknowledged the latest guidance on going concern. While the current volatility in financial and world markets has created general uncertainty, the directors consider the Company's financial position to be sound. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### Principal risks, financial risks and uncertainties

The Abingworth Bioventures funds account for all of the Company's revenue. In common with most venture capital businesses, each new fund has a limited life of approximately 10 years. The level of management fees is agreed at the outset of the fund and, as this is based on fund commitments that are fixed for the life of the fund, is predictable for up to 10 years in advance.

The Company's only material financial assets are bank balances and treasury deposits with fixed terms of up to one month. Cash and deposits have been placed with major UK clearing banks with a high credit rating to minimise credit and liquidity risk. Management fees from the Abingworth Bioventures funds are paid quarterly in advance and therefore do not give rise to debtors with an associated credit risk.

The Company's only material financial liabilities are balances in respect of group relief payable to other group companies, which are non-interest bearing. These will be repayable when the timing differences giving rise to taxable losses in the other group companies reverse. The Company manages this liquidity risk by retaining sufficient cash and investments to enable it to repay the group relief balances at any time.

## **Abingworth Management Limited**

### **Directors' report (continued)**

#### **Future prospects**

The Company is a member of Abingworth LLP, a limited liability partnership, which was established in 2006 to raise and operate any new investment funds within the Abingworth group. The Company will continue to operate its existing venture capital funds and has retained the services of Abingworth LLP to enable it to do so. The directors do not expect the Company to take on new business, but the Company will continue to operate over the remaining life of Abingworth Bioventures II, III and IV.

#### **Disclosures required under The Capital Requirements Directive**

The "Pillar 3" disclosure statement for the Abingworth Management Holdings Limited group is included in the group financial statements.

#### **Directors and their interests in shares**

The directors of Abingworth Management Limited who served throughout the year and to the date of this report are

J F Abell  
M F Bigham  
S W Bunting  
D F J Leathers  
J J MacQuitty  
D W Quysner

#### **Dividends**

The directors have paid an interim dividend for 2010 of £2,500,000 (2009 – £800,000). There was no final dividend payment.

#### **Indemnity**

The directors have been covered by liability insurance throughout the year and the policy of insurance remains in force.

#### **Disclosure of information to auditors**

Each of the persons who is a director at the date of approval of this report confirms that

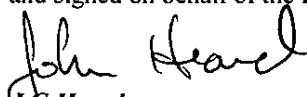
- 1 so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- 2 the director has taken all the steps that he ought to have taken as a director in order to make him aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

#### **Auditors**

A resolution to re-appoint Deloitte LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

  
**J G Heard**  
Secretary

14 October 2010





## **Abingworth Management 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

## **Independent auditors' report to the members of**

### **Abingworth Management Limited**

We have audited the financial statements of Abingworth Management Limited for the year ended 30 June 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 June 2010 of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Independent auditors' report to the members of**

### **Abingworth Management Limited (continued)**

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



**Stuart McLaren** (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
London, United Kingdom

14 October 2010



## Abingworth Management Limited

### Profit and loss account Year ended 30 June 2010

	Notes	2010 £	2009 £
Turnover	2	7,731,518	7,893,244
Administrative expenses		(6,755,833)	(6,965,923)
<b>Operating profit</b>		<b>975,685</b>	<b>927,321</b>
Interest income	1	9,731	101,628
Loan interest receivable		14,696	36,000
Other income		48,000	105,449
<b>Profit on ordinary activities before taxation</b>	3	<b>1,048,112</b>	<b>1,170,398</b>
Tax charge on profit on ordinary activities	4	(311,027)	(302,209)
<b>Profit on ordinary activities after taxation</b>	12, 13	<b>737,085</b>	<b>868,189</b>

All amounts reported are in respect of continuing operations. There have been no recognised gains or losses, other than as stated in the profit and loss account for the current year or prior period. Accordingly, no Statement of total recognised gains and losses is given.

The notes 1 to 15 form an integral part of the accounts.



# Abingworth Management Limited

## Balance Sheet 30 June 2010

	Notes	£	2010 £	£	2009 £
<b>Fixed assets</b>					
Investment in subsidiary undertaking	6		600,000		600,000
			<u>600,000</u>		<u>600,000</u>
<b>Current assets</b>					
Debtors	7	130,746		621,781	
Investments	8	3,500,022		4,814,024	
Cash at bank and in hand		542,263		234,339	
		<u>4,173,031</u>		<u>5,670,144</u>	
<b>Creditors: amounts falling due within one year</b>	9	(2,019,836)		(1,754,034)	
<b>Net current assets</b>			2,153,195		3,916,110
<b>Total assets less current liabilities</b>			<u>2,753,195</u>		<u>4,516,110</u>
<b>Net assets</b>			<u>2,753,195</u>		<u>4,516,110</u>
<b>Capital and reserves</b>					
Called up share capital	11		2		2
Profit and loss account	12		2,753,193		4,516,108
<b>Total equity shareholders' funds</b>	13		<u>2,753,195</u>		<u>4,516,110</u>

The notes 1 to 15 form an integral part of the accounts

These financial statements (company registration number 1591587) were approved by the Board of Directors and authorised for issue on 14 October 2010

Signed on behalf of the Board of Directors



**J F Abell**  
Director





# **Abingworth Management Limited**

## **Notes to the accounts**

**Year ended 30 June 2010**

### **1. Accounting policies**

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below.

#### **Consolidation**

The Company has taken advantage of the exemption granted by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group accounts in the current and prior year. The results of the Company are included in the consolidated financial statements of Abingworth Management Holdings Limited, a Company registered in England and Wales. Therefore, these financial statements apply to the Company only.

#### **Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **Going concern**

The Company's business activities, together with the factors likely to affect its future development and principal risks are set out in the Directors' Report on page 2. The Company funds its day-to-day working capital requirements using its cash reserves.

The Company's forecasts and projections show that the Company should be able to operate within its cash reserves and all its investments are readily realisable.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern bases in preparing the Annual Report and Accounts.

#### **Turnover**

Turnover represents amounts receivable for services provided in the period in the normal course of business, net of VAT. It is recognised in the year the services are provided.

#### **Investments**

Investments are recorded at cost less provision for any impairment.

Investments held as current assets are valued at lower of cost and net realisable value.

#### **Interest**

Interest income is recognised on the accruals basis and relates to bank interest received and receivable.

#### **Cash flow statement**

The Company has taken advantage of the exemption granted within Financial Reporting Standard 1 (Revised), Cash Flow Statements, not to prepare a cash flow statement as its ultimate parent company produces consolidated accounts, which include a cash flow statement, which are publicly available and into which the Company's results are fully consolidated.

#### **Foreign exchange**

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions or at a contracted rate, if appropriate.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. All translation differences are recognised in the profit and loss account for the period.

# Abingworth Management Limited

## Notes to the accounts Year ended 30 June 2010

### 1. Accounting policies (continued)

#### Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation that arises because of timing differences between the treatments of certain items for taxation and accounting purposes

Current tax is provided at amounts expected to be paid (or received) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

#### Dividends

Dividends are recognised as an appropriation of profit in the year in which they are approved by shareholders or, for interim dividends declared by the Directors, when paid.

### 2. Turnover

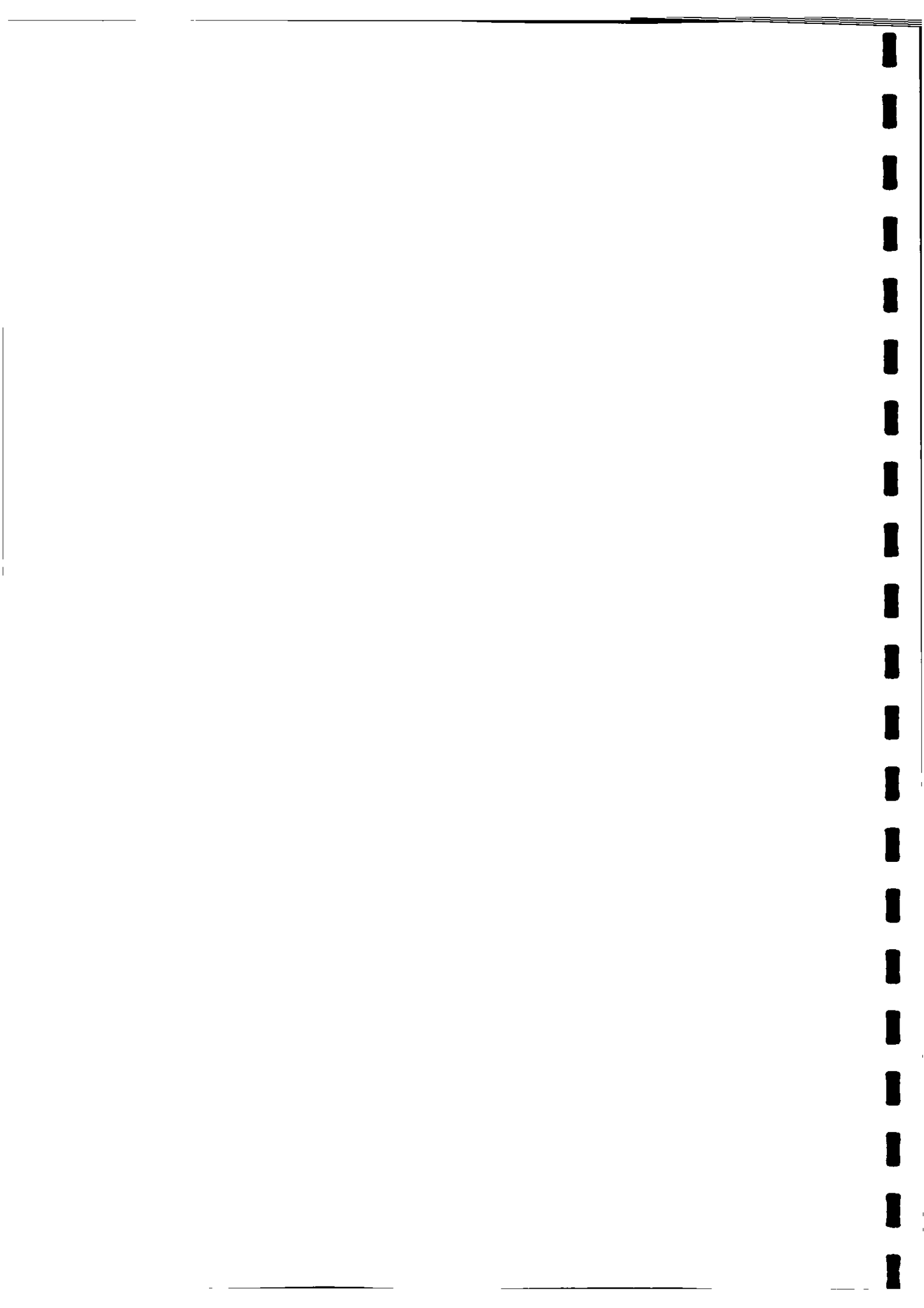
Turnover represents fees receivable for investment management and advisory services

	2010 £	2009 £
Fees receivable for investment management and advisory services	7,731,518	7,893,244
	<u>7,731,518</u>	<u>7,893,244</u>
	2010 £	2009 £
The geographical analysis is		
United Kingdom	7,174,701	7,221,163
Luxembourg	556,817	672,081
	<u>7,731,518</u>	<u>7,893,244</u>

### 3. Profit on ordinary activities before tax

	2010 £	2009 £
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Auditors' remuneration - audit of the company	10,941	9,732
Foreign currency exchange gains	(155,288)	(117,393)
	<u>10,941</u>	<u>9,732</u>

The Directors did not receive any remuneration for their services to this company (2009 – nil)



# Abingworth Management Limited

## Notes to the accounts Year ended 30 June 2010

### 4 Tax charge on profit on ordinary activities

	2010 £	2009 £
Current tax		
UK corporation tax on profit for the year	(288,394)	(296,049)
Adjustment in respect of prior years	(17,556)	-
	<u>(305,950)</u>	<u>(296,049)</u>
Deferred tax		
Timing differences, origination and reversal	(5,077)	(6,160)
	<u>(311,027)</u>	<u>(302,209)</u>

### Factors affecting current tax charge

The tax assessed for the year is different to that resulting from applying the standard rate of corporation tax in the UK of 28% (2009 - 28%) The differences are explained below

	2010 £	2009 £
Profit on ordinary activities before tax	<u>1,048,112</u>	<u>1,170,398</u>
Tax at 28% (2009 - 28% ) thereon	(293,471)	(327,711)
Effects of		
Expenses not deductible for tax purposes	-	(454)
Income not taxable	-	8,400
Capital allowances more than depreciation	4,169	4,769
Movement in short-term timing difference	908	1,391
Over provision in respect of prior years	(17,556)	-
Relief for losses brought forward	-	17,556
Tax losses claimed as group relief	288,394	296,049
Payments made for group relief	(288,394)	(296,049)
	<u>(305,950)</u>	<u>(296,049)</u>

### 5. Dividends

The directors have paid an interim dividend for 2010 of £2,500,000 (2009 – £800,000) There was no final dividend payment (2009 – nil)

### 6 Investment in subsidiary undertaking

The investment in subsidiary undertaking represents a capital contribution of £600,000 in return for a non equity participation in Abingworth LLP, a subsidiary undertaking based in the United Kingdom The principal activities of Abingworth LLP are the promotion and management of investment funds focused on Biotechnology, life sciences and related areas The investment entitles the Company to receive an annual priority profit share of 8% of the capital contributed

# Abingworth Management Limited

## Notes to the accounts Year ended 30 June 2010

### 7. Debtors

	Note	2010 £	2009 £
Deferred taxation asset	10	16,675	21,752
Amounts owed by group undertakings		47,869	74,719
Subordinated loan made to group undertaking		-	450,000
Other debtors		57,506	60,039
Prepayments and accrued income		8,696	15,271
		<u>130,746</u>	<u>621,781</u>

The subordinated loan was repaid by Abingworth LLP during the year

### 8. Current asset investments

The amounts in the current and preceding years represent treasury deposits with maturity dates of up to one month

### 9. Creditors: amounts falling due in less than one year

	2010 £	2009 £
Trade creditors	11,596	-
Group relief payable	1,978,767	1,722,817
Amounts owed to group undertakings	13,673	11,223
Other creditors	15,800	19,994
	<u>2,019,836</u>	<u>1,754,034</u>

### 10. Deferred tax

The amounts provided in the accounts are as follows

	2010 £	2009 £
Deferred tax asset at beginning of year	21,752	27,912
Timing differences, origination and reversal	(5,077)	(6,160)
Deferred taxation asset (note 7)	<u>16,675</u>	<u>21,752</u>



# Abingworth Management Limited

## Notes to the accounts Year ended 30 June 2010

### 10. Deferred tax (continued)

#### Analysis of deferred taxation balance

	2010 £	2009 £
Capital allowances in excess of depreciation	16,675	20,844
Short term timing difference	-	908
Deferred taxation asset	<u>16,675</u>	<u>21,752</u>

Deferred taxes are calculated on all timing differences using an effective rate of 28% (2009 28%)

### 11 Called up share capital

	2010 £	2009 £
<b>Called up, allotted and fully paid:</b>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

### 12 Reserves

	Profit and loss account £
<b>As at 1 July 2009</b>	4,516,108
Transfer from profit and loss account for the year	737,085
Dividends	<u>(2,500,000)</u>
<b>As at 30 June 2010</b>	<u>2,753,193</u>

### 13. Reconciliation of movement in equity shareholders' funds

	2010 £	2009 £
<b>Profit for the financial year</b>	737,085	868,189
Dividends paid on equity shares	<u>(2,500,000)</u>	<u>(800,000)</u>
Net (decrease)/increase in shareholders' funds	(1,762,915)	68,189
<b>Opening equity shareholders' funds</b>	<u>4,516,110</u>	<u>4,447,921</u>
<b>Closing equity shareholders' funds</b>	<u>2,753,195</u>	<u>4,516,110</u>

# **Abingworth Management Limited**

## **Notes to the accounts**

**Year ended 30 June 2010**

### **14. Ultimate parent company**

The ultimate parent company is Abingworth Management Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. Abingworth Management Holdings Limited represents the immediate and ultimate parent company and ultimate controlling party of the Company. The smallest and largest group that prepares group accounts in which the results of the Company are included is that of Abingworth Management Holdings Limited.

Copies of the group accounts are available from the parent company's registered office at 38 Jermyn Street, London SW1Y 6DN.

### **15. Related party disclosures**

The Company has taken advantage of the exemption granted by paragraph 3(c) of the Financial Reporting Standard 8, Related Party Disclosures as a wholly-owned subsidiary of Abingworth Management Holdings Limited, not to disclose any related party transactions with group entities 100% of whose voting rights are controlled within the group.

Dr Bunting, Mr Abell, Mr Bigham, Dr MacQuitty and Mr Leathers, directors of the company, have made investments in, and are entitled to participate in the carried interest from, certain venture capital funds managed by the Company.

The Company paid Abingworth LLP £5,945,221 during the year (2009 - £6,073,196) for providing facilities and services to enable it to operate its business.

During the year, Abingworth LLP repaid the Company its subordinated loan of £450,000 together with interest payment of £14,696 (2009 - £36,000).

The Company is entitled to receive a priority share of Abingworth LLPs annual profit of 8% of its capital contribution of £600,000.

Abingworth Management Limited has a non equity interest and certain control rights in Abingworth LLP. Stephen Bunting, David Leathers, Jonathan MacQuitty, Michael Bigham, James Abell and Genghis Lloyd-Harris, are members of Abingworth LLP.