

219 1603

ADVENT LIMITED  
AND SUBSIDIARIES  
FINANCIAL STATEMENTS

31ST MARCH 1996

Registered in England  
Number : 2191603



KPMG  
8 Salisbury Square, London EC4Y 8BB

## DIRECTORS' REPORT

The directors have pleasure in submitting their annual report and financial statements for the year ended 31st March 1996.

### Activities

The principal activity of the company is the promotion of venture capital investment funds and the provision of venture capital investment management and advisory services in respect of such funds and to other parties.

The company is the manager of an institutionally-sourced venture capital fund organised as a series of limited partnerships, namely Advent First Limited Partnership and three parallel partnerships, with an aggregate subscribed capital equivalent to some £38.2 million. The company's subsidiary Advent Management Limited is the general partner of Advent Management Limited Partnership ("AML") which is the general partner of each of the four partnerships.

During the year the company was involved in the promotion of Advent VCT plc ("Advent VCT"), a venture capital trust. The offer for subscription of up to 30 million ordinary shares in Advent VCT at an issue price of 100p per share opened on 19th February 1996 and closed oversubscribed on 1st April 1996. The offer for subscription and a placing of a further 1.5 million ordinary shares raised a total of £31.5 million from private investors. The ordinary shares of Advent VCT are now listed on the London Stock Exchange.

Advent Fund Managers Limited was incorporated on 8th December 1995 to act as the manager of Advent VCT and is a subsidiary undertaking of the company, while being partly owned by Advent VCT which has voting control.

The performance-related incentive in relation to Advent VCT is held by another newly-incorporated subsidiary, Advent Investments Limited. Under an option agreement entered into on 16th February 1996, Advent Investments Limited is entitled in certain circumstances to subscribe at par for additional ordinary shares in Advent VCT.

### Financial Results

The consolidated loss for the year after taxation was £179,878 (1995: profit of £40,963). The loss for the year principally reflects the decline in the level of investment advisory fees received, as compared with the previous year. The directors do not recommend the payment of a dividend.

The successful launch of Advent VCT provides a substantial new source of income for the group commencing with effect from 4th April 1996. Advent Fund Managers Limited will receive an annual management fee of 1.5% in the first period to 31st March 1997, 2.0% in the year ending 31st March 1998 and 2.5% thereafter (plus any applicable VAT), of the total assets less current liabilities of Advent VCT. In addition, Advent Fund Managers Limited will receive an annual secretarial fee of £50,000 (plus any applicable VAT), adjusted annually in line with the UK Retail Price Index.

Advent Limited & Subsidiaries  
31st March 1996

### Directors

Sir David Cooksey, J.C. Benjamin, W.H.N. Pearce, A.C. Speirs and M.G. Williams were directors of the company throughout the year ended 31st March 1996. C.M. Amies resigned as a director on 16th February 1996.

### Directors' Interests

The interests of the persons who were directors of the company at 31st March 1996 in the share capital of the company and in the partnership capital of AMLP (capital contribution) were as follows:

|                   | 31.03.96                 |                    | 31.03.95                 |                    |
|-------------------|--------------------------|--------------------|--------------------------|--------------------|
|                   | Advent Ltd<br>Ord Shares | AML<br>Cap. Cont'n | Advent Ltd<br>Ord Shares | AML<br>Cap. Cont'n |
| Sir David Cooksey | 203                      | -                  | 203                      | -                  |
| J.C. Benjamin     | 150                      | £5,421             | 150                      | £ 5,421            |
| W.H.N. Pearce     | 97                       | £3,731             | 97                       | £ 3,731            |
| A.C. Speirs       | 150                      | £3,193             | 150                      | £ 3,193            |
| M.G. Williams     | 150                      | £3,193             | 150                      | £ 3,193            |

### Auditors

The company's auditors, KMPG, have indicated that a limited liability company, KPMG Audit Plc, is to undertake part of their audit business. Accordingly, a resolution is to be proposed at the annual general meeting for the appointment of KPMG Audit Plc as auditors of the company.

By order of the Board

*M.G. Williams*

M.G. WILLIAMS  
Secretary  
29th July 1996

## **DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS**

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 group and of the profit or loss of the group for that period. As has been the case in previous years, in preparing the financial statements for the year ended 31st March 1996, the directors have been required, inter alia, to select suitable accounting policies and to apply them consistently, and to make judgements and estimates that are reasonable and prudent.

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.

## REPORT OF THE AUDITORS to the members of Advent Limited

We have audited the financial statements on pages 5 to 18.

### *Respective responsibilities of directors and auditors*

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### *Basis of opinion*

We conducted our audit in accordance with Auditing Standards 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 group'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 of the state of affairs of the company and the group as at 31st March 1996 and of the results of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG  
Chartered Accountants  
Registered Auditors

29th July 1996

8 Salisbury Square  
London  
EC4Y 8BB

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

### For the year ended 31st March 1996

|  | Notes | 1996<br>£                | 1995<br>£                |
|--|-------|--------------------------|--------------------------|
| Turnover   | 2     | 997,582                  | 1,704,332                |
| Other operating income                               |       | 38,897                   | 48,449                   |
| Staff costs  | 4     | (660,245)                | (726,814)                |
| Depreciation   |       | (11,809)                 | (105,161)                |
| Other operating charges                              |       | (566,885)                | (938,288)                |
| Operating loss                                       | 3     | (202,460)                | (17,482)                 |
| Other interest receivable and similar income         |       | 23,481                   | 29,641                   |
| Interest payable and similar charges                 | 6     | (899)                    | (1,196)                  |
| (Loss)/profit on ordinary activities before taxation |       | (179,878)                | 10,963                   |
| Tax on (loss)/profit on ordinary activities          | 7     | -                        | 30,000                   |
| (Loss)/Profit for the financial year                 | 8     | (179,878)                | 40,963                   |
| Retained profit brought forward                      |       | 467,311                  | 426,348                  |
| Retained profit carried forward                      |       | <u>£287,433</u><br>===== | <u>£467,311</u><br>===== |

#### Total recognised gains and losses

There were no recognised gains or losses other than the loss attributable to the shareholders of the company of £179,878 in the year ended 31st March 1996 and a profit of £40,963 in the year ended 31st March 1995.

The notes on pages 9 to 18 form part of these accounts.

Advent Limited & Subsidiaries  
31st March 1996

## CONSOLIDATED BALANCE SHEET

As at 31st March 1996

|  | Notes | £              | 31.03.96<br>£   | 31.03.95<br>£   |
|--|-------|----------------|-----------------|-----------------|
| <b>FIXED ASSETS</b>  |       |                |                 |                 |
| Tangible assets  | 9     |                | 15,032          | 23,671          |
| Investments  | 10    |                | 37,137          | 24,637          |
|  |       |                | <u>52,169</u>   | <u>48,308</u>   |
| <b>CURRENT ASSETS</b>  |       |                |                 |                 |
| Debtors  | 11    | 491,880        |                 | 300,669         |
| Cash at bank and in hand   |       | 42,052         |                 | 449,502         |
|  |       | <u>533,932</u> |                 | <u>750,171</u>  |
| <b>CREDITORS: Amounts falling due within one year</b>                | 12    | (297,468)      |                 | (330,168)       |
| <b>NET CURRENT ASSETS</b>  |       |                | <u>236,464</u>  | <u>420,003</u>  |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                         |       |                | <u>288,633</u>  | <u>468,311</u>  |
| <b>MINORITY INTEREST</b>   | 13    |                | (200)           | -               |
|  |       |                | <u>£288,433</u> | <u>£468,311</u> |
|  |       |                | =====           | =====           |
| <b>CAPITAL AND RESERVES</b><br>(wholly relating to equity interests) |       |                |                 |                 |
| Called up share capital  | 14    |                | 1,000           | 1,000           |
| Profit and loss account  |       |                | 287,433         | 467,311         |
|  |       |                | <u>£288,433</u> | <u>£468,311</u> |
|  |       |                | =====           | =====           |

  
SIR DAVID COOKSEY

Director

  
M.G. WILLIAMS

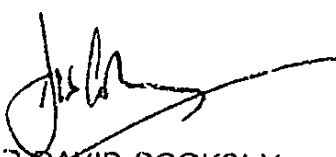
M.G. WILLIAMS

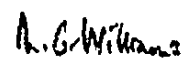
Director

The notes on pages 9 to 18 form part of these accounts which were approved by the directors on 29th July 1996.

**ADVENT LIMITED  
BALANCE SHEET  
As at 31st March 1996**

|  | Notes | £              | 31.03.96<br>£   | 31.03.95<br>£   |
|--|-------|----------------|-----------------|-----------------|
| <b>FIXED ASSETS</b>  |       |                |                 |                 |
| Tangible assets  | 9     |                | 15,032          | 23,671          |
| Investments  | 10    |                | 42,945          | 24,645          |
|  |       |                | <u>57,977</u>   | <u>48,316</u>   |
| <b>CURRENT ASSETS</b>  |       |                |                 |                 |
| Debtors  | 11    | 409,575        |                 | 204,721         |
| Cash at bank and in hand   |       | 37,047         |                 | 316,159         |
|  |       | <u>446,622</u> |                 | <u>520,880</u>  |
| CREDITORS: Amounts falling due within one year                       | 12    | (245,555)      |                 | (197,010)       |
|  |       |                |                 | <u></u>         |
| <b>NET CURRENT ASSETS</b>  |       |                | 201,067         | 323,870         |
|  |       |                | <u></u>         | <u></u>         |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                         |       |                | £259,044        | £372,186        |
|  |       |                | <u>=====</u>    | <u>=====</u>    |
| <b>CAPITAL AND RESERVES</b><br>(wholly relating to equity interests) |       |                |                 |                 |
| Called up share capital  | 14    |                | 1,000           | 1,000           |
| Profit and loss account  |       |                | 258,044         | 371,186         |
|  |       |                | <u>£259,044</u> | <u>£372,186</u> |
|  |       |                | <u>=====</u>    | <u>=====</u>    |

  
SIR DAVID COOKSEY  
Director

  
M.G. WILLIAMS  
Director

The notes on pages 9 to 16 form part of these accounts which were approved by the directors on 29th July 1996.



**CONSOLIDATED  
CASH FLOW STATEMENT  
For the year ended 31st March 1996**

|  | Notes | £        | 1996<br>£               | 1995<br>£                |
|--|-------|----------|-------------------------|--------------------------|
| <b>Operating activities</b>  |       |          |                         |                          |
| Net cash (outflow)/inflow from operating activities                  | 16    |          | (414,227)               | 102,525                  |
| <b>Returns on investments and servicing of finance</b>               |       |          |                         |                          |
| Interest received  |       | 23,481   |                         | 29,641                   |
| Interest paid and similar charges                                    |       | (899)    |                         | (1,196)                  |
| Net cash inflow from returns on investments and servicing of finance |       |          | 22,582                  | 28,445                   |
| <b>Taxation</b>  |       |          |                         |                          |
| Corporation tax paid   |       |          | -                       | (55,975)                 |
| <b>Investing activities</b>  |       |          |                         |                          |
| Purchase of investments  |       | (12,500) |                         | (3,600)                  |
| Sale of investments  |       | -        |                         | 4,500                    |
| Purchase of fixed assets   |       | (3,505)  |                         | (14,913)                 |
| Sale of fixed assets   |       | -        |                         | 9,510                    |
| Net cash outflow from investing activities                           |       |          | (16,005)                | (4,503)                  |
| Net cash (outflow)/inflow before financing                           |       |          | (407,650)               | 70,492                   |
| <b>Financing</b>   |       |          |                         |                          |
| Minority interest  |       | 200      |                         | -                        |
| Net cash inflow from financing                                       |       |          | 200                     | -                        |
| (Decrease)/Increase in cash and cash equivalents                     |       |          | (407,450)               | 70,492                   |
| Cash and cash equivalents at beginning of year                       |       |          | 449,502                 | 379,010                  |
| Cash and cash equivalents at end of year                             |       |          | <u>£42,052</u><br>===== | <u>£449,502</u><br>===== |

The notes on pages 9 to 18 form part of these accounts.

## NOTES (forming part of the financial statements)

### 1. ACCOUNTING POLICIES

#### a) Basis of accounting

The financial statements 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. As permitted by Section 230 of the Companies Act 1985, the company's profit and loss account has not been presented.

#### b) Consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings. The financial statements of each undertaking in the group have been prepared to 31st March 1996. All intra-group profits are eliminated on consolidation.

The company's subsidiary Advent Management Limited is the general partner of Advent Management Limited Partnership ("AML") and hence it is legally the parent undertaking of AML and of the four venture capital limited partnerships, namely Advent First Limited Partnership and the three parallel partnerships (the "venture capital partnerships"), of which AML is the general partner. The company's subsidiary Advent Life Sciences Limited is the general partner of Advent Life Sciences Fund (which has not yet commenced business). AML, the venture capital partnerships and Advent Life Sciences Fund are dealt with on a consolidated basis by equity accounting in the group financial statements. Accordingly, Advent Management Limited, AML and Advent Life Sciences Limited have taken advantage of the exemption conferred by regulation 7 of the Partnerships and Unlimited Companies (Accounts) Regulations 1993.

#### c) Turnover

Turnover represents (i) the amounts receivable for services supplied to customers during the period excluding VAT, and (ii) the share of the net income and/or realised capital gains of the venture capital partnerships that is attributable to AML as general partner, and which in turn is attributable to Advent Management Limited as general partner of AML.

d) Depreciation

Depreciation is provided by the company to write off the cost of tangible fixed assets by equal instalments over their estimated useful lives at the following annual rates:

|                       |   |         |
|-----------------------|---|---------|
| Fixtures and fittings | - | 20%     |
| Computer equipment    | - | 33 1/3% |
| Motor vehicles        | - | 25%     |

e) Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision for deferred taxation is made if there is reasonable evidence that such deferred taxation will be payable in the foreseeable future.

f) Leases

The company occupies property under operating leases, the rental charges for which are charged to the profit and loss account on a straight line basis over the life of the lease.

g) Foreign exchange

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Balances denominated in a foreign currency are translated into sterling at the exchange rate ruling at the balance sheet date. The differences arising from exchange rate fluctuations in respect of these items are included in interest payable and similar charges.

## 2. TURNOVER

|  | Group<br>1996<br>£       | Group<br>1995<br>£         |
|--|--------------------------|----------------------------|
| Share of net income and/or realised<br>gains of venture capital<br>partnerships attributable<br>to the general partner | 843,441                  | 980,792                    |
| Other investment management<br>and advisory fees   | 154,141                  | 723,540                    |
|  | <u>£997,582</u><br>===== | <u>£1,704,332</u><br>===== |

## 3. OPERATING LOSS

Operating loss is stated after charging:

|   | Group<br>1996<br>£ | Group<br>1995<br>£ |
|---|--------------------|--------------------|
| Operating lease rentals   | 178,000            | 178,225            |
| Auditors' remuneration:   |                    |                    |
| Audit work  | 7,580              | 8,640              |
| Non audit work  | 18,025             | 16,965             |
| Directors' remuneration<br>(see note 5):  |                    |                    |
| Other emoluments  | 412,593            | 463,901            |
| Consultancy fees paid to<br>companies in which<br>certain directors have<br>controlling interests | 19,857             | 242,745            |
| Pension contributions   | 63,469             | 79,079             |
|   | <u>=====</u>       | <u>=====</u>       |

#### 4. STAFF COSTS

|   | Group<br>1996<br>£       | Group<br>1995<br>£       |
|---|--------------------------|--------------------------|
| Employee costs (including salaried directors) |                          |                          |
| Wages and salaries                            | 529,703                  | 575,659                  |
| Social security costs                         | 54,536                   | 59,800                   |
| Other pension costs                           | 76,006                   | 91,355                   |
|   | <u>£660,245</u><br>===== | <u>£726,814</u><br>===== |
| Average number of employees                   | 11<br>==                 | 11<br>==                 |

#### 5. DIRECTORS' EMOLUMENTS

The emoluments, excluding pension contributions, of the chairman who was also the highest paid director, amounted to £102,591 (1995: £89,650).

The number of directors whose emoluments, excluding pension contributions, fell in each £5,000 bracket was as follows:

|                   | 1996 | 1995 |
|-------------------|------|------|
| Nil               | 1    | 1    |
| £ 50,001-£ 55,000 | -    | 1    |
| £ 55,001-£ 60,000 | -    | 1    |
| £ 65,001-£ 70,000 | 2    | 1    |
| £ 80,001-£ 85,000 | -    | 1    |
| £ 60,000-£105,000 | 1    | -    |
| £ 85,001-£ 90,000 | 2    | 1    |
| £100,000-£105,000 | 1    | -    |
| £105,001-£110,000 | -    | 1    |
|                   | =    | =    |

During the year, consultancy fees of £19,857 (1995: £132,502) were paid to a company in which W.H.N. Pearce has a controlling interest.

6. INTEREST PAYABLE AND SIMILAR CHARGES

|                           | Group<br>1996 | Group<br>1995   |
|---------------------------|---------------|-----------------|
| Bank interest and charges | £899<br>===   | £1,196<br>===== |

7. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

|                              | Group<br>1996 | Group<br>1995      |
|------------------------------|---------------|--------------------|
| Over provision in prior year | £-<br>===     | £(30,000)<br>===== |

No charge to corporation tax arises in respect of the year ended 31st March 1996 in view of the loss incurred.

8. (LOSS)/PROFIT FOR THE FINANCIAL YEAR

Of the consolidated loss after taxation of £179,878 (1995: profit of £40,963) a loss of £113,142 (1995: profit of £55,162) was dealt with in the accounts of the company.

9. TANGIBLE FIXED ASSETS  
Group and Company

|                      | Fixtures,<br>fittings &<br>equipment<br>£ | Motor<br>vehicles<br>£ | Total<br>£     |
|----------------------|---|------------------------|----------------|
| Cost                 |   |                        |                |
| At beginning of year | 371,151                                   | 100,901                | 472,052        |
| Additions            | 3,505                                     | -                      | 3,505          |
| Disposals            | (4,973)                                   | -                      | (4,973)        |
| At end of year       | <u>369,683</u>                            | <u>100,901</u>         | <u>470,584</u> |
| Depreciation:        |   |                        |                |
| At beginning of year | 352,580                                   | 95,801                 | 448,381        |
| Charge for year      | 8,409                                     | 3,400                  | 11,809         |
| Disposals            | (4,638)                                   | -                      | (4,638)        |
| At end of year       | <u>356,351</u>                            | <u>99,201</u>          | <u>455,552</u> |
| Net book value:      |   |                        |                |
| At 31st March 1996   | <u>£13,332</u>                            | <u>£1,700</u>          | <u>£15,032</u> |
| At 31st March 1995   | <u>£18,571</u>                            | <u>£5,100</u>          | <u>£23,671</u> |

None of the assets included in the above at 31st March 1996 were held under hire purchase contracts.

10. INVESTMENTS

|  | Group<br>1996<br>£ | Group<br>1995<br>£ | Company<br>1996<br>£ | Company<br>1995<br>£ |
|--|--------------------|--------------------|----------------------|----------------------|
| Investments in subsidiary undertakings (note 19) | -                  | -                  | 5,808                | 8                    |
| Other unlisted investments                       | 37,137             | 24,637             | 37,137               | 24,637               |
|  | <u>£37,137</u>     | <u>£24,637</u>     | <u>£42,945</u>       | <u>£24,645</u>       |

The group's attributable share of the net assets of the subsidiary undertakings dealt with by equity accounting, namely AMLP, the venture capital partnerships and Advent Life Sciences Fund (see note 1(b)), is nil.

Other unlisted investments at 31st March 1996 include a holding of 100% of the redeemable preference shares of 5p each, paid up as to one quarter, in Advent VCT plc, a company registered in England. Since the year end, these shares have been redeemed by Advent VCT plc out of the proceeds of its offer for subscription of ordinary shares.

# 11. DEBTORS

|   | Group<br>1996<br>£       | Group<br>1995<br>£       | Company<br>1996<br>£     | Company<br>1995<br>£     |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| Trade debtors                           | 102,072                  | 103,797                  | 102,072                  | 103,797                  |
| Amounts owed by subsidiary undertakings | -                        | -                        | 13,790                   | 2,487                    |
| VAT                                     | 146                      | 169                      | -                        | -                        |
| Other debtors                           | 217,015                  | 26,822                   | 215,544                  | 21,471                   |
| Prepayments                             | 61,594                   | 60,391                   | 61,594                   | 60,391                   |
| Tax credits recoverable                 | 94,478                   | 92,915                   | -                        | -                        |
| Mainstream corporation tax recoverable  | 16,575                   | 16,575                   | 16,575                   | 16,575                   |
|   | <u>£491,880</u><br>===== | <u>£300,669</u><br>===== | <u>£409,575</u><br>===== | <u>£204,721</u><br>===== |

# 12. CREDITORS: Amounts falling due within one year

|  | Group<br>1996<br>£       | Group<br>1995<br>£       | Company<br>1996<br>£     | Company<br>1995<br>£     |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| Trade and other creditors  | 48,421                   | 20,951                   | 48,986                   | 20,058                   |
| Loans from subsidiary undertakings   | -                        | -                        | 78,000                   | -                        |
| Amounts owed to venture capital partnerships in respect of nominated directors' fees | 56,167                   | 56,699                   | 56,167                   | 56,699                   |
| Other amounts owed to venture capital partnerships                                   | 94,478                   | 92,915                   | -                        | -                        |
| Accruals   | 76,112                   | 129,029                  | 40,112                   | 89,679                   |
| VAT  | 1,438                    | 7,928                    | 1,438                    | 7,928                    |
| Other taxes and social security  | 20,852                   | 22,646                   | 20,852                   | 22,646                   |
|  | <u>£297,468</u><br>===== | <u>£330,168</u><br>===== | <u>£245,555</u><br>===== | <u>£197,010</u><br>===== |

# 13. MINORITY INTEREST

The minority interest wholly relates to that part of the share capital of Advent Fund Managers Limited owned by Advent VCT plc, and is comprised of an equity interest.



14. CALLED UP SHARE CAPITAL

|                            | Authorised, allotted, called up and fully paid |        |       |        |
|----------------------------|--|--------|-------|--------|
|                            | 1996   | 1996   | 1995  | 1995   |
|                            | No   |        | No    |        |
| Ordinary shares of £1 each | 1,000  | £1,000 | 1,000 | £1,000 |
|                            | =====  | =====  | ===== | =====  |

15. RECONCILIATION OF MOVEMENTS  
IN SHAREHOLDERS' FUNDS

|  | Group     | Group    | Company   | Company  |
|--|-----------|----------|-----------|----------|
|  | 1996      | 1995     | 1996      | 1995     |
|  | £         | £        | £         | £        |
| Shareholders' funds at beginning of year | 468,311   | 427,348  | 372,186   | 427,348  |
| (Loss)/profit for the financial year     | (179,878) | 40,963   | (113,142) | (55,162) |
| Shareholders' funds at end of year       | £288,433  | £468,311 | £259,044  | £372,186 |
|  | =====     | =====    | =====     | =====    |

16. RECONCILIATION OF OPERATING LOSS  
TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

|   | 1996       | 1995     |
|---|------------|----------|
|   | £          | £        |
| Operating loss                                      | (202,460)  | (17,482) |
| Depreciation  | 11,809     | 105,161  |
| Profit on sale of investments                       | -          | (3,540)  |
| Loss/(profit) on sale of fixed assets               | 335        | (6,844)  |
| (Increase) in debtors                               | (191,211)  | (93,945) |
| (Decrease)/Increase in creditors                    | (32,700)   | 119,175  |
| Net cash (outflow)/inflow from operating activities | £(414,227) | £102,525 |
|   | =====      | =====    |

## 17. LEASING COMMITMENTS

The company and the group have operating lease commitments, expiring after more than 5 years, in respect of certain office accommodation. The current aggregate annual rental under the leases is £178,000 (1995: £178,000), which is subject to review at five year intervals.

## 18. PENSION COSTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately in an independently administered fund. At the end of the year a single director remained within this scheme, the other salaried directors and employees having transferred to personal defined contribution schemes to which the company contributes. The pension cost charge for the period of £76,006 (1995: £91,355) represents contributions payable by the company to the various funds.

## 19. PARTICULARS OF SUBSIDIARY UNDERTAKINGS

The following are the subsidiary undertakings:

### **Advent Fund Managers Limited**

800 £1 A ordinary shares held by the company  
Registered in England.

(Issued share capital of  
800 £1 A ordinary shares and  
200 £1 B ordinary shares.)

### **Advent Investments Limited**

A wholly owned subsidiary of the company  
Registered in England.

(Issued share capital of  
5,000 £1 ordinary shares.)

### **Advent Life Sciences Limited**

A wholly owned subsidiary of the company  
Registered in England.

(Issued share capital of  
2 £1 ordinary shares.)

### **Advent Management Limited**

A wholly owned subsidiary of the company  
Registered in Scotland.

(Issued share capital of  
2 £1 ordinary shares.)

### **Advent Nominees Limited**

A wholly owned subsidiary of the company  
Registered in England.

(Issued share capital of  
2 £1 ordinary shares.)

### **Advent Trustee Limited**

A wholly owned subsidiary of the company  
Registered in England.

(Issued share capital of  
2 £1 ordinary shares.)

19. PARTICULARS OF SUBSIDIARY UNDERTAKINGS (cont'd)

**Advent Management Limited Partnership ("AMLP")**

A Scottish limited partnership whose principal place of business is at 12 Hope Street, Charlotte Square, Edinburgh EH2 4DD and of which Advent Management Limited is the general partner. A subsidiary undertaking of Advent Management Limited 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.

**AFLP Investments Limited**

**AFLP Investments Fund Limited**

Companies registered in England whose issued share capitals (consisting in each case of 100 £1 ordinary shares) are wholly owned by Advent First Limited Partnership and the parallel partnerships.

**Advent Life Sciences Fund**

An English limited partnership whose principal place of business is at 25 Buckingham Gate, London SW1E 6LD and of which Advent Life Sciences Limited is the general partner. A subsidiary undertaking of Advent Life Sciences Limited by virtue of Section 258(2)(c)(i) of the Companies Act 1985 as amended. The partnership has not yet commenced business.