

Company Registration No. 2352178

Abingworth Management Holdings Limited

Report and Financial Statements

30 June 2011

FRIDAY



A31

ATQ59YRW
28/10/2011
COMPANIES HOUSE

177

Abingworth Management Holdings Limited

Report and financial statements 2011

Contents	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditor's report	5
Consolidated profit and loss account	7
Statement of total recognised gains and losses	8
Consolidated balance sheet	9
Company balance sheet	10
Consolidated cash flow statement	11
Notes to the accounts	12
Notes to the consolidated cash flow statement	21
Pillar 3 statement under the capital requirements directive - not subject to audit	24

Abingworth Management Holdings Limited

Report and financial statements 2011

Officers and professional advisers

Directors

S W Bunting (Chairman)
D F J Leathers
D W Quysner

Secretary

J G Heard

Registered Office

Princes House
38 Jermyn Street
London
SW1Y 6DN

Banker

Barclays Bank PLC
Pall Mall Corporate Group
London
SW1A 1QB

Auditor

Deloitte LLP
London

Tax Consultant

BDO Stoy Hayward LLP
Chartered Accountants
London & New York

Abingworth Management Holdings Limited

Directors' report

The directors present their annual report and the audited financial statements for Abingworth Management Holdings Limited (the "Company") and subsidiaries (together the "Group") for the year ended 30 June 2011

Business review and principal activities

The principal activities of the Group are the promotion and management of investment funds focused on biotechnology, life sciences and related areas. The directors expect these activities will continue during the next year.

As at 30 June 2011, funds under management (comprising the asset value of funds under management and undrawn commitments from investors in the Abingworth Bioventures funds) totalled \$1.37 billion (2010: \$1.33 billion).

During the year to 30 June 2011, the Group made a profit after tax and minority interest of £838,739 (2010: profit of £779,984) on turnover of £16,676,760 (2010: £15,340,978). The directors consider the results satisfactory.

Key performance indicators ("KPI")

The directors monitor the business using a number of KPIs. The most relevant KPI for this report is detailed below.

	30 June 2011		30 June 2010	
	Target	Actual	Target	Actual
Operating profit	£4.8 million	£5.6 million	£4.8 million	£5.3 million

Going concern

The directors of the Group 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 and the Group's financial position to be sound. The directors have a reasonable expectation that the Company and the Group have 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.

Further details regarding the adoption of the going concern can be found in the statement of accounting policies in the note 1 to the financial statements.

Principal risks, financial risks and uncertainties

A description of the principal risks, financial risks and uncertainties facing the group is included in the Pillar 3 statement on page 24.

Directors

The directors who served throughout the year ended 30 June 2011 and to the date of this report are:

S W Bunting
D F J Leathers
D W Quysner

Dividends

The directors have paid an interim dividend for 2011 of £850,000 (2010: £2,570,000). There was no final dividend payment (2010: £nil).

Abingworth Management Holdings Limited

Directors' report (continued)

Charitable donations

The group made £100 charitable donation (2010 £nil) during the year

Indemnity

The directors have been covered by liability insurance throughout the year and the policy of insurance remains in force at the date of this report

Disclosure of information to auditor

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

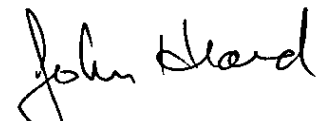
- so far as the director is aware, there is no relevant audit information of which the Company's and Group's auditor is unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company and Group's auditor is aware of that information

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

Auditor

A resolution to re-appoint Deloitte LLP as the company's auditor 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

17 October 2011

Abingworth Management Holdings 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 auditor's report to the members of Abingworth Management Holdings Limited

We have audited the financial statements of Abingworth Management Holdings Limited for the year ended 30 June 2011 which comprise the Group profit and loss account, the Group statement of total recognised gains and losses, the Group and Parent Company balance sheets, the Group cash flow statement and the related notes 1 to 21. 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 auditor's 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 auditor

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 and express an opinion on 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 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 group's and the parent 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's and the parent company's affairs as at 30 June 2011 and of the Group's 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 auditor's report to the members of Abingworth Management Holdings 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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 Auditor
London, United Kingdom

17 October 2011

Abingworth Management Holdings Limited

Consolidated profit and loss account Year ended 30 June 2011

	Notes	2011 £	2010 £
Turnover	2	16,676,760	15,340,978
Administrative expenses		(11,103,525)	(10,031,519)
Operating profit		5,573,235	5,309,459
Interest receivable and similar income		22,827	21,532
Profit on ordinary activities before taxation	3	5,596,062	5,330,991
Tax charge on profit on ordinary activities	5	(200,600)	(403,172)
Profit on ordinary activities after taxation before minority interest for the financial year		5,395,462	4,927,819
Minority interest	16	(4,556,723)	(4,147,835)
Profit for the financial year		838,739	779,984

All results relate to continuing operations for the current and prior year

The notes 1 to 21 form an integral part of the accounts

Abingworth Management Holdings Limited

Consolidated statement of total recognised gains and losses **Year ended 30 June 2011**

	2011 £	2010 £
Profit on ordinary activities after taxation and minority interest for the financial year	838,739	779,984
Currency translation differences on foreign currency net investment	(37,182)	41,545
Total recognised gains relating to the year	<u>801,557</u>	<u>821,529</u>

The notes 1 to 21 form an integral part of the accounts

Abingworth Management Holdings Limited

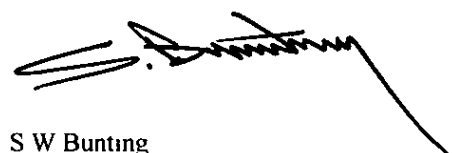
Consolidated balance sheet 30 June 2011

	Notes	£	2011 £	£	2010 £
Fixed assets					
Tangible assets	7		117,142		165,882
Investments	8		10,572		5,100
			<u>127,714</u>		<u>170,982</u>
Current assets					
Investments	9	8,788,500		7,000,045	
Debtors	10	854,652		577,050	
Cash at bank and in hand		1,759,689		2,734,873	
		<u>11,402,841</u>		<u>10,311,968</u>	
Creditors: amounts falling due within one year	11	(375,744)		(415,529)	
Net current assets			<u>11,027,097</u>		<u>9,896,439</u>
Total assets less current liabilities			<u>11,154,811</u>		<u>10,067,421</u>
Provision for liabilities and charges	12		<u>(2,196,074)</u>		<u>(2,108,012)</u>
Net assets			<u>8,958,737</u>		<u>7,959,409</u>
Capital and reserves					
Called up share capital	13		200		200
Capital redemption reserve	14		400		400
Profit and loss account	14		2,355,738		2,366,999
Total equity shareholders' funds	15		<u>2,356,338</u>		<u>2,367,599</u>
Minority interest	16		6,602,399		5,591,810
Total capital employed			<u>8,958,737</u>		<u>7,959,409</u>

The notes 1 to 21 form an integral part of the accounts

These financial statements (company registration number 2352178) were approved by the Board of Directors and authorised for issue on 17 October 2011

Signed on behalf of the Board of Directors


S W Bunting
Director

Abingworth Management Holdings Limited

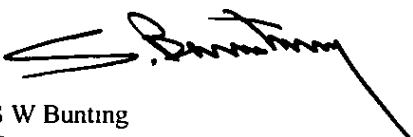
Company balance sheet 30 June 2011

	Notes	£	2011 £	£	2010 £
Fixed assets					
Investments	8		198,009		198,009
Current assets					
Debtors	10	32,382		30,000	
Cash at bank and in hand		32,963		33,020	
		<u>65,345</u>		<u>63,020</u>	
Creditors amounts falling due within one year	11	<u>(192,785)</u>		<u>(125,381)</u>	
Net current assets			<u>(127,440)</u>		<u>(62,361)</u>
Total assets less current liabilities			<u>70,569</u>		<u>135,648</u>
Capital and reserves					
Called up share capital	13		200		200
Capital redemption reserve account	14		400		400
Profit and loss account			<u>69,969</u>		<u>135,048</u>
Total equity shareholders' funds			<u>70,569</u>		<u>135,648</u>

The notes 1 to 21 form an integral part of the accounts

These financial statements (company registration number 2352178) were approved by the Board of Directors and authorised for issue on 11 October 2011

Signed on behalf of the Board of Directors


S W Bunting
Director

Abingworth Management Holdings Limited

Consolidated cash flow statement Year ended 30 June 2011

	Notes	£	2011 £	£	2010 £
Net cash inflow from operating activities	18A		5,256,390		5,732,892
Returns on investments and servicing of finance					
Interest received		22,827		21,532	
Net cash inflow from returns on investments and servicing of finance			22,827		21,532
Taxation					
Foreign tax paid		(94,190)		(215,477)	
UK tax paid		-		-	
			(94,190)		(215,477)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(14,565)		(37,996)	
Receipts from sale of fixed assets/investments		1,761		-	
Cash placed on short-term deposit		(1,788,455)		1,428,003	
Net cash (outflow)/inflow from capital expenditure and financial investment			(1,801,259)		1,390,007
Equity dividends paid			(850,000)		(2,570,000)
Distributions to minorities			(3,689,160)		(3,349,404)
Net cash inflow before management of liquid resources and financing			(1,155,392)		1,009,550
Financing					
Minority interest			180,208		110,130
(Decrease)/increase in cash in the year	18B, 18C		(975,184)		1,119,680

Abingworth Management Holdings Limited

Notes to the accounts Year ended 30 June 2011

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards, save with respect to the basis of consolidation, as discussed below. The particular accounting policies adopted are described below and have been applied consistently in the current and prior period.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The Group'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 Group funds its day-to-day working capital requirements using its cash reserves.

The Group's forecasts and projections show that the Group should be able to generate enough cash to meet its ongoing obligations.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all subsidiary undertakings for the financial year ended 30 June 2011. Subsidiary companies of the Group include general partners of limited partnerships where the substance of the arrangements is that the Group provides investment management services in return for investment management fees. These limited partnerships fall within the definition of subsidiary undertakings that are required to be consolidated under the Companies Act 2006 by virtue of the fact that they are controlled by the general partner. The limited partnerships were set up for the beneficial interest of external parties and the Group's beneficial interest is restricted to the fees it earns from managing the partnerships. The directors have departed from the Companies Act 2006 requirements and accounted for the interests in such partnerships at cost, since the Group's fixed asset investment is in the general partners and not the limited partnerships, and to consolidate would not give a true and fair view. The effect of this departure is quantified in note 20.

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment, if any. Tangible fixed assets are carried at cost less accumulated depreciation. Depreciation is provided on tangible assets on a straight-line basis over the estimated life of each asset.

The rates of depreciation are as follows:

Fixtures, fittings and equipment	20% per annum
----------------------------------	---------------

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value. Any provision for diminution in value should be charged to the profit and loss account.

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 and interest on UK government securities received and receivable.

Abingworth Management Holdings Limited

Notes to the accounts

Year ended 30 June 2011

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 tax is provided in full on all 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 tax rates and laws that have been enacted or substantively enacted by the balance sheet date. 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 financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted

Operating leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the lease

Turnover

Turnover, which represents advances from the underlying funds, fees receivable for investment management and advisory services, fees for other services and recharges, is recognised in the year in which the service is provided

Pensions

Retirement benefits for employees are provided by defined contribution schemes which are funded by contributions from the company and employees. The payments made by the Company are charged against the profits of the period in which they accrue to employees

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

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 and the statement of total recognised gains and losses

The financial statements of foreign subsidiaries are translated into sterling at the closing rates of exchange and the differences arising from the translation of the opening net investment in subsidiaries at the closing rate and matched long-term foreign currency borrowings are taken directly to reserves

Abingworth Management Holdings Limited

Notes to the accounts Year ended 30 June 2011

2 Turnover

	2011 £	2010 £
The analysis by activity is		
Fees receivable for advisory and management services	1,840,782	903,472
Entitlement to profit share receivable for investment management services (non refundable)	14,775,876	14,427,450
Recharges	60,102	10,056
	<u>16,676,760</u>	<u>15,340,978</u>
The geographical analysis is		
United Kingdom	14,775,877	14,434,800
Others	437,087	559,523
Cayman Islands	1,463,796	346,655
	<u>16,676,760</u>	<u>15,340,978</u>

3 Profit on ordinary activities before taxation

	2011 £	2010 £
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Auditor's remuneration		
- Audit fee – Abingworth Management Holdings Limited	15,489	15,522
- Audit fee – Subsidiary undertakings	72,036	62,307
Depreciation of tangible fixed assets	58,981	123,648
Loss on disposal of fixed assets	280	-
Exchange loss/(gains)	73,537	(249,685)
Rentals under operating leases	668,399	670,943

Abingworth Management Holdings Limited

Notes to the accounts Year ended 30 June 2011

4. Information regarding directors and employees

	2011 £	2010 £
Directors' emoluments		
Aggregate emoluments	922,797	804,875
Aggregate emoluments comprise		
Remuneration for office in/employment by group entities	30,000	30,000
Members' priority profit share paid by Abingworth LLP treated as an expense	892,797	774,875
	No.	No.
Number of directors who are members of a defined contribution pension scheme	3	3
	£	£
Highest paid director's remuneration:		
Aggregate of emoluments	828,053	685,000

Employee costs (including directors and members of Abingworth LLP) during the year:

	2011 £	2010 £
Wages and salaries	3,932,008	3,819,030
Social security costs	290,506	258,989
Pension and other costs	433,656	499,429
Members' priority profit share paid by Abingworth LLP treated as an expense	3,261,864	2,484,875
	7,918,034	7,062,323

Pension costs represent contributions payable to a defined contribution scheme. Prepaid contributions at 30 June 2010 were £nil (2010 £1,679) and amounts outstanding were £3,031 (2010 £2,792) at year end.
Average number of persons employed by the group

	2011 No.	2010 No.
Directors	3	3
Administrative staff	27	25
	30	28

Abingworth Management Holdings Limited

Notes to the accounts Year ended 30 June 2011

5. Tax charge on profit on ordinary activities

	2011 £	2010 £
Current tax		
UK Corporation tax at 27.5% (2010: 28%) based on the profit for the year	-	-
Current year overseas tax	(115,394)	(124,042)
Overseas withholding tax written off	-	(78,518)
Over/(under) provision in respect of prior years	2,856	(2,716)
	<u>(112,538)</u>	<u>(205,276)</u>
Deferred tax		
Origination and reversals of timing differences	(99,308)	(211,223)
Origination and reversals of timing differences - overseas	(1,882)	27,930
Adjustment in respect of prior years	13,128	(14,603)
	<u>(200,600)</u>	<u>(403,172)</u>
Tax charge on profit on ordinary activities		

Factors affecting current tax charge

The tax assessed for the year is that resulting from applying the rate of 27.5% (2010: 28%)

The differences are explained below

	2011 £	2010 £
Profit on ordinary activities before tax	5,596,062	5,330,991
Tax charge at 27.5% (2010: 28%) thereon	(1,538,917)	(1,492,677)
Effects of		
Over provision in respect of prior years	2,856	5,637
Partnership profits taxable in the hands of minorities	1,234,546	1,098,169
Expenses not deductible for tax purposes	(28,713)	(19,079)
Depreciation in excess of capital allowances	2,383	(14,986)
Movement in short-term timing differences	(2,134)	874
Movement in short-term timing difference - advance on profit share in year	3,633,146	(376,494)
Utilisation of tax losses brought forward	4,817,288	1,676,013
Overseas tax rates and other disallowables	(48,670)	(48,507)
Difference between accounting profit on disposal and chargeable gains	(6,876,311)	166,856
Tax losses carried forward	(1,313,367)	(1,122,564)
Non taxable income	5,355	-
Irrecoverable withholding tax	-	(78,518)
	<u>(112,538)</u>	<u>(205,276)</u>

The tax charge in future periods will be impacted by the change in the UK corporation tax rate to 26% with effect from 1 April 2011

Abingworth Management Holdings Limited

Notes to the accounts Year ended 30 June 2011

6. Dividends

The directors have paid an interim dividend for 2011 of £850,000 (2010 £2,570,000) There was no final dividend payment (2010 £ nil)

7. Tangible fixed assets

Group	Fixtures, fittings and equipment £	Total £
Cost		
Balance at 1 July 2010	775,967	775,967
Additions	14,565	14,565
Disposals	(3,284)	(3,284)
Foreign exchange adjustment	(2,283)	(2,283)
At 30 June 2011	784,965	784,965
Accumulated depreciation		
Balance at 1 July 2010	610,085	610,085
Disposals	(1,243)	(1,243)
Charge for the year	58,981	58,981
At 30 June 2011	667,823	667,823
Net book value:		
At 30 June 2011	117,142	117,142
At 30 June 2010	165,882	165,882

8. Investments held as fixed assets

	2011 £	2010 £
Company		
At Cost and Net Book Value		
As at 1 July 2010 and 30 June 2011	198,009	198,009
Group		
At Cost and Net Book Value		
As at 1 July 2010	5,100	3,988
Valuation adjustment	5,472	1,112
As at 30 June 2011	10,572	5,100

The investments of the Company all relate to investments in subsidiary undertakings The details of all of the investments at 30 June 2011 are disclosed in Note 19 and 20

The investments of the Group relate to participations in investment funds operated and managed by Group companies The funds invest in companies in life sciences, healthcare and related areas

Abingworth Management Holdings Limited

Notes to the accounts Year ended 30 June 2011

9. Current asset investments

Group	2011 £	2010 £
Fixed-term deposits	<u>8,788,500</u>	<u>7,000,045</u>

10 Debtors

	2011		2010	
	Group £	Company £	Group £	Company £
Other debtors	213,360	32,382	244,969	30,000
Prepayments and accrued income	641,292	-	332,081	-
	<u>854,652</u>	<u>32,382</u>	<u>577,050</u>	<u>30,000</u>

11. Creditors: amounts falling due within one year

	2011		2010	
	Group £	Company £	Group £	Company £
Trade creditors	71,455	-	64,715	-
Taxation and social security	50,236	38,375	54,301	38,376
Accruals	226,610	30,000	228,491	30,000
Other creditors	27,443	124,410	68,022	57,005
	<u>375,744</u>	<u>192,785</u>	<u>415,529</u>	<u>125,381</u>

12. Provision for liabilities and charges - deferred taxation

Group	2011 £	2010 £
Balance brought forward as at 1 July	2,108,012	1,910,116
Deferred tax timing differences, originations and reversal	99,308	211,223
Deferred tax timing differences, originations and reversal - foreign	1,882	(27,930)
Adjustment in respect of prior years	(13,128)	14,603
Balance carried forward as at 30 June	<u>2,196,074</u>	<u>2,108,012</u>

Analysis of deferred taxation balance:

	2011 £	2010 £
Capital allowances in excess of depreciation	(49,760)	(58,784)
Losses	(2,336,330)	(6,181,398)
Deferred tax on future known profit share	<u>4,582,164</u>	<u>8,348,194</u>
Provision for deferred taxation	<u>2,196,074</u>	<u>2,108,012</u>

Deferred taxes are calculated on all timing differences using an effective rate of 26% (2010 28%)

Abingworth Management Holdings Limited

Notes to the accounts Year ended 30 June 2011

13. Called up share capital

Group and Company	2011 £	2010 £
Allotted, called up, and fully paid: 200 ordinary shares of £1 each	200	200

14. Reconciliation of reserves

	2011		2010	
	Group £	Company £	Group £	Company £
Balance brought forward as at 1 July	2,366,999	135,048	4,157,015	212,459
Profit/(loss) for the year before minority interest and dividends received	5,395,462	(65,079)	4,927,819	(57,085)
Minority interest	(4,556,723)	-	(4,147,835)	-
Dividend received	-	850,000	-	2,549,674
Dividends paid	(850,000)	(850,000)	(2,570,000)	(2,570,000)
Profit and loss account as at 30 June	2,355,738	69,969	2,366,999	135,048
Capital redemption reserve as at 30 June	400	400	400	400

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's profit for the financial year amounted to £784,921 (2010 profit of £2,492,589)

15. Reconciliation of movements in group equity shareholders' funds

	2011		2010	
	Group £	Company £	Group £	Company £
Profit/(loss) for the financial year before dividends received	838,739	(65,079)	779,984	(57,085)
Dividends received on equity shares	-	850,000	-	2,549,674
Dividends paid on equity shares	(850,000)	(850,000)	(2,570,000)	(2,570,000)
Net decrease in shareholders' funds	(11,261)	(65,079)	(1,790,016)	(77,411)
Opening equity shareholders' funds	2,367,599	135,648	4,157,615	213,059
Closing equity shareholder's funds	2,356,338	70,569	2,367,599	135,648

Abingworth Management Holdings Limited

Notes to the accounts Year ended 30 June 2011

16. Reconciliation of movements in minority interest

	2011 £	2010 £
Members' capital paid into Abingworth LLP	155,000	135,000
Movement in members' current account	25,208	(24,870)
Distribution to minority interests during the year	(3,689,160)	(3,349,404)
Minorities' share of profit for the year	4,556,723	4,147,835
Currency translation differences on foreign currency net investment	(37,182)	41,545
Net increase in minority interest	1,010,589	950,106
Opening minority interest	5,591,810	4,641,704
Closing minority interest	6,602,399	5,591,810

17. Operating lease commitments

At 30 June 2011 the annual commitments under non-cancellable operating leases are as follows

	2011		2010	
	Group £	Company £	Group £	Company £
Within 1 year				
- UK	420,800	-	420,800	-
- US	240,614	-	273,398	-
Within 2-5 years				
- UK	-	-	420,800	-
- US	247,789	-	258,208	-
	<u>909,203</u>	<u>-</u>	<u>1,373,206</u>	<u>-</u>

Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs

Abingworth Management Holdings Limited

Notes to the accounts Year ended 30 June 2011

18 Notes to the cash flow statement

A. Reconciliation of operating profit to net cash inflow from operating activities

	2011 £	2010 £
Operating profit	5,573,235	5,309,459
Depreciation charges	58,981	123,648
Loss on disposal of tangible fixed assets	280	-
Revaluation of investment	(5,472)	(1,112)
Foreign exchange adjustment on fixed assets	2,283	(8,359)
(Increase)/decrease in debtors	(277,602)	171,140
(Decrease)/increase in creditors	(95,315)	138,116
Net cash inflow from operating activities	<u>5,256,390</u>	<u>5,732,892</u>

B. Reconciliation of net cash flow to movement in net funds

	2011 £	2010 £
(Decrease)/increase in cash during the year	(975,184)	1,119,680
Increase/(decrease) in liquid resources	<u>1,788,455</u>	<u>(1,428,003)</u>
Change in net funds resulting from cash flows	813,271	(308,323)
Net funds at beginning of year	<u>9,734,918</u>	<u>10,043,241</u>
Net funds at end of year	<u>10,548,189</u>	<u>9,734,918</u>

C. Analysis of net funds

	At 30 June 2010 £	Cash flow £	At 30 June 2011 £
Cash in hand and at bank	2,734,873	(975,184)	1,759,689
Current asset investments	<u>7,000,045</u>	<u>1,788,455</u>	<u>8,788,500</u>
Total	<u>9,734,918</u>	<u>813,271</u>	<u>10,548,189</u>

Abingworth Management Holdings Limited

Notes to the accounts Year ended 30 June 2011

19. Additional information on subsidiaries

Subsidiary	Country of incorporation	Activity	Percentage of ordinary shares and voting rights held
Abingworth Management Limited	Great Britain	Investment management and advisory services	100%
Abingworth Ventures (G P) Limited	Great Britain	General partner of limited partnerships	100%
Abingworth Trustee Limited	Great Britain	Custodian trustee of an unauthorised unit trust	100%
Elkinbrook Limited	Great Britain	Investment dealing company	100%
Abingworth Bioventures IIA GP Limited	Great Britain	General partner of limited partnership	100%
Abingworth Bioventures III GP Limited	Great Britain	General partner of limited partnerships	100%
Abingworth Bioventures IV GP Limited	Great Britain	General partner of limited partnerships	100%
Abingworth LLP	Great Britain	Investment advisory services	0 0%*
Abingworth Bioventures V GP Limited+	Great Britain	General partner of limited partnership	0 0%
Abingworth Bioequities Master Fund GP Limited+	Cayman Islands	General partner of limited partnership	0 0%
Abingworth Management Inc+	USA	Investment advisory services	0 0%

**Abingworth Management Ltd has a non equity interest and certain control rights in Abingworth LLP (ALLP) The control rights include the rights to appoint Members and consent to Board changes pursuant to the terms of ALLP s partnership agreement Accordingly the results of ALLP are consolidated into the results of the Group and a minority interest recognised in respect of the interests of other members of the LLP*

+ 100% subsidiary of ALLP

20. Limited partnerships

As described in note 1, the results of limited partnerships which are controlled by the general partners of investment funds are not consolidated. Had these been consolidated, the effect on the consolidated balance sheet would have been to increase fixed asset investments by £266 million (2010 £278.3 million), increase net current assets by £25.2 million (2010 £21.3 million) and create an associated minority interest of £291.2 million (2010 £299.6 million). In the consolidated profit and loss account, turnover would increase by £4.2 million (2010 £5.3 million), expenses increase by £22.2 million (2010 £12.8 million), interest income increase by £3.6 million (2010 £0.3 million), capital gains of £49.1 million (2010 £19.1 million) would have been recognised and an associated minority interest adjustment of £34.7 million (2010 £1.3 million) would have been made. Consequently, the effect on net assets, retained profit and total recognised gains and losses would be £nil (2010 £nil).

Abingworth Management Holdings Limited

Notes to the accounts

Year ended 30 June 2011

21. Related party transactions

Abingworth Bioventures IIA GP Ltd acts as general partner to Abingworth Bioventures IIA LP. During the year total income of £3,233 (2010 £3,310) was credited on account of the entitlement to receive a share of net income and capital gains from Abingworth Bioventures IIA LP.

Abingworth Bioventures III GP Ltd acts as general partner to Abingworth Bioventures III GP LP. During the year total income of £2,593,416 (2010 £2,834,456) was credited on account of the entitlement to receive from Abingworth Bioventures III GP LP the net income and capital gains of Abingworth Bioventures III A LP, Abingworth Bioventures III B LP, Abingworth Bioventures III C LP and Abingworth Bioventures III Executives LP.

Abingworth Bioventures IV GP Ltd acts as general partner to Abingworth Bioventures IV GP LP. During the year total income of £4,444,064 (2010 £4,481,590) was credited on account of the entitlement to receive from Abingworth Bioventures IV GP LP the net income and capital gains of Abingworth Bioventures IV LP and Abingworth Bioventures IV Executives LP.

Abingworth Bioventures V GP Ltd acts as general partner to Abingworth Bioventures V GP LP. During the year, total income of £7,735,164 (2010 £7,108,094) was credited on account of the entitlement to receive from Abingworth Bioventures V GP LP the net income and capital gains of Abingworth Bioventures V LP.

Stephen Bunting and David Leathers are members of Abingworth LLP.

The directors have made investments in, and are entitled to participate in, the carried interest from, certain venture capital funds managed by Abingworth Management Limited and Abingworth LLP.

Abingworth Management Holdings Limited

Supplementary information

Pillar 3 statement under the capital requirements directive – not subject to audit

Background

Current Financial Services Authority (“FSA”) regulations require us to publicly disclose certain details of our risk management policies, processes, capital resources and capital requirements. These are set out in the FSA’s rules in chapter 11 of BIPRU.

The disclosures made here comply with these requirements and aim to provide useful information with regards to our risk management and capital adequacy.

The disclosures are in respect of the consolidated position of Abingworth Management Holdings Limited which has two regulated subsidiaries, Abingworth Management Limited (“AML”) and Abingworth LLP (“ALLP”), which provide investment management and advisory services to specialist funds investing in the life sciences and biotechnology sectors. Abingworth Management Holdings Limited and subsidiaries are referred to as “Abingworth” or “Group” in the remainder of this document.

AML is a subsidiary undertaking of Abingworth Management Holdings Limited. ALLP is a subsidiary undertaking of AML. Both AML and ALLP are authorised and regulated by the Financial Services Authority and are categorised as BIPRU limited license investment firms with a base capital requirement of €125,000.

For commercial and regulatory reasons, capital is not readily transferable between ALLP, AML and the rest of the Group.

Risk management objectives and policies

Our risk management policy reflects the FSA requirement that we must manage a number of different categories of risk. These include operational, business, credit, liquidity, and market risk. In respect of this disclosure we consider operational and business risks to be most relevant, however, further information on all these risks is set out below.

Operational risk

Most of our risk management efforts are focused on operational risk. Our policy is to operate a robust and effective risk management process, embedded within the governance and management structures of our business. The concept of reducing risk to acceptable levels implies some articulation of risk appetite.

Our risk management framework defines what operational risk means to us and this is approved by our Board. With Abingworth, we articulate our risk appetite through a framework of targeted key indicators. Target ranges are classified as red (unacceptable), amber (watch list) and green (acceptable). Where these indicators are controllable we aim for residual risk to be outside the red range.

The business is subject to at least an annual risk review conducted by our Compliance Committee overseen by a non-executive director. During these reviews, potential and actual operational risks are identified and controls put in place to mitigate them.

A key area of risk is the potential liability arising from the investment process and the appointment of Abingworth executives to the Boards of portfolio companies. These risks are addressed through training of Abingworth personnel and by ensuring that appropriate insurance cover is in place at both portfolio company and the Group level.

Business risk

Our business risk assessment principally examines the impact of lower management fees resulting from a fall in assets under management following a market downturn, poor investment performance or loss of key personnel that would lead to lower management fees. To mitigate the impact of our business risk, we have examined our investment processes to ensure that appropriate controls are in place over the making and monitoring of investments, and that our capital resources are sufficient to ensure that we would be able to take the appropriate action if we were to lose the services of key investment personnel.

Abingworth Management Holdings Limited

Supplementary information

Pillar 3 statement under the capital requirements directive – not subject to audit

Liquidity and credit risk

Abingworth has minimal liquidity risk as the majority of its assets are held in short-term deposits with major UK clearing banks. The majority of our fee revenue derives from the operation of unregulated collective investment schemes for which we control bank mandates. We do not therefore have a material credit risk.

These risks are not considered material for the purposes of this disclosure.

Market risk

Under Pillar 1, our market risk is limited to our exposure to foreign exchange fluctuations, due to some assets and liabilities being denominated in currencies other than sterling.

Capital resources and capital resource requirements

In accordance with GENPRU 2.1.45R (calculation of variable capital requirement for a BIPRU firm), our Pillar 1 capital requirement has been determined as being our fixed overhead requirement and not the sum of our credit risk capital requirement and our market risk capital requirement.

The capital resources available to the Group and the principal subsidiaries as at 30 June 2011, and their capital resource requirements are summarised below:

	Group £000s	AML £000s	ALLP £000s
Tier 1 capital (minority interests, audited reserves and partnership capital)	8,959	2,489	6,609
Deductions from tier 1 and 2 capital	-	(600)	(481)
Total Capital Resources	<u>8,959</u>	<u>1,889</u>	<u>6,128</u>
Capital resource requirement under pillars 1 and 2	<u>2,563</u>	<u>1,728</u>	<u>2,396</u>

Compliance with rules in BIPRU and Pillar 2 rule requirements

Our overall approach to assessing the adequacy of our internal capital is set out in our Internal Capital Adequacy Assessment Process (ICAAP).

The ICAAP process involves separate consideration of risks to our capital combined with stress testing using scenario analysis. We assess the impact of material business risks by modelling the changes in our income and expenses in various potential scenarios over a three-year time horizon.

In addition, we have reviewed the output of our risk reviews. This has identified a number of key risks as disclosed above, which we have classified against the risk categories contained in GENPRU 1.2.30R and reviewed the guidance in BIPRU 2.2.61-65.

Credit and market risk

Disclosures in relation to these have been considered immaterial under BIPRU 11.3.5R (Exemption from disclosure Materiality), as our capital requirement under GENPRU 2.1.45R (Calculation of the variable capital requirement for a BIPRU firm), is our fixed overheads requirement rather than the sum of our credit risk capital requirement and our market risk capital requirement.

Remuneration

Abingworth Management Limited and Abingworth LLP are Remuneration Code Proportionality Tier 4 Firms and have applied the rules appropriate to their Proportionality Tier. The Remuneration Committee is responsible for the Firms' remuneration policy. The firms' capital and liquidity requirements are taken into account in determining any variable remuneration.

Abingworth Management Holdings Limited

Supplementary information

Pillar 3 statement under the capital requirements directive – not subject to audit

Remuneration Code Staff remuneration by business area (BIPRU 11.5.18(6))

Business area	Total remuneration (£000s)
Investment team	3,789
Operations and risk management	589

Aggregate quantitative variable remuneration by senior management and other Remuneration Code Staff (BIPRU 11.5.18(7))

Type of Remuneration Code Staff	Number of staff	Total Remuneration (£000s)
Senior management	7	3,936
Other Remuneration Code Staff	2	532
Totals	9	£4,468

