

Company Registration No. 02352178

Abingworth Management Holdings Limited

Annual Report and Financial Statements

For the year ended 30 June 2018



Abingworth Management Holdings Limited

Annual Report and financial statements for the year ended 30 June 2018

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Abingworth Management Holdings Limited

Annual Report and financial statements for the year ended 30 June 2018

Officers and professional advisers

Directors

S W Bunting (Chairman)
D F J Leathers (Non-Executive)

Company 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
Statutory Auditor
London
EC4A 3TR

Tax Consultant

BDO Stoy Hayward LLP
Chartered Accountants
London & New York

Abingworth Management Holdings Limited

Strategic report

The directors present their strategic report for the year ended 30 June 2018. This strategic report has been prepared for the group as a whole and therefore gives greater emphasis to those matters which are significant to Abingworth Management Holdings Limited, a private company, and its subsidiary undertakings when viewed as a whole.

Business review and principal activities

The principal activities of Abingworth Management Holdings Limited and its subsidiaries (together “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 2018, funds under management (comprising the asset value of funds under management and undrawn commitments from investors in the Abingworth Bioventures funds) totalled \$1.27 billion (2017: \$1,025 billion). The increase in funds under management reflects the closing of a new fund, Abingworth Bioventures VII LP.

During the year to 30 June 2018, the Group made a loss after tax and minority interest of £46,407 (2017: loss £2,982) on turnover of £14,684,721 (2017: £9,828,031). Turnover has increased due to the fees received from the new fund, Abingworth Bioventures VII, and performance fees received and receivable from the Abingworth Bioequities Fund. The subsidiary and associated undertakings principally affecting the profit or net assets of the Group in the year are listed in note 14 to the financial statements.

Future developments and events after the balance sheet date

The directors expect the general level of activity to remain consistent in the forthcoming year. Abingworth LLP, the principal operating subsidiary of the Group, has raised a new life science investment fund, Abingworth Bioventures VII, and the management fees from this fund will be a significant factor in the Group’s income over the next ten years.

The Group will face uncertainty as a result of Brexit which will continue until negotiations between the United Kingdom and other member states are complete. However, the Group does not envisage any going concern issues with Brexit. The Group’s funds invest in various geography’s including the United Kingdom, the United States of America and continental Europe and the investment strategy is flexible and able to respond changing circumstances in any of these markets. The funds will be exposed to currency volatility in the short to medium term, and it is likely that the rules for accessing funds from European investors will change.

Details of significant events since the balance sheet date are contained in note 18 to the financial statements.

Key performance indicators (“KPI”)

The directors monitor the business using quarterly management accounts which identify variances between actual and budgeted results focussing on the Group’s operating profit. The most relevant KPI for this report is detailed below:

	30 June 2018		30 June 2017	
	Budget	Actual	Budget	Actual
Operating (loss)/profit	£(0.7)million	£1.12million	£1.4 million	£0.3 million

The difference between budgeted and actual operating profit arose because the Group’s new fund, Abingworth Bioventures VII had a \$315 million final close on 29 June 2018 which was above target, resulting in the recognition of more fee income than budgeted.

Principal risks and uncertainties

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.

Abingworth Management Holdings Limited

Strategic Report (continued)

Principal risks and uncertainties (continued)

Our risk management framework defines what operational risk means to us and this is approved by our Board. 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 potential impact of lower management fees resulting from a fall in assets under management, 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.

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

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.

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



J G Heard
Company Secretary

17 October 2018

Abingworth Management Holdings Limited

Directors' Report

The directors present their annual report on the affair of the group, together with the financial statements and the auditor's report for the year ended 30 June 2018.

Going concern

While the volatility in financial and world markets has created general uncertainty as a result of Brexit, 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 basis can be found in the statement of accounting policies in the note 1 to the financial statements.

Directors

The directors who served throughout the year ended 30 June 2018 and to the date of this report are:

S W Bunting
D F J Leathers

Future developments and events after the balance sheet date

Details of future developments can be found in the Strategic Report on page 2 and form part of this report by cross-reference and events after the balance sheet date are contained in note 18 to the financial Statements.

Principal risks management objectives and policies

Details of principal risk management objectives and policies can be found in the Strategic Report on page 2 and 3 and form part of this report by cross reference.

Dividends

No dividends were paid or declared in respect of the year (2017: £400,000).

Charitable donations

The group made charitable donations of £250 (2017: £382) during the year.

Indemnity

The Company has made qualifying third-party indemnity provisions for the benefit of its directors for its parent and subsidiary companies which were made during the year and remain in force at the date of this report.

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 ought to have taken as a director in order to make himself 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.

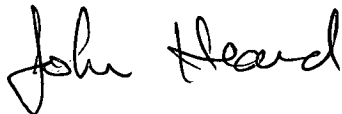
Abingworth Management Holdings Limited

Directors' report (continued)

Auditor (continued)

Deloitte have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

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

A handwritten signature in black ink, appearing to read 'John Heard', written in a cursive style.

J G Heard
Company Secretary

17 October 2018

Abingworth Management Holdings Limited

Directors' responsibilities statement

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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, subject to any material departures disclosed and explained in the financial statements; 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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Abingworth Management Holdings Limited (the 'parent company') and its subsidiaries (the 'group') which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of

Abingworth Management Holdings Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report to the members of

Abingworth Management Holdings Limited

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in [the strategic report and] the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

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.

Garrath Marshall (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

17 October 2018

Abingworth Management Holdings Limited

Consolidated statement of comprehensive income For the year ended 30 June 2018

	Notes	2018 £	2017 £
Turnover	2	14,684,721	9,828,031
Administrative expenses		(13,568,713)	(9,523,800)
Operating profit		1,116,008	304,231
Interest receivable and similar income		5,177	3,145
Profit on ordinary activities before taxation	3	1,121,185	307,376
Tax (charge) on profit on ordinary activities	5	(109,614)	(82,713)
Profit for the financial year		1,011,571	224,663
Profit for the year attributable to:			
Non-controlling interest		1,057,978	227,645
Equity shareholders of the Company		(46,407)	(2,982)
Other Comprehensive Income			
Currency translation differences on foreign currency net investment		(2,618)	7,991
Total comprehensive income		1,008,953	232,654
Total comprehensive income for the year attributable to:			
Non-controlling interest		1,055,360	235,636
Equity shareholders of the Company		(46,407)	(2,982)
		1,008,953	232,654

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

The notes 1 to 18 form an integral part of the financial statements.

Abingworth Management Holdings Limited

Consolidated balance sheet As at 30 June 2018

	Notes	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	7		236,315		167,188
Investments	8		40,858		17,695
			<u>277,173</u>		<u>184,883</u>
Current assets					
Debtors	9	1,922,456		1,070,855	
Cash at bank and in hand		5,284,669		4,279,100	
		<u>7,207,125</u>		<u>5,349,955</u>	
Creditors: amounts falling due within one year	10	(1,879,464)		(970,245)	
Net current assets			<u>5,327,661</u>		<u>4,379,710</u>
Total assets less current liabilities			<u>5,604,834</u>		<u>4,564,593</u>
Creditors: amounts falling due more than one year					
Other creditors	11		(93,108)		4,484
Provision for liabilities and charges	12		(8,584)		(6,378)
Net assets			<u>5,503,142</u>		<u>4,553,731</u>
Capital and reserves					
Called up share capital			200		200
Capital redemption reserve			400		400
Profit and loss account			333,053		379,460
Total equity shareholders' funds			<u>333,653</u>		<u>380,060</u>
Non controlling interest			5,169,489		4,173,671
Total capital employed			<u>5,503,142</u>		<u>4,553,731</u>

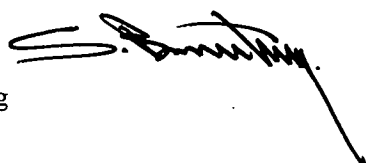
Called up share capital consists of 200 ordinary shares of £1 (par value) fully paid.

The notes 1 to 18 form an integral part of the financial statements.

These financial statements (company registration number 2352178) were approved by the Board of Directors and authorised for issue on 17 October 2018.

Signed on behalf of the Board of Directors

S W Bunting
Director



Abingworth Management Holdings Limited

Company balance sheet As at 30 June 2018

	Notes	£	2018 £	£	2017 £
Fixed assets					
Investments	8		198,004		198,004
Current assets					
Debtors	9	8,103		6,538	
Cash at bank and in hand		67,896		66,630	
		<u>75,999</u>		<u>73,168</u>	
Creditors: amounts falling due within one year	10	<u>(85,195)</u>		<u>(114,099)</u>	
Net current liabilities			<u>(9,196)</u>		<u>(40,931)</u>
Total assets less current liabilities			188,808		157,073
Creditors: amounts falling due more than one year			<u>(62,494)</u>		<u>-</u>
			<u>126,314</u>		<u>157,073</u>
Capital and reserves					
Called up share capital			200		200
Capital redemption reserve account			400		400
Profit and loss account			125,714		156,473
Total equity shareholders' funds			<u>126,314</u>		<u>157,073</u>

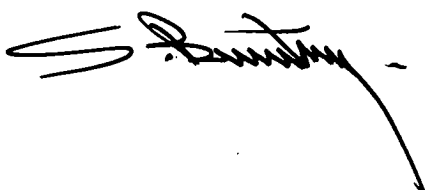
The notes 1 to 18 form an integral part of the financial statements.

These financial statements (company registration number 2352178) were approved by the Board of Directors and authorised for issue on 17 October 2018.

Signed on behalf of the Board of Directors

The parent company has taken the advantage as permitted by Section 408 of the Companies Act 2006 not to present its statement of comprehensive income as part of these financial statements. Total comprehensive loss for the year was £30,759 (2017: loss of £36,063)

S W Bunting
Director



Abingworth Management Holdings Limited

Consolidated statement of cash flows for the year ended 30 June 2018

	2018 £	2017 £
Operating profit	1,116,008	304,231
Adjustment for:		
Investment in financial assets	(8,061)	(3,339)
Depreciation	88,382	105,395
Loss on disposal of fixed assets	1,151	484
Foreign exchange movements	32,344	(47,911)
Foreign exchange adjustment on fixed assets	2,656	(4,422)
Operating cash flow before movement in working capital	1,232,480	354,438
(Increase)/decrease in debtors	(866,283)	9,293
Increase/(decrease) in creditors	1,037,428	(182,281)
Cash generated by operations	1,403,625	181,450
Income taxes paid	(132,309)	(127,729)
Net cash inflows from operating activities	1,271,316	53,721
Cash flows from investing activities		
Proceeds from sale of equipment	-	287
Purchase of equipment	(161,316)	(30,606)
Investment	(15,104)	-
Interest received	5,177	3,145
Net cash outflows from investing activities	(171,243)	(27,174)
Cash flows from financing activities		
Equity dividend paid	-	(400,000)
Distribution to non-controlling interest	-	(244,943)
Capital introduced by non controlling interest	50,000	45,000
Movement on non-controlling interest	(109,542)	14,020
Net cash outflows from financing activities	(59,542)	(585,923)
Net increase/(decrease) in cash and cash equivalents	1,040,531	(559,376)
Cash and cash equivalents at beginning of year	4,279,100	4,782,574
Effects of foreign exchange rate changes through profit and loss	(32,344)	47,911
Effect of foreign exchange rate changes through other comprehensive income	(2,618)	7,991
Cash and cash equivalents at end of year	5,284,669	4,279,100
Reconciliation to cash at bank and in hand:		
Cash in hand and at bank	5,284,669	4,279,100
Cash and cash equivalents	5,284,669	4,279,100

The notes 1 to 18 form an integral part of the financial statements.

Abingworth Management Holdings Limited

Consolidated Statement of changes in equity For the year ended 30 June 2018

	Note	Called-up share capital £	Called-up share capital £	Profit and loss account £	Total £	Non-controlling interest £	Total £
As at 30 June 2016		200	400	782,442	783,042	4,123,958	4,907,000
(Loss)/profit for the financial year		-	-	(2,982)	(2,982)	227,645	224,663
Currency translation difference		-	-	-	-	7,991	7,991
Total comprehensive income		-	-	(2,982)	(2,982)	235,636	232,654
Dividends paid on equity shares	6	-	-	(400,000)	(400,000)	-	(400,000)
Distribution to non-controlling interests		-	-	-	-	(244,943)	(244,943)
Members' capital		-	-	-	-	45,000	45,000
Movement in members' current account		-	-	-	-	14,020	14,020
At 30 June 2017		200	400	379,460	380,060	4,173,671	4,553,731
(Loss)/profit for the financial year		-	-	(46,407)	(46,407)	1,057,978	1,011,571
Currency translation difference		-	-	-	-	(2,618)	(2,618)
Total comprehensive income		-	-	(46,407)	(46,407)	1,055,360	1,008,953
Members' capital		-	-	-	-	50,000	50,000
Movement in members' current account		-	-	-	-	(109,542)	(109,542)
As at 30 June 2018		200	400	333,053	333,653	5,169,489	5,503,142

The notes 1 to 18 form an integral part of the financial statements.

Called up share capital consists of 200 ordinary shares of £1 (par value) fully paid.

Abingworth Management Holdings Limited

Company statement of changes in equity For the year ended 30 June 2018

	Note	Called-up share capital £	Share premium account £	Profit and loss account £	Total £
At 30 June 2016		200	400	192,536	193,136
Loss for the financial year		-	-	(36,063)	(36,063)
Total comprehensive loss		-	-	(36,063)	(36,063)
Dividends paid on equity shares	6	-	-	(400,000)	(400,000)
Dividend received		-	-	400,000	400,000
At 30 June 2017		200	400	156,473	157,073
Loss for the financial year		-	-	(30,759)	(30,759)
Total comprehensive loss		-	-	(30,759)	(30,759)
As at 30 June 2018		200	400	125,714	125,714

The notes 1 to 18 form an integral part of the financial statements.

Abingworth Management Holdings Limited

Notes to the financial statements For the year ended 30 June 2018

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

Abingworth Management Holdings Limited ("the Company") is a company limited by shares incorporated in England and Wales under the Companies Act. The address of the registered office is given on page 1. The nature of the operations and principal activities of the Company and its subsidiaries, together ("the Group") are set out in the strategic report on pages 2 to 3.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council, except for the requirement to consolidate the limited partnerships controlled by the Group, as stated under the "basis of consolidation" section below.

The functional currency of the Group is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken the advantage of the disclosure exemption available to it in respect of its separate financial statements which are presented alongside the consolidated financial statements. An exemption has been taken in relation to the presentation of the separate company cash flow statement and financial instruments.

The Company has taken the advantage as permitted by Section 408 of the Companies Act 2006 not to present its statement of comprehensive income as part of these financial statements.

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 4. 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, and does not envisage any going concern issues with Brexit. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 30 June each year.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Subsidiary companies of the Group also 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 under Companies Act 2006 and Section 9 of FRS 102 by virtue of the fact that they are controlled by the Group. Subsidiary undertakings are required to be consolidated under Section 9 of FRS 102.

Unaudited supplementary information For the year ended 30 June 2017

1. Accounting policies (continued)

Basis of consolidation (continued)

Since these limited partnerships were set up for the beneficial interest of external parties and the Group's beneficial interest in these limited partnerships is restricted to the fees it earns from managing these limited partnerships, the management and Directors of the Group have concluded that consolidating these limited partnerships into the Group would be inconsistent with the requirement to give a true and fair view, as required by paragraph 3.2 of FRS 102.

Therefore, the Group has departed from the requirements of Section 9 of FRS 102 to consolidate these limited partnerships and have accounted for the interests in these limited partnerships at cost, in the manner set out in paragraph 3.5 of FRS 102 and as permitted by paragraph 3.4 of FRS 102. The effect of this departure is disclosed in Note 15.

In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition.

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment, if any. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows.

The rates of depreciation are as follows:

Fixtures, fittings and equipment	20% per annum
Computers	25% per annum

Investment in subsidiaries

In the Group balance sheet, investments in subsidiaries that are not consolidated are measured at fair value through profit and loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

In the Company balance sheet, investments in subsidiaries are held as fixed assets and measured at cost less impairment, in accordance with paragraph 9.26 of FRS 102.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities comprises: trade debtors, other debtors, trade creditors and other creditors, as presented in Notes 9 and 10, which are measured at undiscounted amount receivable or payable in accordance with paragraph 11.14(a) of FRS 102. Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the entity intends to either settle on a net basis, or to realise the asset or liability simultaneously.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires

Interest

Interest income is recognised on the accruals basis when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably and relates to bank interest received and receivable.

Unaudited supplementary information For the year ended 30 June 2017

1. Accounting policies (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

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 on an accrual basis and recorded at the fair value of the consideration received or receivable.

Abingworth Management Holdings Limited

Unaudited supplementary information For the year ended 30 June 2017

1. Accounting policies (continued)

Employee benefits

The amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

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 currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Other exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income.

Critical accounting judgements and key sources of estimation uncertainty

There are no critical accounting judgements or key sources of estimation certainty relevant to these financial statements except the consolidation of Limited partnership accounts as disclosed in note 14.

2. Turnover

	2018 £	2017 £
The analysis by activity is:		
Fees receivable for advisory and management services	3,189,756	545,026
Entitlement to profit share receivable for investment management services (non-refundable)	11,461,942	9,230,645
Other income	33,023	52,360
	<u>14,684,721</u>	<u>9,828,031</u>
The geographical analysis is:		
United Kingdom	11,461,942	9,230,645
Cayman Islands	3,189,756	545,026
Others	33,023	52,360
	<u>14,684,721</u>	<u>9,828,031</u>

Abingworth Management Holdings Limited

Unaudited supplementary information For the year ended 30 June 2017

3. Profit on ordinary activities before taxation

	2018 £	2017 £
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Auditor's remuneration:		
- Statutory audit fee –for the auditing of the financial statements of the company	28,441	28,200
- Statutory audit fee – for the auditing of the financial statements of the Subsidiary undertakings	127,858	133,226
- Other services pursuant to legislation – Subsidiary undertakings	14,560	9,000
Depreciation and amortisation	88,382	105,395
Loss on disposal of fixed assets	1,151	484
Revaluation of investments	(8,061)	(3,339)
Exchange loss/(gains)	32,344	(47,911)
Rentals under operating leases	693,139	518,052

4. Information regarding directors and employees

	2018 £	2017 £
Directors' emoluments		
Aggregate emoluments	987,244	398,805
Aggregate emoluments comprise:		
Members' priority profit share paid by Abingworth LLP treated as an expense	987,244	384,039

	No.	No.
Number of directors who are members of a defined contribution pension scheme	-	-

Highest paid director's remuneration:	2018 £	2017 £
Aggregate of emoluments	896,776	384,039

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

	2018 £	2017 £
Wages and salaries	4,149,088	3,401,342
Social security costs	308,126	223,777
Pension and other costs	315,708	397,939
Members' priority profit share paid by Abingworth LLP treated as an expense	3,790,943	2,115,409
	8,563,865	6,138,467

Abingworth Management Holdings Limited

Unaudited supplementary information For the year ended 30 June 2017

4. Information regarding directors and employees (continued)

The Group contributes to defined contribution retirement benefit schemes for all employees. The total expense charged to profit or loss in the period ended 30 June 2018 was £315,708 (2017: £397,939). Amounts outstanding at the year end for pension contributions were £5,573 (2017: £4,710).

Monthly average number of employees throughout the year:	2018 No.	2017 No.
Director	1	1
Administrative staff	23	24
	<u>24</u>	<u>25</u>

There were no employees of the parent company (Abingworth Management Holdings Limited).

5. Tax charge on profit on ordinary activities

The tax charge comprises:

	2018 £	2017 £
Foreign tax	(100,001)	(110,748)
Over provision in respect of prior year	-	1,424
	<u>(100,001)</u>	<u>(109,324)</u>
Total current tax	(100,001)	(109,324)
Deferred tax		
Origination and reversals of timing differences	(8,519)	372
Prior year adjustments	(1,094)	26,239
	<u>(109,614)</u>	<u>(82,713)</u>
Total tax on profit on ordinary activities	(109,614)	(82,713)

The standard rate of tax applied to reported profit on ordinary activities is 19.00% (2017: 19.75%).

There is no expiry date on timing differences, unused tax losses or tax credits.

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

Abingworth Management Holdings Limited

Unaudited supplementary information For the year ended 30 June 2017

5. Tax charge on profit on ordinary activities (continued)

	2018 £	2017 £
Group profit on ordinary activities before tax	1,121,185	307,376
Tax on Group profit on ordinary activities at standard UK corporation tax rate of 19.00% (2017: 19.75%)	(213,025)	(60,707)
Effects of:		
Partnership profits taxable in the hands of minorities	181,118	45,717
Expenses not deductible for tax purposes	(515)	(51,014)
Overseas tax rates and other disallowables	(28,828)	(11,370)
Non-taxable income	350,676	-
Deferred tax not recognised	(402,348)	(32,430)
Change in deferred tax rate	(964)	(572)
Indexation allowance claimed on realised gains	4,216	26,239
Prior year adjustment	56	1,424
Group total tax charge for period	(109,614)	(82,713)

6. Dividends

No dividends were paid or declared in respect of the year (2017: £400,000).

7. Tangible fixed assets

	Group Fixtures, Fittings, equipment & computers £	Total £
Cost		
Balance at 1 July 2017	1,185,629	1,185,629
Additions	161,316	161,316
Disposals	(4,234)	(4,234)
Foreign exchange adjustment	(1,866)	(1,866)
At 30 June 2018	1,340,845	1,340,845
Depreciation:		
Balance at 1 July 2017	(1,018,441)	(1,018,441)
Charge for the year	(88,382)	(88,382)
Disposals	3,083	3,083
Foreign exchange adjustment	(790)	(790)
At 30 June 2018	(1,104,530)	(1,104,530)
Net book value:		
At 30 June 2018	236,315	236,315
At 30 June 2017	167,188	167,188

Abingworth Management Holdings Limited

Unaudited supplementary information For the year ended 30 June 2017

8. Investments held as fixed assets

	2018 £	2017 £
Company		
At Cost		
As at 1 July	198,004	198,004
Movements for the year	-	-
and 30 June	<u>198,004</u>	<u>198,004</u>
Group		
At Net Book Value:		
As at 1 July	17,695	14,356
Additions	15,102	-
Valuation adjustment	8,061	3,339
As at 30 June	<u>40,858</u>	<u>17,695</u>

The investments of the Company all relate to fixed assets investments. The details of all of the investments at 30 June 2018 are disclosed in Note 14. 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.

9. Debtors due within one year

	2018		2017	
	Group £	Company £	Group £	Company £
Trade debtors	84,057	-	29,004	-
Prepayments and accrued income	1,552,749	-	386,121	-
Overseas deferred tax	27,676	-	35,823	-
Deferred tax assets	4,386	-	4,384	-
Other debtors	253,588	8,103	615,523	6,538
	<u>1,922,456</u>	<u>8,103</u>	<u>1,070,855</u>	<u>6,538</u>

10. Creditors: amounts falling due within one year

	2018		2017	
	Group £	Company £	Group £	Company £
Trade creditors	115,341	-	68,204	-
Taxation and social security	47,895	-	39,343	-
Accruals and deferred income	1,568,933	38,440	484,918	45,180
Other creditors	125,493	46,755	316,394	68,919
UK tax	-	-	6,537	-
Overseas tax	21,802	-	54,849	-
	<u>1,879,464</u>	<u>85,195</u>	<u>970,245</u>	<u>114,099</u>

Abingworth Management Holdings Limited

Unaudited supplementary information For the year ended 30 June 2017

11. Creditors falling due more than one year

	2018 £	2017 £
Other creditors	93,108	4,484

12. Provision for liabilities and charges

	2018 £	2017 £
Opening balance	6,378	26,178
Movements during the year	2,206	(19,800)
Closing balance	8,584	6,378

£15,417 (2017: £11,320) in deferred tax assets related to the company's losses was not recognised in the company balance sheet at the year end on the basis that the losses are not expected to be utilised in the foreseeable future.

£1,139,082 (2017: £790,740) in deferred tax assets related to the losses in the Group was not recognised in the consolidated balance sheet at the year end on the basis that the losses are not expected to be utilised in the foreseeable future.

13. Financial commitments

At 30 June 2018 total future minimum lease payments under non-cancellable operating leases are as follows:

	2018		2017	
	Land and buildings Group £	Land and buildings Company £	Land and buildings Group £	Land and buildings Company £
Within 1 year				
- UK	415,565	-	415,730	-
- US	238,262	-	234,166	-
Between 2 – 5 years				
- UK	415,565	-	863,587	-
- US	143,191	-	384,506	-
More than 5 years				
- UK	-	-	-	-
- US	-	-	-	-
	1,212,583	-	1,897,989	-

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

Unaudited supplementary information For the year ended 30 June 2017

14. Additional information on all subsidiaries included in the consolidated financial statements

Subsidiary	Country of incorporation	Registered address	Activity	Percentage of ordinary shares and voting rights held
Abingworth Management Limited* (Registration number 01591587)	United Kingdom	38 Jermyn Street London SW1Y 6DN	Investment management and advisory services	100%
Elkinbrook Limited** (Registration number 02649363)	United Kingdom	38 Jermyn Street London SW1Y 6DN	Dormant	100%
Abingworth Bioventures III GP Limited (Registration number SC211185)	United Kingdom	50 Lothian Road Edinburgh EH3 9WJ	General partner of limited partnerships	100%
Abingworth General Partner III LLP (Registration number SO304705)	United Kingdom	50 Lothian Road Edinburgh EH3 9WJ	General partner of limited partnership	100%
Abingworth Bioventures IV GP Limited (Registration number SC245910)	United Kingdom	50 Lothian Road Edinburgh EH3 9WJ	General partner of limited partnerships	100%
Abingworth General Partner IV LLP (Registration number SO304704)	United Kingdom	50 Lothian Road Edinburgh EH3 9WJ	General partner of limited partnership	100%
Abingworth LLP (Registration number OC320188)	United Kingdom	38 Jermyn Street London SW1Y 6DN	Investment advisory services	0.0%*
Abingworth Bioventures V GP Limited+ (Registration number SC312191)	United Kingdom	50 Lothian Road Edinburgh EH3 9WJ	General partner of limited partnership	0.0%
Abingworth General Partner V LLP+ (Registration number SO304706)	United Kingdom	50 Lothian Road Edinburgh EH3 9WJ	General partner of limited partnership	0.0%
Abingworth Bioequities Master Fund GP Limited+ (Registration number MC-150405)	Cayman Islands	Ugland House South Church Street George Town Cayman Island	General partner of limited partnership	0.0%
Abingworth Management Inc+ (Federal ID 52-2034456)	USA	3000 Sand Hill Road 94025-7113 Menlo Park USA	Investment advisory services	0.0%
Abingworth Bioventures GP Limited+ (Registration number 08012038)	United Kingdom	38 Jermyn Street London SW1Y 6DN	Member of Abingworth General Partner VI LLP	0.0%
Abingworth Second Partner Limited+ (Registration number 08012043)	United Kingdom	38 Jermyn Street London SW1Y 6DN	Member of Abingworth General Partner companies	0.0%
Abingworth General Partner VI LLP+ (Registration number SO303932)	United Kingdom	38 Jermyn Street London SW1Y 6DN	General partner of limited partnership	0.0%
Abingworth CCD GP Limited+ (Registration number 09622429)	United Kingdom	50 Lothian Road Edinburgh EH3 9WJ	General partner of limited partnership	0.0%
Abingworth CCD General Partner LLP+ (Registration number SO305376)	United Kingdom	50 Lothian Road Edinburgh EH3 9WJ	General partner of limited partnership	0.0%
Abingworth Bioventures GP VII LLP+ (Registration number SO305710)	United Kingdom	50 Lothian Road Edinburgh EH3 9WJ	General partner of limited partnership	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.

** The company is exempt from the requirement to prepare individual accounts by virtue of section 394A.

+ 100% subsidiary of ALLP.

Abingworth Management Holdings Limited

Unaudited supplementary information For the year ended 30 June 2017

15. 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 statement of comprehensive income and consolidated balance sheet would have been as follows:

	2018	2017
	£ 'm	£ 'm
<i>Consolidated statement of comprehensive income</i>		
Turnover decreases	(11)	(10)
Expenses increase	(5)	(2)
Investment income increases	-	1
Capital gains increase	182	126
Minority interest increases	166	115
<i>Consolidated balance sheet</i>		
Fixed assets	516	604
Current assets	87	20
	603	624
Minority interest	603	624
	603	624

The limited partnerships mentioned above comprise the following funds:

- Abingworth Bioventures III
- Abingworth Bioventures IV
- Abingworth Bioventures V
- Abingworth Bioventures VI
- Abingworth Bioventures VII
- Abingworth Clinical Co-Development Fund
- Abingworth Bioventures V Co-Invest Growth Equity Fund

16. Related party transactions

Abingworth General Partner V LLP acts as general partner to Abingworth Bioventures V GP LP. During the year, £4,009,106 income (2017: £5,406,623 paid to Abingworth Bioventures V GP Limited) was credited on account of the entitlement to receive from Abingworth Bioventures V GP LP a share of the net income and capital gains of Abingworth Bioventures V LP and Abingworth Bioventures V Co-Invest Growth Equity Fund LP.

Abingworth General Partner VI LLP acts as general partner to Abingworth Bioventures VI GPLP. During the year, total income of £4,014,714 (2017: £3,763,291) was credited on account of the entitlement to receive from Abingworth Bioventures VI GP LP a share of the net income and capital gains of Abingworth Bioventures VI LP.

Abingworth Clinical Co-Development General Partner LLP acts as general partner to Abingworth Clinical Co-Development GPLP. During the year, total income of £36,115 (2017: £69,789) was credited on account of the entitlement to receive from Abingworth Clinical Co-Development GP LP a share of the net income and capital gains of Abingworth Clinical Co-Development LP.

Abingworth General Partner VII LLP acts as general partner to Abingworth Bioventures VII GPLP. During the year, total income of £3,402,007 (2017: £nil) was credited on account of the entitlement to receive from Abingworth Bioventures VII GP LP a share of the net income and capital gains of Abingworth Bioventures VII LP.

Abingworth Management Holdings Limited

Unaudited supplementary information For the year ended 30 June 2017

16. Related party transactions (continued)

At year end there is an amount due to Abingworth LLP of £46,754 (2017: £6,426) for recharged expenses. At the end of the year, there was an amount due from Abingworth Bioventures VII LP to the group for £2,816 (2017: £341,579), £6,163 (2017: £18,202) from Abingworth Bioventures VI LP, £3,419 (2017: £4,097) from Abingworth Clinical Co-Development LP, £67,176 (2017: £nil) from Abingworth Bioventures V LP, £677 (2017: £nil) from Abingworth Bioventures IV LP representing expenses to be recharged.

S W Bunting and D F J Leathers are members of Abingworth LLP.

The total remuneration for key management personnel for the period totalled £3,029,140 (2017: £2,091,409), being remuneration disclosed in note 4.

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

17. Controlling party

S W Bunting and D F J Leathers, directors of the Company, control the Company as a result of controlling, directly or indirectly 50 percent each of the issued share capital.

18. Subsequent events

There were no post balance sheet events occurring after the balance sheet date.