

**Registered Number 07688640**

**MICROVEST II LIMITED**

**Abbreviated Accounts**

**30 June 2013**

## Abbreviated Balance Sheet as at 30 June 2013

	<i>Notes</i>	<i>2013</i>	<i>2012</i>
		\$	\$
<b>Called up share capital not paid</b>		-	-
<b>Fixed assets</b>			
Intangible assets		-	-
Tangible assets		-	-
Investments		-	-
		<u>-</u>	<u>-</u>
<b>Current assets</b>			
Debtors		71	71
Investments		11,332,026	1,790,329
Cash at bank and in hand		61,526	102,994
		<u>11,393,623</u>	<u>1,893,394</u>
<b>Prepayments and accrued income</b>		2,680	-
<b>Creditors: amounts falling due within one year</b>		(150,675)	0
<b>Net current assets (liabilities)</b>		<u>11,245,628</u>	<u>1,893,394</u>
<b>Total assets less current liabilities</b>		<u>11,245,628</u>	<u>1,893,394</u>
<b>Total net assets (liabilities)</b>		<u>11,245,628</u>	<u>1,893,394</u>
<b>Capital and reserves</b>			
Called up share capital		9,914,573	1,817,457
Profit and loss account		1,331,055	75,937
<b>Shareholders' funds</b>		<u>11,245,628</u>	<u>1,893,394</u>

- For the year ending 30 June 2013 the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies.
- The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.
- These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Approved by the Board on 26 March 2014

And signed on their behalf by:

**Christopher Laurent, Director**

**Candace L Smith, Director**

**Notes to the Abbreviated Accounts for the period ended 30 June 2013****1 Accounting Policies****Basis of measurement and preparation of accounts**

The accompanying financial statements have been prepared on the accrual basis of accounting. Therefore, revenue and related assets are recognized when acquired or earned and expenses and related liabilities are recorded when the obligations are incurred and the services have been rendered.

**Turnover policy**

Dividend income is recognized on the date of record. Non-cash dividends are recognized at the fair value of the securities received. Interest income is recognized as earned.

**Valuation information and policy****Fair Value of Portfolio Investments**

The Fund follows Accounting Standards Codification 820 ("ASC 820"), Fair Value Measurements and Disclosures, for valuing the investment portfolio. ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements. ASC 820 defines fair value as the price at which an asset could be exchanged in a current transaction between knowledgeable, willing parties. A liability's fair value is defined as the amount that would be paid to transfer the liability to a new obligor, not the amount that would be paid to settle the liability with the creditor.

Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or inputs are not available, valuation techniques are applied. These valuation techniques involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the investments or market and the investments' complexity.

Under ASC 820, the market approach is utilized to estimate the fair value of the equity investments where there is not a readily available market. Under the market approach, the Fund estimates the enterprise value of the portfolio companies in which it invests. There is no one methodology to estimate enterprise value. To estimate the enterprise value of a portfolio company, various factors are analyzed, including a portfolio company's historical financial results, anticipated future operating results, recent transactions, sovereign rating, and credit rating. Portfolio companies are required to provide annual audited and quarterly unaudited financial statements. Private companies are valued based on multiples of book value or revenues, taking into account factors indicating any perceived deterioration or improvement in financial position or operating results. Fair value of the equity investments is reviewed by the General Partner on a quarterly basis.

Unrealized appreciation or depreciation resulting from the changes in the fair value of investment securities held are recorded in the accompanying statement of operations in unrealized appreciation or depreciation on portfolio investments. Gains or losses from the disposition of investment

securities are recorded in the accompanying statement of operations upon the closing or settlement of the transaction.

#### Fair Value of Financial Instruments

In addition to portfolio investments, financial instruments consist primarily of cash and cash equivalents, accounts receivable and accounts payable. At June 30, 2013, the fair value of these instruments approximates the carrying amount of these items due to the short-term maturities of these instruments.

#### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

##### Fair Value of Financial Instruments - continued

Assets and liabilities recorded at fair value in the balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

Hierarchical levels, defined by ASC 820 and directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities, are as follows:

Level 1 - Unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date. The Fund holds no investments classified as Level 1.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data at the measurement date for substantially the full term of the assets or liabilities. The Fund holds no investments classified as Level 2.

Level 3 - Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model. All of the Fund's portfolio investments are classified as Level 3 since no active public markets exist.

An individual investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

#### **Other accounting policies**

##### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### Expenses

The Manager, as delegated by the General Partner, is obligated to pay for all ordinary overhead and

administrative expenses of the Fund incurred by the General Partner and Manager, including salaries, rent, maintenance, insurance and any other expense in furtherance of providing supervisory investment management to the Fund.

#### Foreign Currency

Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

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