

REGISTERED NUMBER: OC384792 (England and Wales)

**Report of the Members and
Financial Statements for the Year Ended 31 December 2017
for
IP Venture Fund II (GP) LLP**



IP Venture Fund II (GP) LLP (Registered number: OC384792)

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for the year ended 31 December 2017

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IP Venture Fund II (GP) LLP

General Information

for the year ended 31 December 2017

DESIGNATED MEMBERS:

G Smith
Top Technology Ventures Limited

REGISTERED OFFICE:

The Walbrook Building
25 Walbrook
London
EC4N 8AF

REGISTERED NUMBER:

OC384792 (England and Wales)

INDEPENDENT AUDITORS:

KPMG LLP
Chartered Accountants
Registered Auditor
15 Canada Square
London
E14 5GL

IP Venture Fund II (GP) LLP (Registered number: OC384792)

Report of the Members

for the year ended 31 December 2017

The members present their report with the financial statements of the LLP for the year ended 31 December 2017.

PRINCIPAL ACTIVITY

The principal activity of IP Venture Fund II (GP) LLP (the "LLP") is the management of IP Venture Fund II LP ("IPVFII"), a venture capital limited partnership. The LLP has assigned the management of IPVFII to a designated member, Top Technology Ventures Limited ("TTV"). The operations of the LLP and IPVFII are solely based in the United Kingdom.

REVIEW OF BUSINESS

The LLP has continued to carry out its principal activity during the year and IPVFII has continued to operate as set out in its limited partnership agreement ("LPA"). During the year the limited partners of IPVFII agreed an amended basis for the management fee calculation set out in the LPA. This resulted in back-dated fees becoming payable by one of the limited partners for the first time leading to an increase in turnover and administrative expenses.

DESIGNATED MEMBERS

The designated members during the year under review were:

G Smith

Top Technology Ventures Limited

RESULTS FOR THE YEAR AND ALLOCATION TO MEMBERS

The loss for the year before members' remuneration and profit shares was £2,788 (2016 - £2,740 loss).

MEMBERS' INTERESTS

The members may make such capital contribution to the LLP as they agree but are not obliged to and may contribute capital through services or other forms of non-cash contributions. Net Profits and Net Losses shall be allocated and distributed in proportion to each member's economic interest in the LLP which is determined by the designated members. The LLP's drawing policy allows each member to draw upon their profit share subject to the cash requirements of the LLP.

Members' capital is only repaid at the discretion of the designated members and can be withheld indefinitely. In accordance with IAS32, members' capital is categorised as equity.

CHARITABLE AND POLITICAL CONTRIBUTIONS

During the year the LLP made no charitable or political contributions (2016: £nil).

GOING CONCERN

The members have assessed that the going concern status of the LLP is still appropriate and, as such, the financial statements have been prepared on this basis.

IP Venture Fund II (GP) LLP (Registered number: OC384792)

Report of the Members

for the year ended 31 December 2017

STATEMENT OF MEMBERS' RESPONSIBILITIES

The members are responsible for preparing the Report of the Members and the financial statements in accordance with applicable law and regulations.

Legislation applicable to limited liability partnerships requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 Reduced Disclosure Framework "FRS 101". Under legislation applicable to limited liability partnerships the members 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 LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the entity will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to LLPs by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

At the date of approving this report, so far as each member is aware, there is no relevant audit information of which the LLP's auditor is unaware. Each member has taken the steps he ought to have taken in his duty as a member to make himself aware of any relevant audit information and to establish that the LLP's auditor is aware of that information.

AUDITORS

The auditor, KPMG LLP is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

ON BEHALF OF THE MEMBERS:


.....
G Smith - Designated member

Date:28 September 2018.....

Independent auditor's report to the Members of IP Venture Fund II (GP) LLP

Opinion

We have audited the financial statements of IP Venture Fund II (GP) LLP ("the qualifying partnership") for the year ended 31 December 2017 which comprise the *income statement, balance sheet, reconciliation of members' interest* and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the qualifying partnership in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

General partners' report

The general partners are responsible for the general partners' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the general partners' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in that report;
- in our opinion the information given in the general partners' report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to qualifying partnerships we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

General partners' responsibilities

As explained more fully in their statement set out on page 2, the general partners are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the qualifying partnership'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 they either intend to liquidate the qualifying partnership or to cease operations, or have no realistic alternative but to do so.

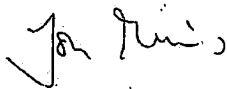
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by regulation 4 of the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the qualifying partnership'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 qualifying partnership and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Jonathan Mills (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

28 September 2018

IP Venture Fund II (GP) LLP (Registered number: OC384792)

Income Statement
for the year ended 31 December 2017

	Notes	31/12/17 £	31/12/16 £
TURNOVER		607,622	1,433,344
Administrative expenses		<u>610,410</u>	<u>1,436,084</u>
OPERATING LOSS and LOSS FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS		<u>(2,788)</u>	<u>(2,740)</u>

The notes on pages 10 and 11 form part of these financial statements

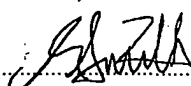
IP Venture Fund II (GP) LLP (Registered number: OC384792)

Balance Sheet
31 December 2017

	Notes	31/12/17 £	31/12/16 £
CURRENT ASSETS			
Debtors	3	748,232	140,610
CREDITORS			
Amounts falling due within one year	4	<u>1,868</u>	<u>1,820</u>
NET CURRENT ASSETS		<u>746,364</u>	<u>138,790</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
and			
NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>746,364</u>	<u>138,790</u>
LOANS AND OTHER DEBTS DUE TO MEMBERS	5	759,992	149,630
MEMBERS' OTHER INTERESTS			
Capital accounts		100	100
Other reserves		<u>(13,728)</u>	<u>(10,940)</u>
		<u>746,364</u>	<u>138,790</u>
TOTAL MEMBERS' INTERESTS			
Loans and other debts due to members	5	759,992	149,630
Members' other interests		<u>(13,628)</u>	<u>(10,840)</u>
		<u>746,364</u>	<u>138,790</u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 as applied to LLPs by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 relating to small LLPs.

The financial statements were approved by the members of the LLP on 28 September 2018 and were signed by:


.....
G Smith - Designated member

IP Venture Fund II (GP) LLP (Registered number: OC384792)

Reconciliation of Members' Interests
for the year ended 31 December 2017

	EQUITY		
	Members' other interests		
	Members' capital (classified as equity)	Other reserves	Total
	£	£	£
Balance at 1 January 2017	100	(10,940)	(10,840)
Loss for the financial year available for discretionary division among members	-	(2,788)	(2,788)
Members' interests after loss for the year	100	(13,728)	(13,628)
Introduced by members	-	-	-
Balance at 31 December 2017	<u>100</u>	<u>(13,728)</u>	<u>(13,628)</u>

	DEBT	TOTAL MEMBERS' INTERESTS
	Loans and other debts due to members less any amounts due from members in debtors	
	Other amounts	Total
	£	£
Amount due to members	149,630	138,790
Amount due from members	-	-
Balance at 1 January 2017	149,630	138,790
Loss for the financial year available for discretionary division among members	-	(2,788)
Members' interests after loss for the year	149,630	136,002
Introduced by members	<u>610,362</u>	<u>610,362</u>
Amount due to members	759,992	746,364
Amount due from members	-	-
Balance at 31 December 2017	<u>759,992</u>	<u>746,364</u>

IP Venture Fund II (GP) LLP (Registered number: OC384792)

Reconciliation of Members' Interests
for the year ended 31 December 2017

	EQUITY		
	Members' capital (classified as equity) £	Members' other interests Other reserves £	Total £
Balance at 1 January 2016	100	(8,200)	(8,100)
Loss for the financial year available for discretionary division among members	-	(2,740)	(2,740)
Members' interests after loss for the year	100	(10,940)	(10,840)
Drawings	-	-	-
Balance at 31 December 2016	<u>100</u>	<u>(10,940)</u>	<u>(10,840)</u>

	DEBT	TOTAL
	Loans and other debts due to members less any amounts due from members in debtors Other amounts £	MEMBERS' INTERESTS Total £
Amount due to members	463,368	455,268
Amount due from members	-	-
Balance at 1 January 2016	463,368	455,268
Loss for the financial year available for discretionary division among members	-	(2,740)
Members' interests after loss for the year	463,368	452,528
Drawings	(313,738)	(313,738)
Amount due to members	149,630	138,790
Amount due from members	-	-
Balance at 31 December 2016	<u>149,630</u>	<u>138,790</u>

IP Venture Fund II (GP) LLP (Registered number: OC384792)

Notes to the Financial Statements - continued *for the year ended 31 December 2017*

1. STATUTORY INFORMATION

IP Venture Fund II (GP) LLP is registered in England and Wales. The LLP's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared on the going concern basis and in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"), the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008, the Large and Medium Sized LLP (Accounts) Regulations 2008 and the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" ("LLP SORP") issued in March 2010. The amendments to FRS 101 issued in December 2016 and effective immediately have been applied.

In preparing these financial statements, the LLP applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the LLP has applied the exemptions available under FRS 101 in respect of the following disclosures: a Cash Flow Statement and related notes; disclosures in respect of capital management; the effects of new but not yet effective IFRSs; and disclosures of transactions with a management entity that provides key management personnel services to the LLP.

The LLP proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

Turnover

Turnover reflects the amounts receivable by the LLP, as a first charge on IPVFII profits, for its services as general partner to IPVFII.

Taxation

No provision has been made for taxation in relation to the LLP's profit or loss in the financial statements. Each member is exclusively liable for any tax liabilities arising out of their interest in the LLP. Tax is assessed on the individual members and not on the LLP.

Going concern

The members have therefore assessed that the going concern status of the LLP is still appropriate and, as such, the financial statements have been prepared on this basis.

Members' participation rights

Members' participation rights are the rights of a member that arise under the members' agreement.

Members' participation rights in the earnings and assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with IAS32 Financial Instruments Presentation and UITF Abstract 39 Members' share in co-operative entities and similar instruments. A member's participation right results in a liability unless the right of any payment is discretionary on the part of the General Partner.

Amounts subscribed or otherwise contributed by members are classified as equity as any repayment is at the discretion of the designated members.

Profits or losses are divided only after a decision by the designated members and so such profits or losses as classed as an appropriation of equity rather than as an expense. They are therefore shown as a residual amount available for discretionary division among members in the profit and loss account and equity appropriations in the balance sheet.

IP Venture Fund II (GP) LLP (Registered number: OC384792)

Notes to the Financial Statements - continued
for the year ended 31 December 2017

3. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/12/17	31/12/16
	£	£
Amounts due from limited partnerships	<u>748,232</u>	<u>140,610</u>

Amounts owed by members are unsecured, interest free and repayable on demand. Balances due from limited partnerships represent priority profit share unpaid at the balance sheet date.

4. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/12/17	31/12/16
	£	£
Other creditors	<u>1,868</u>	<u>1,820</u>

5. LOANS AND OTHER DEBTS DUE TO MEMBERS

Amounts due to members reflects amounts due to TTV, a member, for unpaid management fees payable and for audit and tax fees settled on behalf of the LLP by TTV at the end of the reporting period.

6. RELATED PARTY TRANSACTIONS

IPVFII's partnership agreement provides that the LLP shall act as general partner of IPVFII and is entitled to a General Partner's Share as described in note 2. The LLP has assigned its management of IPVFII to TTV for a fee equal to that of the General Partner's Share receivable from IPVFII.

During the year ended 31 December 2017, £607,622 (2016: £1,433,344) was receivable from IPVFII comprising the General Partner's Share and the same amount was payable to TTV during the period.

TTV, a member, settled prior period audit and tax fees of £2,740 on behalf of the LLP (2016: £4,610). As at 31 December 2017, £100 remains due from TTV to the LLP for its initial members' capital contribution and £760,092 remains due to TTV for management fees and the net amount of £759,992 due to members is reflected in these financial statements.

7. ULTIMATE CONTROLLING PARTY

The designated member, Top Technology Ventures Limited, has economic interests amounting to 99.99% of the LLP, and has control of the operations. Consequently, TTV is the controlling party. The ultimate parent of both TTV and the LLP is IP Group plc. The results of the LLP are consolidated in the group accounts of the ultimate parent company's financial statements. The immediate and ultimate parent companies were incorporated in the United Kingdom. Copies of the ultimate parent company's financial statements may be obtained from the Secretary of IP Group plc, The Walbrook Building, 25 Walbrook, London, EC4N 8AF.