



MVM LIFE SCIENCE PARTNERS LLP

MVM (GP) Limited

Annual Report and Financial Statements

Registered Number 3322043

For the year ended 31 March 2016



A57UU196

A25

27/05/2016

#102

COMPANIES HOUSE

7/6/16 275 (F/E/S)



MVM LIFE SCIENCE PARTNERS LLP

MVM (GP) Limited

Annual Report & Financial Statements for the year ended 31 March 2016

Contents

Directors and Officers	1
Directors' report	2 - 3
Independent Auditors' report	4 - 5
Statement of Comprehensive Income and Retained Earnings	6
Balance Sheet	7
Notes to the financial statements	8 - 11



MVM LIFE SCIENCE PARTNERS LLP

MVM (GP) Limited

Annual Report & Financial Statements for the year ended 31 March 2016

Directors and Officers

Directors

MVM Life Science Partners LLP
Mr N Akhurst

Registered office

6 Henrietta Street
London, WC2E 8PU

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London, SE1 2RT

Bankers

NatWest Bank Plc
Castle Square Branch
Castle Square
Brighton, BN1 1DP

MVM (GP) Limited
Annual Report & Financial Statements for the year ended 31 March 2016

Directors' Report
For the Year Ended 31 March 2016

The directors present their report and the company's audited financial statements for the year ended 31 March 2016.

Principal activity and review of the business and future developments

The company is the General Partner of the UK Medical Ventures Fund No 1 Limited Partnership. The company anticipates that it will make further progress in the forthcoming year.

The result for the financial year amounted to £nil (2015: £nil).

Dividends

The directors do not recommend the payment of a dividend (2015: £nil).

Strategic Report

The company is entitled to the small company exemption from the requirement to prepare a strategic report and has elected to take this exemption.

Key Performance Indicators

Given the simple nature of the business, the directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

MVM Life Science Partners LLP
Mr N Akhurst

MVM Life Science Partners LLP owned all the share capital of the company at 31 March 2015 and 31 March 2016.

Registered Number

3322043

Disclosure of information to auditors

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

- (a) so far as each of them is aware, there is no information relevant to the audit of the company's financial statements for the year ended 31 March 2016 of which the auditors are unaware; and
- (b) the director has taken all steps that he/she ought to have taken in his/her duty as a director in order to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

MVM (GP) Limited**Annual Report & Financial Statements for the year ended 31 March 2016****Directors' Report (continued)****Statement of the Directors' Responsibilities**

The following statement sets out the responsibilities of the directors in relation to the financial statements of the company. The report of the auditors, shown on pages 4 to 5, sets out their responsibilities in relation to the financial statements.

The directors are responsible for preparing the Directors' 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102). 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 United Kingdom Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the members in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of 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.

Small Company

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

On behalf of the Board



Neil Akhurst

Director

24 May 2016

MVM (GP) Limited**Annual Report & Financial Statements for the year ended 31 March 2016*****Independent auditors' report to the members of MVM (GP) Limited*****Report on the financial statements**

Our opinion

In our opinion, MVM (GP) Limited's financial statements (the "financial statements")

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006

What we have audited

MVM (GP) Limited's financial statements comprise

- the Balance Sheet as at 31 March 2016,
- the Statement of Comprehensive Income and Retained Earnings for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities)

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- 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

We have no exceptions to report arising from this responsibility

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility

MVM (GP) Limited**Annual Report & Financial Statements for the year ended 31 March 2016**

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of the Directors' Responsibilities set out on page 3, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Paul Koziarski (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 May 2016

MVM (GP) Limited
Annual Report & Financial Statements for the year ended 31 March 2016
Statement of Comprehensive Income and Retained Earnings for the year ended 31 March 2016

Note		Year to 31.03.16 £	Year to 31.03.15 £
	Turnover	-	-
3	Administrative expenses	(1,598)	-
	Operating result for the year	(1,598)	-
	Result on ordinary activities before taxation	(1,598)	-
	Tax on result on ordinary activities	-	-
10	Result for the financial year	(1,598)	-
	Total comprehensive income	(1,598)	-
	Opening retained earnings	1,598	-
	Closing retained earnings	-	-

All results derive from continuing operations

The notes on pages 8 to 11 form an integral part of these financial statements

MVM (GP) Limited

Annual Report & Financial Statements for the year ended 31 March 2016

Balance Sheet as at 31 March 2016

Note		As at 31.03.16 £	As at 31.03.15 £
	Current Assets		
6	Debtors	100	1,698
	Net current assets	100	1,698
	Net Assets	100	1,698
	Capital and reserves		
7	Called up share capital	100	100
10	Retained earnings	-	1,598
8	Total shareholders' funds	100	1,698

The financial statements on pages 6 to 11 were approved by the Board of Directors and were signed on its behalf on 24 May 2016 by.



Neil Akhurst
Director

The notes on pages 8 to 11 form an integral part of these financial statements

Registered number 3322043

MVM (GP) Limited**Annual Report & Financial Statements for the year ended 31 March 2016****Notes to the financial statements****For the year ended 31 March 2016****1. Statement of Compliance with FRS 102, as applicable to Smaller Entities**

The financial statements have been prepared in accordance with the Companies Act 2006 and in compliance with United Kingdom Accounting Standards, including the Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102'), as applicable to Smaller Entities. Details of the transition to FRS102 are disclosed in note 2.

2. Principal Accounting Policies

A summary of the principal accounting policies, which have been applied consistently, is as follows

Basis of Preparation

The financial statements have been prepared in accordance with FRS 102, as applicable to Smaller Entities. The financial statements have been prepared on a going concern basis.

These financial statements for the year ended 31 March 2016 are the first financial statements that comply with FRS 102, as applicable to Smaller Entities. The date of transition is 1 April 2014. The transition had no measurement impact on the financial statements. Required disclosure changes have been made.

Exemptions for qualifying entities under FRS 102, as applicable to Smaller Entities

FRS 102, as applicable to Smaller Entities, allows a qualifying entity certain disclosure exemptions. The company has not taken any advantage of any available exemptions for qualifying entities

Cash flow statement

The company is exempt under FRS 102, as applicable to Smaller Entities, from the requirement to prepare a cash flow statement as it is classified as a small company under section 382 of the Companies Act 2006.

Income

Income is management profit share or advances against management profit share from the UK Medical Ventures Fund No 1 Limited Partnership and is accounted for on an accruals basis. Income arises from activities in the United Kingdom. The company recognises income when the amount can be measured reliably and it is probable that the economic benefit associated with the transaction will flow to the company.

Advance in lieu of management profit share

The company is entitled to receive an interest free advance (the "GP's Entitlement") in lieu of management profit share from UK Medical Ventures Fund No 1 Limited Partnership (the "Fund"). In the event that the loan is not matched by management profit share from the Fund, the Fund does not have the right to receive repayment or any other recourse in respect of this loan. Loans in advance of the management profit share are therefore recognised as income in the Statement of Income and Retained Earnings as they fall due.

MVM (GP) Limited**Annual Report & Financial Statements for the year ended 31 March 2016****Notes to the financial statements****For the year ended 31 March 2016 (continued)****2. Principal Accounting Policies (continued)****Financial instruments**

The company has chosen to apply the provisions of both Section 11 of FRS 102, as applicable to Smaller Entities, in full

Basic financial assets, including trade and other receivables and cash and bank balances and are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Basic financial liabilities, including trade and other payables and other amounts due to fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest

Foreign currencies

The partnership's functional and presentation currency is pounds sterling

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of financial statements in conformity with FRS 102, as applicable to Smaller Entities, requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities. The estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and constitute management's best judgement at the date of the financial statements. In the future, actual experience could differ from those estimates

The management does not consider the company to have any critical accounting estimates or judgements that could have a significant effect upon the financial results.

MVM (GP) Limited
Annual Report & Financial Statements for the year ended 31 March 2016
Notes to the financial statements
For the year ended 31 March 2016 (continued)
2. Principal Accounting Policies (continued)
Limited Partnership

As at 31 March 2016, MVM (GP) Limited was general partner of a Limited Partnership Fund in which it does not have an economic interest. Investments held through the Limited Partnership Fund are made with the express intention of capital appreciation. The Limited Partnership Fund as well as certain investments held by the Limited Partnerships could fall within the definition of Subsidiaries of the General Partner. As there are severe long-term restrictions upon the ability of the General Partner to exercise control or dominant influence over the Limited Partnership Fund other than for the interests of the Limited Partners and as such, these entities are not consolidated.

3. Operating expenses

	Year to 31.03.16	Year to 31.03.15
	£	£
Management fees	1,598	-

4. Directors and employees

The directors did not receive any emoluments in respect of their services to the company (2015: £nil). No remuneration was paid to the directors during the year ended 31 March 2016 (2015: £nil) or any individuals considered to be key management personnel (2015: £nil). There were no employees of the company during the year (2015: nil).

5. Tax on result on ordinary activities

In the current and prior years there was no net profit chargeable to corporation tax and therefore no tax charge.

6. Debtors

	31.03.16	31.03.15
	£	£
Amounts owed by group undertakings	100	1,698

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

7. Called up share capital

	31.03.16	31.03.15
	£	£
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100

MVM (GP) Limited

Annual Report & Financial Statements for the year ended 31 March 2016

Notes to the financial statements

For the year ended 31 March 2016 (continued)

8. Reconciliation of movements in shareholders' funds

	31.03.16	31.03.15
	£	£
Opening shareholders' funds	1,698	1,698
Result for the financial year	(1,598)	-
Closing shareholders' funds	100	1,698

9. Controlling party

MVM Life Science Partners LLP is the immediate and ultimate parent and controlling party of MVM (GP) Limited. Copies of the annual financial statements of MVM Life Science Partners LLP can be obtained from the following correspondence address:

MVM Life Science Partners LLP
6 Henrietta Street
London WC2E 8PU

10. Retained earnings

	2016	2015
	£	£
At 1 April	1,598	1,598
Result for the financial year	(1,598)	-
At 31 March	-	1,598

11. Auditors' remuneration

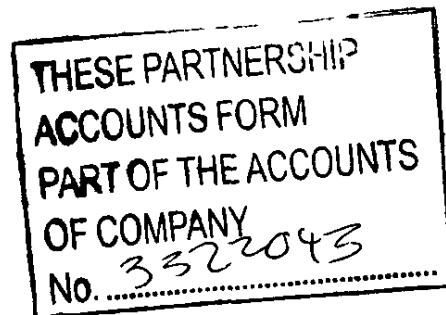
Fees payable to the company's auditors for the audit of the statutory financial statements amounted to £2,750 (2015: £2,460). The full cost of such fees was borne by MVM Life Science Partners LLP in both the current and prior years.

**APPENDIX TO MVM (GP) LIMITED Annual Report and Financial Statements for the year ended 31
March 2016**

M V M

MVM LIFE SCIENCE PARTNERS LLP

UK Medical Ventures Fund No 1 Limited Partnership



Annual Partnership Financial Statements

Registered Number LP005399

For the year ended 31 March 2016

FRIDAY

A05

A57USVOX
27/05/2016
COMPANIES HOUSE

#215

UK Medical Ventures Fund No 1 Limited Partnership

Contents

General Partner and Advisers	1
Report of the Fund Manager	2 – 4
Independent Auditors' report	5 – 7
Statement of Comprehensive Income	8
Balance Sheet	9
Cash Flow Statement	10
Notes to the Financial Statements	11 - 17



MVM LIFE SCIENCE PARTNERS LLP

**UK Medical Ventures Fund No 1 Limited Partnership
Annual Financial Statements for the year ended 31 March 2016**

GENERAL PARTNER AND ADVISERS

General Partner

MVM (GP) Limited

Fund Manager

MVM Life Science Partners LLP

Registered office

6 Hennetta Street
London
WC2E 8PU

Bankers

National Westminster Bank Plc
Castle Square Branch
8-11 Pavilion Buildings
Castle Square
Brighton
BN1 1DP

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

Registered number

LP005399

**UK Medical Ventures Fund No 1 Limited Partnership
Annual Financial Statements for the year ended 31 March 2016****Report of the Fund Manager****Extension of the Limited Partnership's Life**

Under the Limited Partnership Agreement the initial life of the Limited Partnership was ten years to 26 January 2008. In accordance with the Limited Partnership Agreement, the life of the Limited Partnership was extended for two additional years. Subsequently, pursuant to limited partner special consents, ratified by the general partner and carried interest partner, the life of the Limited Partnership has been further extended, and most recently on 25 January 2016, the life of the Limited Partnership was extended by one year to 26 January 2017.

The Fund Manager is working with management to achieve realisations of the remaining investments for fair market value within a reasonable timescale, however this may not be possible prior to 26 January 2017. The Fund Manager continues to consult the Business Advisory Group and limited partners to determine their preferences in such event and intends to discuss an extension of the life of the Limited Partnership with the limited partners in advance of the date that such event might occur. The Fund Manager does not foresee any impediment to its continuing to manage the Limited Partnership in the event of an extension of the life of the Limited Partnership subject to the terms of the Limited Partnership Agreement. As such, the financial statements have been prepared on a going concern basis.

Statement of Investments, Other Property and Assets

No further investments were made during the year. The Fund received a dividend of £411,560 from its investment in Pulmagen Therapeutics (Asthma) Limited (2015: £336,730 received from Pulmagen Therapeutics (Inflammation) Limited)

A detailed summary of investments is shown on pages 14-15

Review of the business and future developments

The Fund Manager is satisfied with the results for the year and expects the Limited Partnership to continue its progress during its next financial year.

The Financial Statements

During the year bank interest of £255 (2015: £105) was received. The profit and loss account has been debited with expenses of £27,360 (2015: £21,825). There have not been any revaluations of investments (2015: £Nil). The total profit for the year after sales of investments and dividends received from investments was £384,455 (2015: £315,010).

Financial Risk Management

The Limited Partnership's operations expose it to certain financial risks. The Fund Manager considers financial risks regularly during the year and seek to limit the adverse effects on financial performance of the company.

Strategic Report

The Limited Partnership is entitled to the small company exemption from the requirement to prepare a strategic report and has elected to take this exemption.

**UK Medical Ventures Fund No 1 Limited Partnership
Annual Financial Statements for the year ended 31 March 2016****Report of the Fund Manager (continued)****Key Performance Indicators**

Given the simple nature of the business, the Fund Manager is of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business

Statement of the Fund Manager's Responsibilities

The Fund Manager is responsible for preparing the Report of the Fund Manager and the Financial Statements in accordance with applicable law and regulations

The Partnerships (Accounts) Regulations 2008 require the Fund Manager to prepare financial statements for each financial year. Under that law the Fund Manager has elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Under Company Law the Fund Manager 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 Limited Partnership and of the profit or loss of the Limited Partnership for that period. In preparing these financial statements, the Fund Manager is required to

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify partners in writing about the use of disclosure exemptions, if any, on FRS 102 used in the preparation of financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Limited Partnership will continue in business.

The Fund Manager is responsible for keeping adequate accounting records that are sufficient to show and explain the Limited Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Limited Partnership and to enable it to ensure that the financial statements comply with the Companies Act 2006 as applicable to qualifying partnerships. It is also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of Information to Auditors

The Fund Manager is also required to:

- ensure so far as the Members of the Fund Manager are aware, there is no relevant audit information of which the Limited Partnership's auditors are unaware; and
- ensure the Members of the Fund Manager have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Limited Partnership's auditors are aware of that information.



MVM LIFE SCIENCE PARTNERS LLP

**UK Medical Ventures Fund No 1 Limited Partnership
Annual Financial Statements for the year ended 31 March 2016**

Report of the Fund Manager (continued)

Independent Auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the Limited Partnership will be proposed at the next Annual General Meeting

Registered Number

LP005399

A handwritten signature in black ink, appearing to read 'N Akhurst'.

N Akhurst
Member of MVM Life Science Partners LLP (Fund Manager)
24 May 2016

UK Medical Ventures Fund No 1 Limited Partnership
Annual Financial Statements for the year ended 31 March 2016

Independent auditors' report to the partners of UK Medical Ventures Fund No 1 Limited Partnership

Report on the financial statements

Our opinion

In our opinion, UK Medical Ventures Fund No 1 Limited Partnership's financial statements (the "financial statements")

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 March 2016 and of its result and cash flows 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 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008
-

Emphasis of matter - Basis of preparation

In forming our opinion on the financial statements, which is not modified, we draw attention to note 2 of the financial statements which explains that the life of the Limited Partnership has been extended for a further year to 26 January 2017. As the Limited Partnership still has investments the Fund Manager expects to continue to operate the Limited Partnership as a going concern up to and beyond this date subject to receiving any requisite approvals from the limited partners. On this basis the Partnership has been deemed by the Fund Manager to be a going concern and the financial statements are therefore prepared on a going concern basis.

What we have audited

UK Medical Ventures Fund No 1 Limited Partnership's financial statements comprise

- the Balance Sheet as at 31 March 2016,
- the Statement of Comprehensive Income for the year then ended,
- the Cash Flow Statement for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

In applying the financial reporting framework, the fund manager has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, it has made assumptions and considered future events.

UK Medical Ventures Fund No 1 Limited Partnership
Annual Financial Statements for the year ended 31 March 2016

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- 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

We have no exceptions to report arising from this responsibility

General partner's remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of general partner's remuneration specified by law are not made. We have no exceptions to report arising from this responsibility

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the fund manager were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Fund Manager

As explained more fully in the Statement of Fund Manager's Responsibilities set out on page 3, the fund manager is 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinion, has been prepared for and only for the members of the qualifying partnership as a body in accordance with the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 qualifying partnership's circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the fund manager, and
- the overall presentation of the financial statements

We primarily focus our work in these areas by assessing the fund manager's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements



MVM LIFE SCIENCE PARTNERS LLP

UK Medical Ventures Fund No 1 Limited Partnership
Annual Financial Statements for the year ended 31 March 2016

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Partnership Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

A handwritten signature in cursive script, reading 'Paul Kozlarski'.

Paul Kozlarski (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 May 2016

UK Medical Ventures Fund No 1 Limited Partnership
Annual Financial Statements for the year ended 31 March 2016

Statement of Comprehensive Income for the year ended 31 March 2016

Note		Year to 31.03.16 £	Year to 31.03.15 £
3	Income	255	105
4	Administrative expenses	(27,360)	(21,825)
	Operating loss	(27,105)	(21,720)
	Dividends received from investments	411,560	336,730
	Increase in net assets attributable to the partners from operations	384,455	315,010

All results shown in the Statement of Comprehensive Income are from continuing operations.

The Limited Partnership has no recognised gains and losses other than the results above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 11 to 17 form part of these financial statements.

UK Medical Ventures Fund No 1 Limited Partnership
Annual Financial Statements for the year ended 31 March 2016

Balance Sheet as at 31 March 2016

Note		As at 31.03.16 £	As at 31.03.15 £
	Fixed Assets		
7	Investments	520,621	520,621
	Current Assets		
	Prepayments	750	893
	Cash at bank and in hand	132,429	367,186
		133,179	368,079
	Current Liabilities		
5	Creditors amounts falling due within one year	(40,410)	(31,475)
	Net current assets	92,769	336,604
6	Net assets attributable to the partners	613,390	857,225

The notes on pages 11 to 17 form part of these financial statements.

UK Medical Ventures Fund No 1 Limited Partnership Annual Financial Statements for the year ended 31 March 2016

Cash Flow Statement for the year ended 31 March 2016

Note	Year to 31.03.16 £	Year to 31.03.15 £
A		
Net cash outflow from operating activities	(18,027)	(9,906)
Cash flow from financing activities:		
Partnership distributions	(628,290)	-
Net cash used in financing activities	(628,290)	-
Cash flow from investing activities:		
Dividends received from investments	411,560	336,730
Net cash generated from investing activities	411,560	336,730
B		
(Decrease)/increase in net cash	(234,757)	326,824

Notes to the Cash Flow Statement	Year to 31.03.16 £	Year to 31.03.15 £
A		
Cash flow from operating activities		
Reconciliation of operating loss to net cash outflow from operating activities		
Operating loss	(27,105)	(21,720)
Decrease/(increase) in prepayments	143	(14)
Increase in creditors	8,935	11,828
Total net cash outflow from operating activities	(18,027)	(9,906)
B		
Reconciliation of cash flow to movement in net cash		
Net cash at beginning of year	367,186	40,362
Net cash (outflow)/inflow from activities	(234,757)	326,824
Net cash at 31 March	132,429	367,186

The notes on pages 11 to 17 form part of these financial statements

**UK Medical Ventures Fund No 1 Limited Partnership
Annual Financial Statements for the year ended 31 March 2016****Notes to the financial statements****1. Statement of Compliance with FRS 102**

The financial statements have been prepared in accordance with the Companies Act 2006 and with United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102'). Details of the transition to FRS102 are disclosed in note 2

2. Principal Accounting Policies

A summary of the principal accounting policies, which have been applied consistently, is as follows

Basis of Preparation

Under the Limited Partnership Agreement the initial life of the Limited Partnership was ten years to 26 January 2008. In accordance with the Limited Partnership Agreement, the life of the Limited Partnership was extended for two additional years. Subsequently, pursuant to limited partner special consents, ratified by the general partner and carried interest partner, the life of the Limited Partnership has been further extended, and most recently on 25 January 2016, the life of the Limited Partnership was extended by one year to 26 January 2017

The Fund Manager is working with management to achieve realisations of the remaining investments for fair market value within a reasonable timescale, however this may not be possible prior to 26 January 2017. The Fund Manager continues to consult the Business Advisory Group and limited partners to determine their preferences in such event and intends to discuss an extension of the life of the Limited Partnership with the limited partners in advance of the date that such event might occur. The Fund Manager does not foresee any impediment to its continuing to manage the Limited Partnership in the event of an extension of the life of the Limited Partnership subject to the terms of the Limited Partnership Agreement. As such, the financial statements have been prepared on a going concern basis.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities as described below, and in accordance with the Companies Act 2006 and FRS 102.

As the Limited Partnership is not a parent, it does not prepare consolidated financial statements.

These financial statements for the year ended 31 March 2016 are the first financial statements that comply with FRS 102. The date of transition is 1 April 2014. The transition had no impact on the financial statements.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The partnership has not taken any advantage of any available exemptions for qualifying entities.

UK Medical Ventures Fund No 1 Limited Partnership
Annual Financial Statements for the year ended 31 March 2016

Notes to the financial statements (continued)

2. Principal Accounting Policies (continued)

Financial instruments

The Limited Partnership has chosen to apply the provisions of both Section 11 and Section 12 of FRS 102 in full

Basic financial assets, including receivables and cash and bank balances and are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except as otherwise set out below.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Basic financial liabilities, including payables, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Investments

The Limited Partnership's investments are classified as associates in accordance with FRS102. In accordance with FRS102 section 14.4, an investor that is not a parent but that has an investment in one or more associates shall, in its individual financial statements, account for all of its investments in associates using either:

- the cost model in accordance with paragraphs 14.5 to 14.6,
- the fair value model in accordance with paragraphs 14.9 to 14.10A, or
- at fair value with changes in fair value recognised in profit or loss (paragraphs 11.27 to 11.32 provide guidance on fair value).

The Limited Partnership accounts for its investments in associates using the cost model in accordance with FRS102 section 14.4(a). Where the Fund Manager's estimate of fair value is below cost, the investments will be impaired. The estimate of fair value is made in accordance with the International Private Equity and Venture Capital Valuation Guidelines.

UK Medical Ventures Fund No 1 Limited Partnership
Annual Financial Statements for the year ended 31 March 2016

Notes to the financial statements (continued)

2. Principal Accounting Policies (continued)

Currency

The partnership's functional and presentation currency is pounds sterling.

Income and expenses

Interest income is recognised using the effective interest rate method. Dividend income is recognised when the right to receive payment is established. Administrative expenses are recognised on an accruals basis.

Taxation

No provision for taxation has been made as the individual partners are responsible for settling their own tax liabilities.

Net assets attributable to the partners

The Partnership's contributed capital consists of two different classes. Net assets attributable to the partners are classified as a financial liability, due to a finite life and contractual payment provisions to each of the partners within the LPA. Net assets attributable to partners' capital are carried at amortised cost consistent with other amounts classified as borrowings.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of financial statements in conformity with FRS 102 requires management to make estimates and assumptions that affect the reported amounts of expenses, assets and liabilities. The estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and constitute management's best judgement at the date of the financial statements. In the future, actual experience could differ from those estimates.

The principal estimates that could have a significant effect upon the financial results relate to the valuation of investments in associates. The estimate of fair value is made in accordance with the International Private Equity and Venture Capital Valuation Guidelines.

	Year to 31.03.16 £	Year to 31.03.15 £
3. Income		
Interest income	255	105
	255	105

UK Medical Ventures Fund No 1 Limited Partnership Annual Financial Statements for the year ended 31 March 2016

Notes to the financial statements (continued)

	Year to 31.03.16 £	Year to 31.03.15 £
4. Administrative Expenses		
Auditors' remuneration	5,820	6,750
Bank charges and custodian fees	439	180
Legal and professional	21,101	14,895
	<u>27,360</u>	<u>21,825</u>

The general partner received no remuneration during the year (2015 £nil)

	31.03.16 £	31.03.15 £
5. Creditors: amounts falling due within one year		
Accruals	19,500	23,500
MVM Life Science Partners LLP	20,910	7,975
	<u>40,410</u>	<u>31,475</u>

6(a) Net assets attributable to partners – movement during the year

Balance at 31.03.15 £	Increase in net assets attributable to the partners from operations £	Distributions to partners £	Balance at 31.03.16 £
857,225	384,455	(628,290)	613,390

6(b) Limited Partners' funding commitments to the Limited Partnership

Initial Commitment to the Fund £	Cumulative drawdowns to date £	Early realisation repayment £	Balance of Commitment 31.03.16 £
40,000,000	(38,462,563)	2,099,630	3,637,067

Pursuant to the Limited Partnership Agreement of 26 January 1998 the cost of an investment realised or partially realised within 12 months is available for readvance on distribution. A total of £2,099,630 is subject to readvance, relating to New Chemical Entities Inc (£1,100,000), Ardana Plc (£500,000), Clavis Pharma ASA (£225,407) and Domantis Limited (£274,223).

7. Investments	Unlisted investments £	Total £
Carrying value		
At 1 April 2015	520,621	520,621
At 31 March 2016	<u>520,621</u>	<u>520,621</u>

UK Medical Ventures Fund No 1 Limited Partnership Annual Financial Statements for the year ended 31 March 2016

Notes to the financial statements (continued)

7. Investments (continued)

Name	Number and description of securities held	Principal place of business	% of shares held
Pulmagen Therapeutics (Asthma) Limited	3,741,450 (Ordinary) 4,962,546 (A Preference) 517,423 (B Preference)	Unlisted United Kingdom	22.4% (Ord.) 29.2% (A Pref.) 7.0% (B Pref.)
Pulmagen Therapeutics (Holdings) Limited	3,741,450 (Ordinary) 4,962,546 (A Preference) 517,423 (B Preference)	Unlisted United Kingdom	22.4% (Ord.) 29.2% (A Pref.) 7.0% (B Pref.)
Pulmagen Therapeutics (Inflammation) Limited	3,741,450 (Ordinary) 4,962,546 (A Preference) 517,423 (B Preference)	Unlisted United Kingdom	22.4% (Ord.) 29.2% (A Pref.) 7.0% (B Pref.)

	Cost of investments at 31.03.15 £	Cost of investments at 31.03.16 £	Total cost or valuation at 31.03.15 £	Total cost or valuation at 31.03.16 £
"Pulmagen" entities	520,621	520,621	520,621	520,621
	520,621	520,621	520,621	520,621

Funding commitments

The Limited Partnership has no additional commitments to investments.

UK Medical Ventures Fund No 1 Limited Partnership
Annual Financial Statements for the year ended 31 March 2016

Notes to the financial statements (continued)

	31.03.16	31.03.15
	£	£
8. Categories of financial assets and financial liabilities		
Financial assets measured at fair value through profit or loss	-	-
Financial assets that are debt instruments measured at amortised cost	750	893
Financial assets that are equity instruments measured at cost less impairment	520,621	520,621
Financial liabilities measured at fair value through profit or loss	-	-
Financial liabilities measured at amortised cost	(40,410)	(31,475)
Loan commitments measured at cost less impairment	-	-

9. Financial instruments - risks

At the end of the year, the Limited Partnership was exposed to various risks associated with financial instruments. Risks arise primarily in regard to the Limited Partnership's shareholdings which have been recognised as financial assets measured at cost less impairment, but also in regard to creditors arising from the Limited Partnership's operations, which have been recognised as financial liabilities measured at amortised cost. The nature and extent of these risks is discussed below.

Credit Risk

There is a risk that the companies in which the Limited Partnership holds shareholdings will fail to make good on obligations to pay the Limited Partnership, e.g. to make dividend payments. The Fund Manager manages this risk through regularly monitoring the financial position of investee companies and by appointing representatives to the boards of the companies.

Liquidity Risk

There is a risk that the Limited Partnership will be unable to pay its debts when they fall due. The Fund Manager considers this risk to be limited, due to the small value of the Limited Partnership's operating expenses. At the end of the year, the Limited Partnership's only creditor was the Fund Manager and the related balance was settled within 30 days of the year end.

Market Risk

The Fund Manager does not consider that the Limited Partnership is exposed to interest rate risk, because it does not have any interest-bearing assets or liabilities.

The Fund Manager does not consider that the Limited Partnership is exposed to foreign exchange risk, because it does not have any assets or liabilities denominated in foreign currencies.

The Fund Manager does not consider that the Limited Partnership is exposed to price risk, because it does not own any securities that are listed on a public exchange.

UK Medical Ventures Fund No 1 Limited Partnership
Annual Financial Statements for the year ended 31 March 2016

Notes to the financial statements (continued)

9. Financial instruments – risks (continued)

There is a risk that the book value of the Limited Partnership's assets is not ultimately realized. The majority of the Limited Partnership's value is represented by shareholdings in private healthcare businesses that are not yet generating revenues. The success of such investments is a function of a number of factors including (but not limited to) the ability to obtain strong patent protection, the successful progression of product development, the ability to scale up processing of the product to commercial volumes, the grant of appropriate regulatory approvals, the availability of finance to progress product development through to commercialization, the need for licenses and other forms of access to produce and sell some products, the absence of superior competing products, and success in negotiating profitable licensing agreements for completion of product development and distribution of products. Ultimately, such investments could return no further proceeds to the Limited Partnership. The Fund Manager manages this risk through regularly monitoring the activities of investee companies and by appointing representatives to the boards of the companies.

10. Capital

The capital of the Limited Partnership is represented by the net assets attributable to the partners. The Limited Partnership's objective when managing the capital is to safeguard the ability to continue as a going concern in order to provide returns for partners and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Limited Partnership. In order to maintain or adjust the capital structure, the general partner may call unfunded commitment from the limited partners or distribute funds to the limited partners. The general partner monitors capital on the basis of the value of net assets attributable to the partners.

11. Related Party Transactions

	Year to 31.03.16 £	Year to 31.03.15 £
Transactions in the year with related parties were as follows		
Loans received from MVM Life Science Partners LLP	(12,935)	(7,878)
Distributions to Brookline Investments Limited	9,720	-
Distributions to Muddy River Investments Limited	19,009	-
Loans outstanding at the end of the year:		
Loans from MVM Life Science Partners LLP – the Fund Manager	(20,910)	(7,975)

Brookline Investments Limited is a wholly owned subsidiary of MVM Life Science Partners LLP.

Muddy River Investments Limited is a wholly owned investment vehicle of a member of MVM Life Science Partners LLP.

Amounts owed to the Fund Manager are interest free, unsecured and repayable on demand.

12. Auditors' remuneration

Fees payable to the Limited Partnership's auditors for the audit of the statutory accounts amounted to £5,820 (2015: £6,750).