



MVM LIFE SCIENCE PARTNERS LLP

**MVM (GP) Limited**

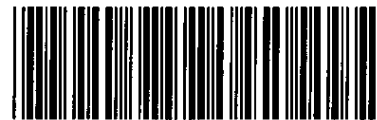
**Annual Report and Financial Statements**

**Registered Number 3322043**

**For the year ended 31 March 2017**

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COMPANIES HOUSE



## Annual Report &amp; Financial Statements for the year ended 31 March 2017

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**MVM (GP) Limited****Annual Report & Financial Statements for the year ended 31 March 2017****Directors and Officers****Directors**

MVM Life Science Partners LLP

Mr N Akhurst

**Registered office**

30 St. George Street

London, W1S 2FH

**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 2017**

**Directors' Report**  
**For the Year Ended 31 March 2017**

The directors present their report and the company's audited financial statements for the year ended 31 March 2017.

**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 (2016: £nil).

**Dividends**

The directors do not recommend the payment of a dividend (2016: £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 2016 and 31 March 2017.

**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 2017 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 2017****Directors' Report (continued)****For the Year Ended 31 March 2017****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 2017

**MVM (GP) Limited****Annual Report & Financial Statements for the year ended 31 March 2017*****Independent auditors' report to the members of MVM (GP) Limited*****Report on the financial statements**

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**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 2017 and of its result 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 2017;
- 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.

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**Opinion on other matter prescribed by the Companies Act 2006**

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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.

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**Other matters on which we are required to report by exception**

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**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.

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**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 2017*****Independent auditors' report to the members of MVM (GP) Limited (continued)***

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**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.

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**Responsibilities for the financial statements and the audit**

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**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.

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**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 2017

**MVM (GP) Limited**
**Annual Report & Financial Statements for the year ended 31 March 2017**
**Statement of Comprehensive Income and Retained Earnings for the year ended 31 March 2017**

Note		Year to 31.03.17 £	Year to 31.03.16 £
	Turnover	-	-
3	Administrative expenses	-	(1,598)
	<b>Operating result/(loss) for the year</b>	-	(1,598)
	<b>Result/(loss) on ordinary activities before taxation</b>	-	(1,598)
	Tax on result/(loss) on ordinary activities	-	-
10	<b>Result/(loss) for the financial year</b>	-	(1,598)
	<b>Total comprehensive income/(expense)</b>	-	(1,598)
	<b>Opening retained earnings</b>	-	1,598
	<b>Closing retained earnings</b>	-	-

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 2017****Balance Sheet as at 31 March 2017**

Note		As at 31.03.17 £	As at 31.03.16 £
	<b>Current Assets</b>		
6	Debtors	100	100
	<b>Net current assets</b>	100	100
	<b>Net Assets</b>	100	100
	<b>Capital and reserves</b>		
7	Called up share capital	100	100
10	Retained earnings	-	-
8	<b>Total shareholders' funds</b>	100	100

The financial statements on pages 6 to 11 were approved by the Board of Directors and were signed on its behalf on 24 May 2017 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 2017****Notes to the financial statements  
For the year ended 31 March 2017****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.

**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.

**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 2017**

**Notes to the financial statements**  
**For the year ended 31 March 2017 (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 2017****Notes to the financial statements****For the year ended 31 March 2017 (continued)****2. Principal Accounting Policies (continued)****Limited Partnership**

As at 31 March 2017, 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. Administrative expenses**

	Year to 31.03.17	Year to 31.03.16
	£	£
Management fees	-	1,598

**4. Directors and employees**

The directors did not receive any emoluments in respect of their services to the company (2016: £nil). No remuneration was paid to the directors during the year ended 31 March 2017 (2016: £nil) or any individuals considered to be key management personnel (2016: £nil). There were no employees of the company during the year (2016: nil).

**5. Tax on result/(loss) 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**

	As at 31.03.17	As at 31.03.16
	£	£
Amounts owed by group undertakings	100	100

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

**7. Called up share capital**

	As at 31.03.17	As at 31.03.16
	£	£
<b>Authorised</b>		
1,000 (2016: 1,000) ordinary shares of £1 each	1,000	1,000
<b>Allotted, called up and fully paid</b>		
100 (2016: 100) ordinary shares of £1 each	100	100

**MVM (GP) Limited**
**Annual Report & Financial Statements for the year ended 31 March 2017**
**Notes to the financial statements**
**For the year ended 31 March 2017 (continued)**
**8. Reconciliation of movements in shareholders' funds**

	As at 31.03.17	As at 31.03.16
	£	£
Opening shareholders' funds	100	1,698
Result/(loss) for the financial year	-	(1,598)
<b>Closing shareholders' funds</b>	<b>100</b>	<b>100</b>

**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  
30 St. George Street  
London W1S 2FH

**10. Retained earnings**

	2017	2016
	£	£
At 1 April	-	1,598
Result/(loss) for the financial year	-	(1,598)
At 31 March	-	-

**11. Auditors' remuneration**

Fees payable to the company's auditors for the audit of the statutory financial statements amounted to £2,575 (2016: £2,750). The full cost of such fees was borne by MVM Life Science Partners LLP in both the current and prior years.



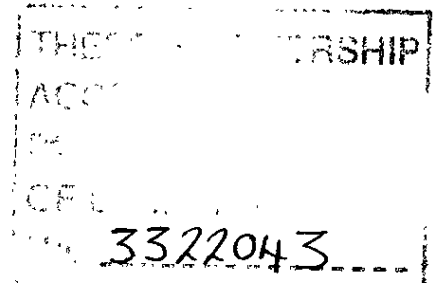
MVM LIFE SCIENCE PARTNERS LLP

**UK Medical Ventures Fund No 1 Limited Partnership**

**Annual Partnership Financial Statements**

**Registered Number LP005399**

**For the year ended 31 March 2017**



COMPANIES HOUSE

## UK Medical Ventures Fund No 1 Limited Partnership

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MVM LIFE SCIENCE PARTNERS LLP

**UK Medical Ventures Fund No 1 Limited Partnership  
Annual Financial Statements for the year ended 31 March 2017**

**GENERAL PARTNER AND ADVISERS**

**General Partner**

MVM (GP) Limited

**Fund Manager**

MVM Life Science Partners LLP

**Registered office**

6 Henrietta 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 2017**

### **Report of the Fund Manager**

#### **Expiry 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 was further extended, and most recently on 25 January 2016, the life of the Limited Partnership was extended by one year to 26 January 2017. On 26 January 2017, the Limited Partnership entered liquidation. During the liquidation phase, no further activities or operations shall be conducted except for such action as shall be necessary for the winding-up of the affairs of the Limited Partnership and the distribution of the assets amongst the partners. As such, the financial statements have been prepared on a basis other than going concern.

#### **Statement of Investments, Other Property and Assets**

No further investments were made during the year. The Limited Partnership received a dividend of £411,560 from its investment in Pulmagen Therapeutics (Asthma) Limited (2016: £411,560), a dividend of £74,829 from its investment in Pulmagen Therapeutics (Inflammation) Limited (2016: £Nil) and a dividend of £18,707 from its investment in Pulmagen Therapeutics (Holdings) Limited (2016: £Nil).

The Limited Partnership sold its interests in Pulmagen Therapeutics (Asthma) Limited, Pulmagen Therapeutics (Inflammation) Limited and Pulmagen Therapeutics (Holdings) Limited (the "Pulmagen Entities") for initial consideration of £56,217 and deferred consideration, payable in December 2017, of £561,313. The carrying value of the Pulmagen Entities prior to the sale was £520,621, thus the total profits realised were £96,909. The deferred consideration is recognised as a debtor on the balance sheet.

A detailed summary of investments is shown on page 14.

#### **Review of the business and future developments**

The Fund Manager is satisfied with the results for the year and expects the Limited Partnership's liquidation to be substantially complete by the end of the next financial year.

#### **The Financial Statements**

During the year bank interest of £289 (2016: £255) was received. The profit and loss account has been debited with expenses of £35,183 (2016: £27,360). There have not been any revaluations of investments (2016: £Nil). The total profit for the year after sales of investments and dividends received from investments was £543,861 (2016: £384,455).

#### **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 2017****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, as applicable to qualifying partnerships, 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; 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.

**UK Medical Ventures Fund No 1 Limited Partnership**  
**Annual Financial Statements for the year ended 31 March 2017**

**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



N Akhurst  
Member of MVM Life Science Partners LLP (Fund Manager)  
24 May 2017

**UK Medical Ventures Fund No 1 Limited Partnership**  
**Annual Financial Statements for the year ended 31 March 2017**

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

**Report on the financial statements**

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**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 Limited Partnership's affairs as at 31 March 2017 and of its profit 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 have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the basis of preparation. On 26 January 2017, the Qualifying Limited Partnership entered a process of liquidation. Accordingly, the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 1 to the financial statements. As the Fund Manager considers them inconsequential or unnecessary no adjustments were made in these financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision, or to reclassify fixed assets and long-term liabilities as current assets and liabilities.

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**What we have audited**

The financial statements, included within the Annual Partnership Financial Statements (the "Annual Report"), comprise :

- the Balance Sheet as at 31 March 2017;
- 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 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).

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 2017**

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

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**Other matters on which we are required to report by exception**

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**Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 as applied to qualifying partnerships 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.

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**General partner's remuneration**

Under the Companies Act 2006 as applied to qualifying partnerships 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.

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**Entitlement to exemptions**

Under the Companies Act 2006 as applied to qualifying partnerships 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.

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**Responsibilities for the financial statements and the audit**

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**Our responsibilities and those of the Fund Manager**

As explained more fully in the Statement of the 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.

**UK Medical Ventures Fund No 1 Limited Partnership**  
**Annual Financial Statements for the year ended 31 March 2017**

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

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**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.

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 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 2017

**UK Medical Ventures Fund No 1 Limited Partnership**  
**Annual Financial Statements for the year ended 31 March 2017**

**Statement of Comprehensive Income for the year ended 31 March 2017**

Note		Year to 31.03.17 £	Year to 31.03.16 £
3	Income	7,965	255
4	Administrative expenses	(35,183)	(27,360)
	<b>Operating loss</b>	<b>(27,218)</b>	<b>(27,105)</b>
	Dividends received from investments	505,096	411,560
	Realised gains from investments	65,983	-
	<b>Increase in net assets attributable to the partners from operations</b>	<b>543,861</b>	<b>384,455</b>

All results shown in the Statement of Comprehensive Income are from discontinued operations. The financial statements have been prepared on a basis other than going concern.

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 16 form part of these financial statements.

**UK Medical Ventures Fund No 1 Limited Partnership**  
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**Balance Sheet as at 31 March 2017**

Note		As at 31.03.17 £	As at 31.03.16 £
	<b>Fixed Assets</b>		
8	Investments	-	520,621
	<b>Current Assets</b>		
5	Other receivables	538,062	-
	Prepayments	482	750
	Cash at bank and in hand	92,149	132,429
		630,693	133,179
	<b>Current Liabilities</b>		
6	Creditors: amounts falling due within one year	(34,755)	(40,410)
	Net current assets	595,938	92,769
7	Net assets attributable to the partners	595,938	613,390

The notes on pages 11 to 16 form part of these financial statements.

**UK Medical Ventures Fund No 1 Limited Partnership**  
**Annual Financial Statements for the year ended 31 March 2017**

**Cash Flow Statement for the year ended 31 March 2017**

<b>Note</b>	<b>Year to 31.03.17 £</b>	<b>Year to 31.03.16 £</b>
<b>A</b>		
<b>Net cash outflow from operating activities</b>	(40,280)	(18,027)
<b>Cash flow from financing activities:</b>		
Partnership distributions	(561,313)	(628,290)
<b>Net cash used in financing activities</b>	(561,313)	(628,290)
<b>Cash flow from investing activities:</b>		
Dividends received from investments	505,096	411,560
Sale of investments	56,217	-
<b>Net cash generated from investing activities</b>	561,313	411,560
<b>B</b>		
<b>Decrease in net cash</b>	(40,280)	(234,757)

<b>Notes to the Cash Flow Statement</b>	<b>Year to 31.03.17 £</b>	<b>Year to 31.03.16 £</b>
<b>A</b>		
<b>Cash flow from operating activities</b>		
Reconciliation of operating loss to net cash outflow from operating activities		
Operating loss	(27,218)	(27,105)
(Increase)/decrease in operating debtors and prepayments	(7,407)	143
(Decrease)/increase in creditors	(5,655)	8,935
<b>Total net cash outflow from operating activities</b>	(40,280)	(18,027)
<b>B</b>		
<b>Reconciliation of cash flow to movement in net cash</b>		
Net cash at beginning of year	132,429	367,186
Net cash outflow from activities	(40,280)	(234,757)
<b>Net cash at 31 March</b>	92,149	132,429

The notes on pages 11 to 16 form part of these financial statements.

## **UK Medical Ventures Fund No 1 Limited Partnership Annual Financial Statements for the year ended 31 March 2017**

### **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').

#### **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 was further extended, and most recently on 25 January 2016, the life of the Limited Partnership was extended by one year to 26 January 2017. On 26 January 2017, the Limited Partnership entered liquidation. During the liquidation phase, no further activities or operations shall be conducted except for such action as shall be necessary for the winding-up of the affairs of the Limited Partnership and the distribution of the assets amongst the partners. Accordingly, the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described below. As the Fund Manager considers them inconsequential or unnecessary no adjustments were made in these financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision, or to reclassify fixed assets and long-term liabilities as current assets and liabilities.

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.

##### **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.

##### **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

**UK Medical Ventures Fund No 1 Limited Partnership**  
**Annual Financial Statements for the year ended 31 March 2017**

discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

**Notes to the financial statements (continued)**

**2. Principal Accounting Policies (continued)**

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.

**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.

**UK Medical Ventures Fund No 1 Limited Partnership**  
**Annual Financial Statements for the year ended 31 March 2017**

**Notes to the financial statements (continued)**

**2. Principal Accounting Policies (continued)**

**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 opening valuation of investments in associates and the effective interest rate applicable to other debtors. The estimate of fair value was made in accordance with the International Private Equity and Venture Capital Valuation Guidelines.

	<b>Year to 31.03.17 £</b>	<b>Year to 31.03.16 £</b>
<b>3. Income</b>		
Interest income	7,965	255
	<u>7,965</u>	<u>255</u>

	<b>Year to 31.03.17 £</b>	<b>Year to 31.03.16 £</b>
<b>4. Administrative Expenses</b>		
Auditors' remuneration	5,408	5,820
Bank charges and custodian fees	399	439
Legal and professional	29,376	21,101
	<u>35,183</u>	<u>27,360</u>

The general partner received no remuneration during the year (2016: £nil).

## UK Medical Ventures Fund No 1 Limited Partnership Annual Financial Statements for the year ended 31 March 2017

### Notes to the financial statements (continued)

	31.03.17 £	31.03.16 £
<b>5. Other receivables</b>		
Other receivables	538,062	-
	538,062	-

Other receivables represent deferred consideration due to the Limited Partnership resulting from the sale of investments during the year.

	31.03.17 £	31.03.16 £
<b>6. Creditors: amounts falling due within one year</b>		
Accruals	16,517	19,500
MVM Life Science Partners LLP	18,238	20,910
	34,755	40,410

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

Balance at 31.03.16 £	Increase in net assets attributable to the partners from operations £	Distributions to partners £	Balance at 31.03.17 £
613,390	543,861	(561,313)	595,938

### 7(b) Limited Partners' funding commitments to the Limited Partnership

Initial Commitment to the Fund £	Cumulative drawdowns to date £	Early realisation repayment £	Balance of Commitment 31.03.17 £
40,000,000	(38,462,563)	2,099,630	3,637,067

8. Investments	Unlisted investments £	Total £
<b>Carrying value</b>		
At 1 April 2016	520,621	520,621
At 31 March 2017	-	-

**UK Medical Ventures Fund No 1 Limited Partnership**  
**Annual Financial Statements for the year ended 31 March 2017**

**Notes to the financial statements (continued)**

**8. Investments (continued)**

	Cost of investments at 31.03.16 £	Cost of investments at 31.03.17 £	Total cost or valuation at 31.03.16 £	Total cost or valuation at 31.03.17 £
"Pulmagen" entities	520,621	-	520,621	-
	520,621	-	520,621	-

**Funding commitments**

The Limited Partnership has no additional commitments to investments.

	31.03.17 £	31.03.16 £
<b>9. Categories of financial assets and financial liabilities</b>		
Financial assets measured at fair value through profit or loss	-	-
Financial assets that are debt instruments measured at amortised cost	538,544	750
Financial assets that are equity instruments measured at cost less impairment	-	520,621
Financial liabilities measured at fair value through profit or loss	-	-
Financial liabilities measured at amortised cost	(34,755)	(40,410)
Loan commitments measured at cost less impairment	-	-

**10. 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 debtors, which have been recognised as financial assets measured at amortised cost, 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 Limited Partnership's sole debtor, relating to deferred consideration due from the sale of the Limited Partnership's investments in certain companies, will not make payment to the Limited Partnership when due. To mitigate this risk, the Limited Partnership continues to hold title to the companies in question pending receipt of the deferred consideration.

**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.

**UK Medical Ventures Fund No 1 Limited Partnership**  
**Annual Financial Statements for the year ended 31 March 2017**

**Notes to the financial statements (continued)**

**11. Financial instruments – risks (continued)**

**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.

**12. 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.

**13. Related Party Transactions**

	Year to 31.03.17	Year to 31.03.16
	£	£
Transactions in the year with related parties were as follows:		
Loans repaid to/(received from) MVM Life Science Partners LLP	2,672	(12,935)
Distributions to Brookline Investments Limited	8,684	9,720
Distributions to Muddy River Investments Limited	16,982	19,009
Loans outstanding at the end of the year:		
Loans from MVM Life Science Partners LLP – the Fund Manager	(18,238)	(20,910)

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.

**14. Auditors' remuneration**

Fees payable to the Limited Partnership's auditors for the audit of the statutory accounts amounted to £5,408 (2016: £5,820).