Registered number: 06714951 (England and Wales)

Unaudited Financial Statements

For the year ended 31 December 2015

for

IP2IPO Management V Limited

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Company Information

DIRECTORS:	Greg Smith Alan Aubrey Angela Leach
REGISTERED OFFICE:	1st Floor 24 Cornhill London EC3V 3ND
SECRETARY:	Angela Leach
REGISTERED NUMBER:	06714951 (England and Wales)

IP2IPO Management V Limited
Registered number: 06714951
Unaudited Balance Sheet as at 31 December 2015

	Note	**2015** **£'000**	2014 £'000
Fixed Assets			
Investments	2	**369**	369
Creditors: amounts falling due within one year	3	**(8)**	(8)
Net assets		**361**	361
Capital and reserves			
Called up share capital	4	**780**	780
Profit and loss account		**(419)**	(419)
Total shareholders' funds		**361**	361

The notes form part of these abbreviated accounts.

The company is entitled to exemption from audit under Section 480 of the Companies Act 2006 for the year ended 31 December 2015.

The members have not required the company to obtain an audit of its financial statements for the period ended 31 December 2015 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for:

(a) ensuring that the company keeps accounting records which comply with Section 387 of the Companies Act 2006 and
(b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

Approved on behalf of the Board by:

Greg Smith
Director

27 September 2016

1. ACCOUNTING POLICIES

Accounting convention
The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the *Financial Reporting Standard for Smaller Entities* (effective January 2015).

The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

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

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position and financial performance of the Company is provided in note 6.

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

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 balance sheet at 1 January 2015 for the purposes of the transition to FRS 101.

The Company's ultimate parent undertaking, IP Group plc (the "Group"), includes IP2IPO Management V Limited in its consolidated financial statements. The consolidated financial statements of IP Group plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the company secretary at IP Group plc, 24 Cornhill, London, EC3V 3ND.

The company has been dormant throughout the period.

Equity investments
Equity investments are reported at their fair value estimation.

The fair value of unlisted securities is established using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and earnings multiples. Wherever possible the Company uses valuation techniques which make maximum use of market-based inputs. Accordingly, the valuation methodology used most commonly by the Company is the 'price of recent investment' contained in the International Private Equity and Venture Capital Valuation Guidelines (the "IPEVCV Guidelines") endorsed by the British & European Venture Capital Associations. The following considerations are used when calculating the fair value of unlisted securities:

Cost
Where the investment being valued was itself made recently, its cost may provide a good indication of fair value unless there is objective evidence that the investment has since been impaired, such as observable data suggesting a deterioration of the financial, technical, or commercial performance of the underlying business.

Price of recent investment
The Company considers that fair value estimates, which are based entirely on observable market data, will

be of greater reliability than those based on assumptions and, accordingly, where there has been any recent investment by third parties, the price of that investment will generally provide a basis of the valuation. The length of period for which it remains appropriate to use the price of recent investment depends on the specific circumstances of the investment and the stability of the external environment.

Given the nature of the Company's investments in seed, start-up and early-stage companies, where there are often no current and no short-term future earnings or positive cash flows, it can be difficult to gauge the probability and financial impact of the success or failure of development or research activities and to make reliable cash flow forecasts. Consequently, the most appropriate approach to determine fair value is a methodology that is based on market data, that being the price of a recent investment. Where the Company considers that the price of recent investment, unadjusted, is no longer relevant and there are limited or no comparable companies or transactions from which to infer value, the Company carries out an enhanced assessment based on milestone analysis and/or industry and sector analysis. In applying the milestone analysis approach to investments in companies in early or development stages the Company seeks to determine whether there is an indication of change in fair value based on a consideration of performance against any milestones that were set at the time of the original investment decision, as well as taking into consideration the key market drivers of the investee company and the overall economic environment.

Where the Group considers that there is an indication that the fair value has changed, an estimation is made of the required amount of any adjustment from the last price of recent investment. Wherever possible, this adjustment is based on objective data from the investee company and the experience and judgement of the Group. However, any adjustment is, by its very nature, subjective. Where a deterioration in value has occurred, the Group reduces the carrying value of the investment to reflect the estimated decrease. If there is evidence of value creation the Group may consider increasing the carrying value of the investment; however, in the absence of additional financing rounds or profit generation it can be difficult to determine the value that a purchaser may place on positive developments given the potential outcome and the costs and risks to achieving that outcome and accordingly caution is applied.

Factors that the Group considers include, inter alia, technical measures such as product development phases and patent approvals, financial measures such as cash burn rate and profitability expectations, and market and sales measures such as testing phases, product launches and market introduction.

Other valuation techniques
If there is no readily ascertainable value from following the 'price of recent investment' methodology, or there is objective evidence that a deterioration in fair value has occurred since a relevant transaction, the Group considers alternative methodologies in the IPEVCV Guidelines such as discounted cash flows ("DCF") or price-earnings multiples. DCF involves estimating the fair value of a business by calculating the present value of expected future cash flows, based on the most recent forecasts in respect of the underlying business. Given the difficulty of producing reliable cash flow forecasts for seed, start-up and early-stage companies as described earlier, this methodology is generally used as a confirmatory indicator of the level of any adjustment that may need to be made to the last price of recent investment.

When using the earnings multiple methodology, earnings before interest and tax ("EBIT") are generally used, adjusted to a maintainable level. A suitable earnings multiple is derived from an equivalent business or group of businesses, for which the average price-earnings multiple for the relevant sector index can generally be considered a suitable proxy. This multiple is applied to earnings to derive an enterprise value which is then discounted by up to 60% for non-marketability and other risks inherent to businesses in early stages of operation.

No reliable estimate
Where a fair value cannot be estimated reliably, the investment is reported at the carrying value at the previous reporting date unless there is objective evidence that the investment has since been impaired.

2. FIXED ASSET INVESTMENTS

	Equity investments in unquoted spin-out companies £'000
At 31 December 2015	**369**
At 31 December 2014	369

At 31 December 2015 (and 31 December 2014) the Company had no investments where it holds more than 20% of the issued share capital.

3. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £'000	2014 £'000
Amounts owed to group undertakings	**8**	8
	8	8

4. CALLED UP SHARE CAPITAL

	2015 £'000	2014 £'000
Authorised		
800,000 ordinary shares of £1 each	**800**	800
Allotted, called up and fully paid		
780,285 ordinary shares of £1 each	**780**	780

5. ULTIMATE PARENT COMPANY

The parent undertaking is IP2IPO Limited which is registered in England and Wales. The ultimate parent undertaking is IP Group plc which is registered in England and Wales.

6. TRANSITION FROM UK GAAP TO FRS 101

FRS101 is effective for periods beginning on or after 1 January 2015. On this date the Company transitioned from UK Generally Accepted Accounting Principles to FRS101. An explanation of how the transition from UK GAAP to FRS 101 has affected the Company's financial position is set out in the following tables and the notes that accompany the tables.

The only significant difference in the standards concerned the valuation of financial investments which have previously been held at cost is now held at fair value. The methodology for fair valuing the investments are detailed in note 1.

	1 January 2015		
	UK GAAP £'000	Effect of transition to FRS101 £'000	FRS101 £'000
Assets			
Fixed assets			
Fixed asset investments	784	(415)	369
Capital and reserves			
Profit and loss account	(4)	(415)	(419)

	31 December 2015		
	UK GAAP £'000	Effect of transition to FRS101 £'000	FRS101 £'000
Assets			
Fixed assets			
Fixed asset investments	784	(415)	369
Capital and reserves			
Profit and loss account	(4)	(415)	(419)