Livingbridge VC LLP
Members' Report and Financial statements
For the year ended 31 December 2016

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LIVINGBRIDGE

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Members and professional advisers

Registered Address

100 Wood Street
London
EC2V 7AN

Registration Number

OC320408

Designated Members[1]

O O Kolade
S Egan

Lawyer

O'Melveny & Myers LLP
Warwick Court
5 Paternoster Square
London
EC4M 7DX

Independent Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Banker

Lloyds Bank Plc
39 Threadneedle Street
London
EC2R 8AU

[1] A full list of the Members is available on request

MEMBERS' REPORT

The Members present their report and audited financial statements for the year ended 31 December 2016.

Principal Activities

Livingbridge VC LLP ('the LLP' or 'the Partnership') is a UK Limited Liability Partnership that was incorporated in England on 16 June 2006. It commenced trading on 1 January 2007. The Partnership was authorised to carry out investment management and advisory services by the UK Financial Conduct Authority (the 'FCA') on 23 October 2006.

The LLP is the Investment Manager to and invests on behalf of Baronsmead Venture Trust plc and Baronsmead Second Venture Trust plc, (together the 'Baronsmead VCTs' or 'BVCTs'), FPPE Fund plc ('FPPE Fund') and Wood Street Microcap Investment Fund ('WSM').

Going Concern

The Members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Members' Capital

At 31 December 2016 the LLP's Members' Capital consists of £1,000 of 'A' Capital and £1,000,000 of 'C' Capital.

'A' Capital is fixed at £1,000. Under the terms of the Limited Liability Partnership Deed ('LLP Deed'), Members subscribe to one of five different levels of 'A' Capital (as at 31 December 2016 at £1, £5, £60, £100 or £251) on becoming a Member of the Partnership. 'A' Capital is repayable to a Member upon leaving the LLP and is sold at face value to an individual(s) nominated by the Managing Partner.

'C' Capital of £1,000,000 is held in a bank account in the name of the LLP. This capital cannot be withdrawn to the extent it comprises regulatory capital required for the purposes of maintaining the adequacy of the LLP's financial resources.

Members' Profits and Losses

The profits and losses of the LLP are allocated among the Members in accordance with the LLP Deed.

Current Year Performance

The LLP turnover and profit for the year before Members remuneration available for division among Members was £10,615,661 (2015: £12,353,043) and £5,115,447 (2015: £7,363,446) respectively.

Pillar 3 Disclosure

The LLP is authorised and regulated by the FCA. It is required by Chapter 11 (Disclosure (Pillar 3)) of the FCA's Prudential Sourcebook for Banks, Building Societies and Investment Firms ('BIPRU') to publish, at least annually, certain disclosures about its capital, risk exposures and risk management processes and remuneration arrangements. This requirement derives from the European Union's Capital Requirements Directive ('CRD').

The LLP's Pillar 3 Disclosure is published at: http://www.livingbridge.com/home/livingbridgevc-pillar3.

MEMBERS' REPORT (continued)

Disclosure of information to auditor

The Members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the LLP's auditor is unaware; and each Member has taken all the steps that they ought to have taken as a Member to make themselves aware of any relevant audit information and to establish that the LLP's auditor is aware of that information.

Auditor

KPMG LLP were appointed on 6 February 2014 as auditor to the LLP. KPMG LLP have indicated their willingness to continue in office as auditor to the LLP.

Approved by the Members on 25 April 2017:

Oluwole Olatunde Kolade
Managing Partner

Sheenagh Egan
Chief Operating Officer

100 Wood Street
London
EC2V 7AN

STATEMENT OF MEMBERS' RESPONSIBILITIES IN RESPECT OF THE MEMBERS' REPORT AND THE FINANCIAL STATEMENTS

The Members are responsible for preparing the financial statements in accordance with applicable law and regulations and have elected to prepare a Members' Report.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the Members to prepare financial statements for each financial year. Under that law the Members have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 the Members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period.

In preparing these financial statements, the Members are required to:

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

Under Regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the Members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that its financial statements comply with those regulations. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the LLP and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIVINGBRIDGE VC LLP

We have audited the financial statements of Livingbridge VC LLP for the year ended 31 December 2016 set out on pages 7 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

This report is made solely to the Members of the limited liability partnership (LLP), as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by Regulation 39 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's Members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Members and auditor

As explained more fully in the Members' Responsibilities Statement set out on page 5, the Members 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the LLP as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the LLP, or returns adequate for our audit have not been received from branches not visited by us; or
- the LLP's individual financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Jonathan Martin (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

25 April 2017

STATEMENT OF TOTAL COMPREHENSIVE INCOME

for the year ended 31 December 2016

	Notes	2016 £	2015 £
Turnover	1,2	**10,615,661**	12,353,043
Administrative expenses		**(5,507,179)**	(4,997,234)
Operating profit	4	**5,108,482**	7,355,809
Other interest receivable and similar income	3	**6,965**	7,637
Profit for the year before Members' remuneration and profit shares		**5,115,447**	7,363,446
Members' remuneration charged as an expense		**-**	-
Total Comprehensive Income for the year available for discretionary division among Members		**5,115,447**	7,363,446

The notes on pages 12 to 14 form part of these financial statements

STATEMENT OF FINANCIAL POSITION
at 31 December 2016

	Notes	2016 £	2015 £
Current assets			
Debtors	6	**3,139,766**	3,692,568
Cash at bank		**2,880,900**	3,702,702
		6,020,666	7,395,270
Creditors: amounts falling due within one year	7	**(2,098,177)**	(2,704,751)
Net current assets		**3,922,489**	4,690,519
Net assets attributable to Members		**3,922,489**	4,690,519
Represented by:			
Loans and other debts due to Members within one year			
Members' capital classified as a liability		**1,000**	-
Other amounts		**1,050,936**	1,645,452
		1,051,936	1,645,452
Members' other interests			
Members' capital classified as equity		**1,000,000**	1,001,000
Members' other interests - other reserves classified as equity		**1,870,553**	2,044,067
		2,870,553	3,045,067
Total Members' Interest			
Loans and other debts due to Members within one year		**1,051,936**	1,645,452
Members' other interests		**2,870,553**	3,045,067
		3,922,489	4,690,519

These financial statements were approved by the Members on 25 April 2017 and were signed on their behalf by:

Sheenagh Egan
Chief Operating Officer

The notes on pages 12 to 14 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
at 31 December 2016

	Equity Members Other Interests			Debt Loans and other debts due to Members			Total Members' Interests
	Members' Capital (classified as equity) [1]	Other Reserves	Total	Members' Capital (classified as debt) [1]	Other amounts	Total	
	£	£	£	£	£	£	£
Balance at 1 January 2016	1,001,000	2,044,067	**3,045,067**	-	1,645,452	**1,645,452**	**4,690,519**
Profit for the year available for discretionary division among Members	-	5,115,447	**5,115,447**	-	-	**-**	**5,115,447**
Other divisions of profits	-	(5,288,961)	**(5,288,961)**	-	5,288,961	**5,288,961**	**-**
Reclassification of Members' Capital [2]	(1,000)	-	**(1,000)**	1,000	-	**1,000**	**-**
Drawings	-	-	**-**	-	(5,883,477)	**(5,883,477)**	**(5,883,477)**
Balance at 31 December 2016	**1,000,000**	**1,870,553**	**2,870,553**	**1,000**	**1,050,936**	**1,051,936**	**3,922,489**

[1] Members' Capital (classified as equity) represents Members' 'C' Capital of £1,000,000. Members Captial (classified as debt) represents Members' 'A' Capital of £1,000.

[2] Members' 'A' Capital reclassified as debt.

The notes on pages 12 to 14 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
at 31 December 2015

	Equity Members Other Interests			Debt Loans and other debts due to Members			Total Members' Interests
	Members' Capital (classified as equity) [1]	Other Reserves	Total	Members' Capital (classified as debt)	Other amounts	Total	
	£	£	£	£	£	£	£
Balance at 1 January 2015	576,000	2,573,923	**3,149,923**	-	984,328	**984,328**	**4,134,251**
Profit for the year available for discretionary division among Members	-	7,363,446	**7,363,446**	-	-	**-**	**7,363,446**
Other divisions of profits	-	(7,468,302)	**(7,468,302)**	-	7,468,302	**7,468,302**	**-**
Transfer to Members' Capital (classified as equity)	425,000	(425,000)	**-**	-	-	**-**	**-**
Drawings	-	-	**-**	-	(6,807,178)	**(6,807,178)**	**(6,807,178)**
Balance at 31 December 2015	**1,001,000**	**2,044,067**	**3,045,067**	**-**	**1,645,452**	**1,645,452**	**4,690,519**

[1] Members' Capital (classified as equity) of £1,001,000 (2014: £576,000) represents Members' 'A' Capital of £1,000 (2014: £1,000), and Members' 'C' Capital of £1,000,000 (2014: £575,000).

The notes on pages 12 to 14 form part of these financial statements

STATEMENT OF CASH FLOWS
for the year ended 31 December 2016

	Notes	2016 £	2015 £
Net cash flow from operating activities	8	**5,054,710**	6,570,759
Cash flows from investing activities			
Interest received		**6,965**	7,637
Net cash flows from investing activities		**6,965**	7,637
Transactions with Members			
Drawings		**(5,883,477)**	(6,807,178)
Net cash flows from transactions with Members		**(5,883,477)**	(6,807,178)
Net decrease in cash and cash equivalents		**(821,802)**	(228,782)
Cash and cash equivalents at 1 January		**3,702,702**	3,931,484
Cash and cash equivalents at 31 December		**2,880,900**	3,702,702

The notes on pages 12 to 14 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016

1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the LLP's financial statements:

Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention, in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") and the Limited Liability Partnerships Act 2000. The financial statements have also been prepared in accordance with the Statement of Recommended Practice (SORP) for Limited Liability Partnerships issued by the Consultative Committee of Accountancy Bodies in July 2014.

Turnover

Turnover comprises amounts derived from the provision of investment management and advisory services.

Included in turnover is management, secretarial and transaction fee income which is recognised on an accruals basis. Performance fees are recognised in the period when they crystallise.

Expenses

Expenses are accounted for on an accruals basis.

Taxation

Taxation for the LLP, being the individual liability of each Member, is not provided for in the accounts.

Allocation of profits and losses

The profits and losses of the LLP are allocated among the Members in accordance with the LLP Deed.

Loans and other debts due to Members

Loans and other debts due to Members include profits which have been allocated to Members and are capable of being withdrawn by such Members, but remain unpaid at the year end.

2. Turnover

	2016	2015
	£	£
Included in turnover are:		
Management, secretarial and performance fees	**9,663,310**	11,203,796
Transaction fees	**733,498**	1,149,247
Other	**218,853**	-
	10,615,661	12,353,043

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Other interest receivable and similar income

	2016 £	2015 £
Interest income - bank	**6,965**	7,637
	6,965	7,637

4. Operating profit for the year

	2016 £	2015 £
Operating profit for the year is stated after charging:		
Auditor's remuneration:		
Audit of these financial statements	**27,500**	27,500
Other services pursuant to legislation	**8,500**	6,000

5. Members' remuneration and profit share

The average number of Members in the year ended 31 December 2016 was 15 (2015: 16).

The total profit share of the highest paid Member in the year, including remuneration, was £1m (2015: £1.1m).

6. Debtors

	2016 £	2015 £
Trade debtors	**272,268**	1,319,458
Prepayments and accrued income	**2,103,052**	2,266,261
Amounts owed by associated undertaking	**717,752**	88,666
Other debtors	**46,694**	18,183
	3,139,766	3,692,568

7. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	**-**	20,354
Accruals	**279,007**	157,783
Amounts owed to associated undertaking	**1,797,776**	2,500,000
VAT payable	**21,394**	26,614
	2,098,177	2,704,751

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

8. Reconciliation of operating profits to operating cash flows

	2016	2015
	£	£
Operating profit	**5,108,482**	7,355,809
Adjustments for:		
Decrease/(increase) in debtors	**552,802**	(1,036,524)
(Decrease)/increase in creditors	**(606,574)**	251,474
Net cash inflow from operating activities	**5,054,710**	6,570,759

9. Related party transactions

During the year the LLP was charged a facilities and services fee of £646,328 (2015: £nil) by Livingbridge Services Limited, a related entity. In addition to the payment of this fee, the LLP paid Livingbridge Services Limited an amount of £713,672 to fund future expenses. At 31 December 2016 an additional amount of £4,080 was due from Livingbridge Services Limited.

During the year the LLP was charged a facilities and services fee of £4,019,000 (2015: £4,000,000) by Livingbridge EP LLP, a related entity, of which £1,769,000 was due at year end (2015: £2,500,000 due at year end).

At 31 December 2016 an additional amount of £28,776 was due to Livingbridge EP LLP (2015: £88,666 receivable from Livingbridge EP LLP).

Total compensation of key management personnel in the year amounts to £5,883,477 (2015: £6,807,178).