

Registered No: SC360329

**FRONTIER IP GP RG LIMITED**  
**ANNUAL REPORT & FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 JUNE 2018**

**Partnership  
Accounts**



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**FRONTIER IP GP RG LIMITED**

**REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

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**FRONTIER IP GP RG LIMITED**

**REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

N D Crabb  
J M Fish  
J A McKay

**REGISTERED OFFICE**

c/o CMS Cameron McKenna Nabarro Olswang LLP  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EN

**AUDITOR**

BDO LLP  
150 Aldersgate Street  
London  
EC1A 4AB

**REGISTERED NUMBER**

SC360329

## **FRONTIER IP GP RG LIMITED**

### **REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

#### **DIRECTORS' REPORT**

The directors present their report together with the financial statements and auditor's report, for the year ended 30 June 2018. This report has been prepared in accordance with the special provisions relating to small companies provided by s415A of the Companies Act 2006 and consequently no strategic report is provided.

#### **Principal activities**

The company is the General Partner of the RGU Ventures Investment Fund.

#### **Results and dividends**

The company made a loss before tax for the year of £6,641 (2017: £11,996) The directors do not recommend the payment of a dividend. (2017: Nil)

#### **Directors**

The directors who served during the year are set out on page 2.

#### **Awareness of relevant audit information**

At the date of signing this report and insofar as each of the directors is aware:

- There is no relevant audit information of which the auditor is unaware
- The directors have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

#### **Going concern**

The statement of financial position at 30 June 2018 shows the company is in a net liability position. As the company is reliant on funding from its parent company, the directors have reviewed the trading prospects and projected cash flows of the group as a whole. The directors have received an undertaking from its parent company that it has no intention to withdraw support for the foreseeable future. On this basis the directors have a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **Auditor**

On 1 February 2019 Moore Stephens LLP merged its business with BDO LLP. As a result, Moore Stephens LLP has resigned as auditor and the directors have appointed BDO LLP as auditor in their place. BDO LLP has indicated its willingness to continue in office.

**FRONTIER IP GP RG LIMITED**

**REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

**DIRECTORS' REPORT (continued)**

**Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year that 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 year. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable understandable information; and
- State whether applicable accounting standards 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 company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for the company's systems of internal financial control and for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

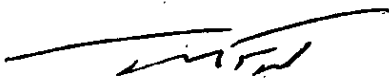
**Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

**Events since the balance sheet date**

The RGU Ventures Investment Fund was established with a provision that it would expire during July 2019 unless an extension was agreed by the partners. It has been decided that the Fund will not be extended.

By Order of the Board



**J M Fish**  
**Director**

28 March 2019

## **FRONTIER IP GP RG LIMITED**

### **REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

#### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FRONTIER IP GP RG LIMITED**

##### **Opinion**

We have audited the financial statements of Frontier IP GP RG Limited for the year ended 30 June 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of its result 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.

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

##### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

##### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to

## **FRONTIER IP GP RG LIMITED**

### **REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage from the requirement to prepare a strategic report.

#### **Responsibilities of Directors**

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## **FRONTIER IP GP RG LIMITED**

### **REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs(UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Timothy West (Senior Statutory Auditor)  
for and on behalf of BDO LLP, Statutory Auditor

150 Aldersgate Street  
London  
EC1A 4AB

29 March 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



**FRONTIER IP GP RG LIMITED****REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018****STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018**

	<b>Notes</b>	<b>2018 £</b>	<b>2017 £</b>
<b>Turnover</b>		<b>8,287</b>	<b>8,065</b>
<b>Operating expenses</b>	<b>2</b>	<b>(14,928)</b>	<b>(20,061)</b>
<b>Operating loss</b>		<b>(6,641)</b>	<b>(11,996)</b>
<b>Loan written off</b>		<b>142,252</b>	<b>-</b>
<b>Accrued income written off</b>		<b>(148,313)</b>	<b>-</b>
<b>Loss on ordinary activities before taxation</b>		<b>(12,702)</b>	<b>(11,996)</b>
<b>Taxation</b>		<b>-</b>	<b>-</b>
<b>Loss and total comprehensive expense for the financial period</b>		<b>(12,702)</b>	<b>(11,996)</b>
<b>Retained earnings at the beginning of the year</b>		<b>(29,764)</b>	<b>(17,768)</b>
<b>Loss for the year</b>		<b>(12,702)</b>	<b>(11,996)</b>
<b>Retained earnings at the end of the year</b>		<b>(42,466)</b>	<b>(29,764)</b>

All the Company's activities are classed as continuing.

The accompanying notes on pages 11 to 14 form an integral part of these financial statements.

**FRONTIER IP GP RG LIMITED****REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018****STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018**

	Notes	2018 £	2017 £
<b>Current assets</b>			
Debtors	4	7,357	141,947
<b>Creditors: amounts falling due within one year</b>	5	<u>(49,822)</u>	<u>(171,710)</u>
<b>Net current liabilities</b>		<u>(42,465)</u>	<u>(29,763)</u>
<b>Net liabilities</b>		<u>(42,465)</u>	<u>(29,763)</u>
<b>Capital and reserves</b>			
Called up share capital		1	1
Retained earnings		<u>(42,466)</u>	<u>(29,764)</u>
<b>Shareholder's (deficit)</b>		<u>(42,465)</u>	<u>(29,763)</u>

The financial statements on pages 8 to 14 were approved and authorised for issue by the Board of Directors on 28 March 2019 and signed on behalf of the Board by:



J M Fish  
Director

Registered No: SC360329

The accompanying notes on pages 11 to 14 form an integral part of these financial statements.

**FRONTIER IP GP RG LIMITED****REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018****STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018**

	<b>Share Capital</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
	£	£	£
At 1 July 2016	1	(17,768)	(17,767)
Loss for the year	-	(11,996)	(11,996)
At 30 June 2017	1	(29,764)	(29,763)
Loss for the year	-	(12,702)	(12,702)
At 30 June 2018	1	(42,466)	(42,465)

The accompanying notes on pages 11 to 14 form an integral part of these financial statements.

## **FRONTIER IP GP RG LIMITED**

### **REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

#### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

##### **1. Accounting policies**

The principal accounting policies are summarised below. They have been applied consistently throughout the period.

##### *Basis of accounting*

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101').

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements International Financial Reporting Standards as adopted by the EU ('IFRS'), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out in note 7 where advantage of the FRS 101 disclosure exemptions has been taken.

The company's ultimate parent undertaking, Frontier IP Group plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Frontier IP Group plc are prepared in accordance with IFRS and are publicly available.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see below).

##### *Going concern*

The statement of financial position at 30 June 2018 shows the company is in a net liability position. As the company is reliant on funding from its parent company, the directors have reviewed the trading prospects and projected cash flows of the group as a whole. The directors have received an undertaking from its parent company that it has no intention to withdraw support for the foreseeable future, and for a period of at least 12 months from the date of approval of these accounts. On this basis the directors have a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

##### *Turnover*

Turnover represents amounts invoiced for the provision of services, net of Value Added Tax.

##### *Taxation*

The charge for taxation is based on the profit for the period and takes into account deferred taxation. Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

## **FRONTIER IP GP RG LIMITED**

### **REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

#### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

##### **Note 1 continued**

###### *Financial instruments*

Financial assets and financial liabilities are recognised in the Group's statement of financial position at fair value when the Group becomes a party to the contractual provisions of the instrument.

###### *Trade receivables*

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortised cost less an allowance for doubtful debts.

###### *Financial liability and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations rather than the financial instrument's legal form. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

###### *Trade payables*

Trade payables are not interest bearing and are stated at their fair value.

###### *Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

###### *Critical accounting judgements and estimates*

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. Actual results may differ from these estimates and judgements. Due to the simplicity of the Company's transaction stream and year-end financial position, the Directors consider there to be no critical judgements, estimates or assumptions in the preparation of the financial statements.

**FRONTIER IP GP RG LIMITED****REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018****2. Operating expense**

Operating loss is stated after charging:

	2018	2017
	£	£
Management fees	13,870	18,766
Auditor's remuneration		
- Audit services	235	695
- Non-audit services: tax	810	600
Legal fees	13	-

Auditor's remuneration for 2018 was borne by Frontier IP Group plc, the ultimate parent company (see note 6).

**3. Taxation**

	2018	2017
	£	£
Loss on ordinary activities before tax	(12,702)	(11,996)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19% (2017: 20%)	(2,413)	(2,399)
Unrelieved tax losses not recognised in deferred tax	2,413	2,399
	-	-

**4. Debtors**

	2018	2017
	£	£
Other debtors	5,400	-
Prepayments	1,956	1,920
Accrued income	-	140,026
Called up share capital not paid	1	1
	7,357	141,947

Where there is a shortfall in the amount of the profits of the RGU Ventures Investment Fund to be allocated to the company to satisfy its priority profit share, the priority profit share income is accrued. Sufficient profits will not be made by RGU Ventures Investment Fund prior to the winding up of the fund and so the accrued income has been written off through the profit and loss account during the year.

All the financial assets above are measured at amortised cost.

**FRONTIER IP GP RG LIMITED****REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018****5. Creditors: amounts falling due within one year**

	2018	2017
	£	£
Amount due to fellow subsidiary	43,774	28,604
Loan	-	138,177
Trade creditors	3,548	2,304
Other creditors and accruals	2,500	2,625
	<u>49,822</u>	<u>171,710</u>

Under the terms of the RGU Ventures Investment Fund partnership agreement, when there is a deficiency in profits, such that there is a shortfall in the amount of profits to be allocated as the company's profit share, the advances received are treated as an interest-free loan. When the unpaid profit share can subsequently be satisfied by an allocation of profits from the RGU Ventures Investment Fund, the allocation shall be applied to discharge an equivalent amount of the loan. Sufficient profits will not be made by RGU Ventures Investment Fund prior to the winding up of the fund and so the loan was written off through the profit and loss account during the year.

All the financial liabilities above are measured at amortised cost.

**6. Ultimate controlling party**

The directors regard Frontier IP Group plc, a company incorporated in England, as the ultimate parent company and the ultimate controlling party.

Frontier IP Group Plc is the parent company of the smallest and largest group of which the company is a member and for which group financial statements are drawn up. Copies of the accounts are available from the parent company's registered office at CMS Cameron McKenna Nabarro Olswang LLP, 78 Cannon Street, London EC4N 6AF.

**7. FRS 101 exemptions**

The company's ultimate parent undertaking, Frontier IP Group Plc, includes the company in its consolidated financial statements. The consolidated financial statements of Frontier IP Group Plc, are prepared in accordance with IFRS and are available to the public and may be obtained from Companies House.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- disclosures in respect of transactions with wholly owned subsidiaries;
- the effects of new but not yet effective IFRSs;
- in respect of compensation of Key Management Personnel.

## **RGU VENTURES INVESTMENT FUND**

### **Annual report and financial statements for the year ended 30 June 2018**

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6	Income and expenditure account
7	Balance sheet
8-12	Notes forming part of the financial statements

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<b>Manager</b>	NCM Fund Services Limited
<b>General Partner</b>	Frontier IP GP RG Limited
<b>Founder Partner</b>	Frontier IP Founder Partners Limited
<b>Limited Partners</b>	Robert Gordon University Frontier IP Investments Limited
<b>Registered office</b>	7 Melville Crescent Edinburgh EH3 7JA
<b>Limited partnership number</b>	SL007229 RGU Ventures Investment Fund is a limited partnership governed by the Limited Partnership Act 1907
<b>Auditors</b>	BDO LLP 150 Aldersgate Street London EC1A 4AB
<b>Bankers</b>	Royal Bank of Scotland 36 St. Andrew Square Edinburgh EH2 2AD



## **RGU VENTURES INVESTMENT FUND**

### **General Partner's report**

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The General Partner presents the annual financial statements of the RGU Ventures Investment Fund ("the Fund" or "the Partnership") for the year ended 30 June 2018.

#### **Principal activity**

The principal activity of the Fund is as an investor in companies spun out from Robert Gordon University.

#### **Directors**

The directors of the General Partner, Frontier IP GP RG Limited, during the year ended 30 June 2018 were as follows:

N D Crabb  
J M Fish  
J A McKay

#### **Statement of the General Partner's responsibilities**

The General Partner is responsible for preparing the financial statements in accordance with applicable law and regulations.

The Partnership (Accounts) Regulations 2008 requires the General Partner to prepare the financial statements for each financial year. Under that law the General Partner has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including Section 1A "Small Entities" of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice applicable to Small Entities) and applicable law. Under the partnership law the General Partner must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of the Partnership and of the profit or loss of the Partnership for that period. In preparing these financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards 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 Partnership will continue in business.

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions, disclose with reasonable accuracy at any time the financial position of the Partnership. 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.

#### **Awareness of relevant audit information**

At the date of signing this report and in so far as each persons who are a Director of the General Partner are aware:

- There is no relevant audit information of which the auditor is unaware
- The directors have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

## **RGU VENTURES INVESTMENT FUND**

### **General Partner's report**

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#### **Employees**

The Fund has no employees.

#### **Charitable and political donations**

The Fund made no political or charitable donations during the period.

#### **Directors' indemnity insurance**

The ultimate holding company of the General Partner during the year, Frontier IP Group plc, had a Directors and Officers insurance policy in place throughout the year.

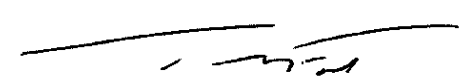
#### **Investment period**

The investment period ended on 27 January 2015.

#### **Events since the balance sheet date**

The Fund was established with a provision that it would expire during July 2019 unless an extension was agreed by the partners. It has been decided that the Fund will not be extended and instead it will be wound up.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to small Limited Partnership regime.



By order of the Board  
Frontier IP GP RG Limited

28 March 2019

## **RGU VENTURES INVESTMENT FUND**

### **Independent auditor's report**

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#### **To the Members of RGU Ventures Investment Fund**

##### **Opinion**

We have audited the financial statements of RGU Ventures Investment Fund ("the qualifying partnership") for the year ended 30 June 2018 which comprise the income and expenditure account, balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Section 1A "Small Entities" of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice applicable to Small Entities).

In our opinion, the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 30 June 2018 and of its income and expenditure 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.

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the qualifying partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

##### **Emphasis of matter – Basis of preparation**

We draw attention to note 1 in the financial statements, which describes the basis of preparation. The members have prepared the financial statements using a break-up basis of accounting as they consider that the qualifying partnership is not a going concern. Our opinion is not modified in respect of this matter.

##### **Other information**

The members are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **RGU VENTURES INVESTMENT FUND**

### **Independent auditor's report**

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#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Members' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Members' Report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the qualifying partnership and its environment obtained in the course of the audit, we have not identified material misstatements in the members' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the members were not entitled to prepare the financial statements in accordance with the small qualifying partnerships regime and take advantage of the small qualifying partnerships' exemptions in preparing the members' report and from the requirement to prepare a strategic report.

#### **Responsibilities of members**

The members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the qualifying partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the qualifying partnership or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs(UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

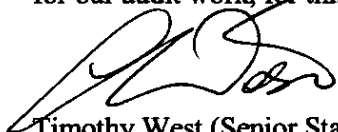
## **RGU VENTURES INVESTMENT FUND**

### **Independent auditor's report**

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#### **Use of our report**

This report is made solely to the qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships. Our audit work has been undertaken so that we might state to the qualifying partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the qualifying partnership and the qualifying partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.



Timothy West (Senior Statutory Auditor)  
for and on behalf of BDO LLP, Statutory Auditor

150 Aldersgate Street  
London  
EC1A 4AB

Date: 29 March 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**RGU VENTURES INVESTMENT FUND****Income and expenditure account for the year to 30 June 2018**

	<b>Note</b>	<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
<b>Income</b>			
Income on loan investment		4,332	4,219
<b>Expenditure</b>			
Administration expenses		(4,020)	(3,935)
<b>Operating profit for the year</b>		<b>312</b>	<b>284</b>
General partner loan balance written off		(142,423)	-
<b>Net (loss)/income and net (loss)/gain attributable to the partners for the year</b>		<b>(142,111)</b>	<b>284</b>

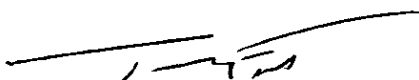
The notes on pages 8 to 12 form part of these financial statements.

## RGU VENTURES INVESTMENT FUND

### Balance sheet at 30 June 2018

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Investments	3	-	80,000
<b>Non-current assets</b>			
Debtors	4	-	10,819
<b>Current assets</b>			
Investments	3	80,000	-
Debtors	4	15,151	137,793
Cash and cash equivalents		4,212	147
		<u>99,363</u>	<u>137,940</u>
<b>Creditors: amounts falling due within one year</b>	5	<u>(8,006)</u>	<u>(6,990)</u>
<b>Net current assets</b>		<u>91,357</u>	<u>130,950</u>
<b>Net assets</b>		<u>91,357</u>	<u>221,769</u>
<b>Loans and other debts due to Limited Partners</b>	6	642,164	626,884
<b>Partners' other interests</b>			
Partners' capital	7	(400,807)	(255,115)
<b>Unallocated reserves</b>	8	<u>(150,000)</u>	<u>(150,000)</u>
		<u>91,357</u>	<u>221,769</u>

The financial statements were approved by the Board of the General Partner on 28 March 2019 and signed on its behalf by:



J M Fish  
Director of the General Partner

The notes on pages 8 to 12 form part of these financial statements.

## RGU VENTURES INVESTMENT FUND

### Notes forming part of the financial statements for the year ended 30 June 2018

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#### 1 Accounting policies

##### *General information*

These financial statements are presented in pounds sterling (GBP), as that is the currency in which the majority of the qualifying partnership's transactions are denominated. These comprise the financial statements of the qualifying partnership for the year ended 30 June 2018 and are presented to the nearest pound.

The qualifying partnership is both established and domiciled in Scotland. The registered office address is 7 Melville Crescent, Edinburgh, EH3 7JA

##### *Basis of preparation of financial statements*

The financial statements have been prepared under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and The Partnerships (Accounts) Regulations 2008.

The following principal accounting policies have been applied:

##### *Going Concern*

These financial statements have been prepared on a break-up basis, as the intention is that the Partnership will be wound-up.

The financial statements have been prepared on a basis other than going concern, which includes, where appropriate, writing down the Partnership's assets to net realisable value. Provision has also been made for any contractual commitments that have become onerous at the end of the reporting period. The financial statements do not include any provision for the future costs of terminating the business of the limited partnership except to the extent that such costs were committed at the end of the reporting period.

##### *Valuation of investments*

Investments are valued in accordance with the 'International Private Equity and Venture Capital Valuation Guidelines' endorsed by the British Venture Capital Association.

Investments are held as either fixed asset investments or current asset investments. Investments are held as current assets where there is no lock-in period exceeding 12 months imposed on the Fund and where there is a market for the shares and it is the intention to dispose of some or all of the investment in the next 12 months. All other investments are held as fixed assets.

##### *Financial Instruments*

The qualifying partnership only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

##### *Debtors*

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### *Creditors*

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest model.



## RGU VENTURES INVESTMENT FUND

### Notes forming part of the financial statements for the year ended 30 June 2018 (continued)

#### *Cash and cash equivalents*

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### *Taxation*

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

#### *Allocation of net income, net income losses, capital gains and capital losses*

Allocations of net income, net income losses, capital gains and capital losses are made in accordance with the terms of the limited partnership agreement for the RGU Ventures Investment Fund ("the LPA").

#### *Critical accounting judgements and estimates*

The Partnership makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

#### *Valuation of unquoted equity investments*

In applying valuation techniques to determine the fair value of unquoted equity investments the partnership makes estimates and assumptions regarding the future potential of the investments. As the Partnership's investments are in seed, start-up and early stage businesses it can be difficult to assess the outcome of their activities and to make reliable forecasts. Given the difficulty of producing reliable cash flow projections for use in discounted cash flow valuations, this technique is applied with caution. Adjustments made to fair value are, by their very nature, subjective and determining the fair value is a critical accounting estimate.

## 2 Net loss attributable to the partners for the year

	2018 £	2017 £
This has been arrived at after charging:		
Auditor's remuneration – audit services	3,870	3,870

## 3 Investments

	2018 £	2017 £
<i>Unlisted investments</i>		
Net book value at 1 July 2017	80,000	80,000
Amounts invested during the period	-	-
Provision for impairment	-	-
Net book value at 30 June 2018	80,000	80,000

## RGU VENTURES INVESTMENT FUND

Notes forming part of the financial statements for the year ended 30 June 2018 (continued)

### 3 Investments (continued)

At the end of the year the Fund held the following investments:

Name	Country of incorporation or registration	Proportion of voting rights based on fully diluted share capital	Nature of business
Hatton House Distribution Ltd (formerly Counterweight Ltd) Ordinary shares	Scotland	8.1%	Weight management programmes
Celerum Limited Convertible loan	Scotland	N/A	Software for scheduling systems

The convertible loan to Celerum Limited accrues interest at a rate of 5% above the base rate of the Royal Bank of Scotland on the basis of a 365 day year. The interest is only payable on conversion or redemption of the loan notes.

The intention is to either convert the loan or distribute in specie prior to winding up the fund. Accordingly, they have been reclassified from fixed asset investments to current asset investments during the year.

4 Debtors	2018 £	2017 £
<b>Debtors due &lt; 1 year:</b>		
General Partner loan	-	137,793
Interest receivable	15,151	-
	<u>15,151</u>	<u>137,793</u>
<b>Debtors due &gt; 1 year:</b>		
Interest receivable	-	10,819
	<u>-</u>	<u>10,819</u>

Under the terms of the partnership agreement, when there is a deficiency in profits, such that there is a shortfall in the amount of profits to be allocated as the General Partner's profit share, the advances are treated as an interest-free loan. When the unpaid profit share can subsequently be satisfied by an allocation of profits of the Partnership, the allocation shall be applied to discharge an equivalent amount of the loan. Sufficient profits will not be made prior to the winding up of the Partnership and so the General Partner loan was written off through the profit and loss account during the year.

5 Creditors: amounts falling due within one year	2018 £	2017 £
Other creditors and accruals	8,006	6,990
	<u>8,006</u>	<u>6,990</u>

## RGU VENTURES INVESTMENT FUND

Notes forming part of the financial statements for the year ended 30 June 2018 *(continued)*

### 6 Loans and other debts due to Limited Partners

	<b>Robert Gordon University £</b>	<b>Frontier IP Investments Ltd £</b>	<b>Total £</b>
Balance brought forward at 1 July 2017	455,916	170,968	626,884
Drawn down in year	11,113	4,167	15,280
Balance carried forward at 30 June 2018	467,029	175,135	642,164

No interest is payable on these loans, in accordance with the LPA.

### 7 Partners' capital

	<b>Frontier IP Founder Partners Ltd £</b>	<b>Robert Gordon University £</b>	<b>Frontier IP Investments Ltd £</b>	<b>Total £</b>
<i>Capital contributions account</i>				
Balance brought forward at 1 July 2017 and carried forward at 30 June 2018	233	800	300	1,333
<i>Income account</i>				
Balance brought forward at 1 July 2017	-	(26,507)	(9,941)	(36,448)
Movement in the year	-	(105,958)	(39,734)	(145,692)
Balance carried forward at 30 June 2018		(132,465)	(49,675)	(182,140)
<i>Capital account</i>				
Balance brought forward at 1 July 2017 and carried forward at 30 June 2018	-	(160,000)	(60,000)	(220,000)
<i>Total Partners' capital</i>				
Balance brought forward at 1 July 2017	233	(185,707)	(69,641)	(255,115)
Movement in the year	-	(105,958)	(39,734)	(145,692)
Balance carried forward at 30 June 2018	233	(291,665)	(109,375)	(400,807)

## RGU VENTURES INVESTMENT FUND

### Notes forming part of the financial statements for the year ended 30 June 2018 *(continued)*

#### 8 Unallocated reserves

Gains or losses on revaluation of investments are not allocated to the Limited Partners until realisation of that investment as set out in the terms of the LPA.

	2018 £	2017 £
At 1 July 2017	(150,000)	(150,000)
Revaluation of investments in the year	-	-
At 30 June 2018	<u>(150,000)</u>	<u>(150,000)</u>

#### 9 Related party transactions

Frontier IP Limited, a related undertaking of the General Partner, receives fees from certain companies in which the Fund has invested. The fees invoiced by Frontier IP Limited in the period subsequent to the Fund's investment are detailed below together with the amount outstanding at 30 June 2018. B1 Medical was dissolved on 5 February 2013.

Company	Date of initial investment	Fees invoiced since investment £	Amounts written off £	Amounts outstanding at 30 June 2018 £	Amounts outstanding at 30 June 2017
B1 Medical Ltd	August 2009	57,150	17,188	-	-
Hatton House Distribution Ltd (formerly Counterweight Ltd	August 2011	138,000	-	-	18,000

#### 10 Ultimate controlling party

The directors of the General Partner believe that the Fund has no ultimate controlling party.