

TOUCHSTONE INNOVATIONS INVESTMENT MANAGEMENT LIMITED

(Formerly Imperial Innovations Investment Management Limited)

Annual Report and Financial Statements
for the year ended 31 July 2017



Touchstone Innovations Investment Management Limited

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Touchstone Innovations Investment Management Limited

Company information

DIRECTORS	R. Cummings N. Pitchford J. Edington
COMPANY SECRETARY	W. Rayner
REGISTERED OFFICE	7 Air Street London W1B 5AD
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Abacus House Castle Park Cambridge CB3 0AN
REGULATORY ADVISORS	Kinetic Partners LLP One London Wall Level 10 London EC2Y 5HB
SOLICITORS	Mayer Brown International LLP 201 Bishopsgate London EC2M 3AF

Touchstone Innovations Investment Management Limited

Directors' report for the year ended 31 July 2017

The Directors submit their report and the audited financial statements for the year ended 31 July 2017. Although being part of an ineligible group, the company is entitled to take the small company exemption from preparing a strategic report in accordance with CA06 s414B.

PRINCIPAL ACTIVITIES, REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Touchstone Innovations Investment Management Limited's (formerly known as Imperial Innovations Investment Management Limited) principal activity is that of an FCA regulated entity to carry out FCA regulated activities for the Touchstone Innovations plc group. Such activities include leading investment rounds and providing corporate finance advice to Touchstone Innovations' portfolio companies. No change to this principal activity is currently envisaged.

During the year ended 31 July 2011, Touchstone Innovations Investment Management Limited ("the Company") appointed Touchstone Innovations Investments Limited to act as Appointed Representative. Touchstone Innovations Investments Limited is a wholly owned subsidiary of Touchstone Innovations plc. As Appointed Representative, Touchstone Innovations Investments Limited received corporate finance fees of £191,433 during the year ended 31 July 2017 (2016: £400,331).

Further discussion of the review of business and future developments in the context of the group (Touchstone Innovations plc) as a whole, including the Company, is provided in the Chief Executive Officer's review on pages 4 to 12 and the Financial review on pages 13 and 14 of Touchstone Innovations plc's annual report for the year ended 31 July 2017, which does not form part of this report.

Additionally, the key performance indicators and the principal risks and uncertainties are discussed in the context of the group as a whole, including the Company, on page 15 and pages 16 to 20 of Touchstone Innovations plc's annual report for the year ended 31 July 2017, which does not form part of this report.

FINANCIAL RISK MANAGEMENT

Given the size of the Company, responsibility for monitoring financial risk management is in the hands of the Board. For these purposes, the Company has no financial instruments other than cash and short-term debtors and creditors. The majority of debtors are owed by group undertakings and are therefore considered to constitute low financial risk.

GOING CONCERN

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the intermediate parent company (Touchstone Innovations plc). The directors have received confirmation that Touchstone Innovations plc intends to support the Company for at least one year after these financial statements are signed.

RESULTS FOR THE YEAR AND DIVIDENDS

The profit and loss account for the year is set out on page 10. No dividends were declared or paid during the year (2016: nil). The Directors do not recommend the payment of a final dividend (2016: nil).

DIRECTORS

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

R. Cummings

N. Pitchford

J. Edington

Touchstone Innovations Investment Management Limited

Directors' report for the year ended 31 July 2017 (continued)

DIRECTORS' THIRD PARTY INDEMNITY PROVISIONS

The Company's directors are covered by a qualifying third party indemnity provision which has been in place for all the directors in Touchstone Innovations plc during the whole year under review and up to the date of approval of the financial statements.

COMPANY SECRETARY

The Company Secretary is W. Rayner.

CHANGE IN COMPANY NAME

During the current financial year on 4 January 2017, the company changed its name from Imperial Innovations Investment Management Limited to Touchstone Innovations Investment Management Limited.

EVENTS AFTER THE END OF THE REPORTING PERIOD

On 20 June 2017, IP Group plc announced a firm offer to acquire the entire issued, and to be issued, ordinary share capital of Touchstone Innovations plc. The offer became unconditional in all respects as of 18 October 2017 and Touchstone Innovations became part of IP Group plc.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

Touchstone Innovations Investment Management Limited

Directors' report for the year ended 31 July 2017 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)

- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

A handwritten signature in black ink, appearing to read 'R. Cummings', with a stylized flourish at the end.

R. Cummings

Director

16 November 2017

Touchstone Innovations Investment Management Limited

Independent auditors' report to the members of Touchstone Innovations Investment Management Limited

Report on the audit of the financial statements

Opinion

In our opinion, Touchstone Innovations Investment Management Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 July 2017, the profit and loss account, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material

Touchstone Innovations Investment Management Limited

Independent auditors' report to the members of Touchstone Innovations Investment Management Limited (continued)

inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 July 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on pages 5 to 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Touchstone Innovations Investment Management Limited

Independent auditors' report to the members of Touchstone Innovations Investment Management Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

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



Simon Ormiston (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
16 November 2017

Touchstone Innovations Investment Management Limited

Profit and loss account for the year ended 31 July 2017

	Note	2017 £	2016 £
Turnover	3	-	-
Cost of sales		-	-
Gross result		-	-
Administrative expenses		(21,323)	(19,479)
Loss before taxation	4	(21,323)	(19,479)
Tax on loss	5	-	-
Loss for the financial year		(21,323)	(19,479)

The amounts included in the profit and loss account relate to continuing activities.

The Company has no other comprehensive income in the current or prior year other than those included in the profit and loss account above and therefore no separate statement of other comprehensive income has been presented.

Touchstone Innovations Investment Management Limited

Balance sheet as at 31 July 2017

	Note	2017 £	2016 £
Current assets			
Debtors	6	624,115	624,115
Cash at bank and in hand		53,022	53,082
		<u>677,137</u>	<u>677,197</u>
Creditors: amounts falling due within one year			
	7	(51,213)	(29,950)
		<u>625,924</u>	<u>647,247</u>
Net current assets		625,924	647,247
Total assets less current liabilities		625,924	647,247
Net assets		<u>625,924</u>	<u>647,247</u>
Capital and reserves			
Called up share capital	8	50,002	50,002
Profit and loss account	9	575,922	597,245
Total shareholders' funds		<u>625,924</u>	<u>647,247</u>

The financial statements on pages 10 to 17 were approved by the Board of Directors on 16 November 2017 and were signed on its behalf by:



R. CUMMINGS

DIRECTOR

16 November 2017

Registered Number: 06552039

Touchstone Innovations Investment Management Limited

Statement of changes in equity for the year ended 31 July 2017

	Called up share capital	Profit and loss account	Total shareholders' funds
	£	£	£
At 1 August 2015	50,002	616,724	666,726
Loss for the financial year	-	(19,479)	(19,479)
Other comprehensive income for the financial year	-	-	-
Total comprehensive loss for the financial year	-	(19,479)	(19,479)
At 31 July 2016	50,002	597,245	647,247
Loss for the financial year	-	(21,323)	(21,323)
Other comprehensive income for the financial year	-	-	-
Total comprehensive loss for the financial year	-	(19,479)	(19,479)
At 31 July 2017	50,002	575,922	625,924

Touchstone Innovations Investment Management Limited

Notes to the financial statements for the year ended 31 July 2017

1. ACCOUNTING POLICIES

Touchstone Innovations Investment Management Limited is a private limited company incorporated and domiciled in the United Kingdom and registered in England and Wales.

BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Companies Act 2006 (the Act) as applicable to companies using the Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The financial statements have been prepared on a going concern basis and under the historical cost convention. A summary of the more important Company accounting policies, which have been consistently applied, is set out below.

DEFERRED TAX

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying temporary differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

DEBTORS

Debtors are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

CASH AT BANK AND IN HAND

Cash at bank and in hand include cash in hand, deposits held with banks, bank overdrafts and other short-term highly liquid investments with original maturities of less than 3 months.

CREDITORS

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Touchstone Innovations Investment Management Limited

Notes to the financial statements for the year ended 31 July 2017

(continued)

1. ACCOUNTING POLICIES (continued)

SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new Ordinary shares are shown as a deduction, net of tax, from the proceeds.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The directors made no judgements or estimates that have significant effect on the carrying amounts of the assets and liabilities in the financial statements.

GOING CONCERN

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the intermediate parent company (Touchstone Innovations plc). The directors have received confirmation that Touchstone Innovations plc intend to support the Company for at least one year after these financial statements are signed.

2.1 SUMMARY OF DISCLOSURE EXEMPTIONS ADOPTED

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'
- IAS 7, 'Statement of cash flows'
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 111 (cash flow statement information); and
 - 134-136 (capital management disclosures).
- Paragraph 30 and 31 of IAS 8, 'Accounting policies, change in accounting estimates and errors', (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued, but is not yet effective).

Consolidated financial statements of Touchstone Innovations plc in which the Company's balances have been consolidated can be obtained from Company Secretary, Touchstone Innovations plc, 7 Air Street, London W1B 5AD.

2.2 NEW AND AMENDED STANDARDS ADOPTED BY THE COMPANY

No new standards have been adopted by the company for the first time for the financial year beginning 1 August 2016.

Touchstone Innovations Investment Management Limited

Notes to the financial statements for the year ended 31 July 2017

(continued)

3. TURNOVER

During the year there was no turnover (2016: nil). The Company appointed Touchstone Innovations Investments Limited to act as its Appointed Representative during the year ended 31 July 2011. Since then Touchstone Innovations Investments Limited is leading investment rounds and providing corporate finance advice to Touchstone Innovations' portfolio companies. Therefore revenue is now recognised in the financial statements of Touchstone Innovations Investments Limited.

4. LOSS BEFORE TAXATION

	2017	2016
	£	£
Auditors' remuneration in respect of audit services	-	-

Auditors' remuneration of £4,120 (2016: £4,120) is borne at the group level by Touchstone Innovations plc and is fully disclosed in those financial statements, which are publicly available.

5. TAX ON LOSS

Analysis of charge in the year	2017	2016
	£	£
United Kingdom corporation tax at 19.67% (2016: 20%)	-	-
Total tax	-	-

The tax assessed for the year is different (2016: different) from that which arises through applying rate of 19.67% (2016: blended rate of 20%). The differences are explained below:

	2017	2016
	£	£
Loss before taxation	(21,323)	(19,479)
Loss before taxation multiplied by the standard rate of corporation tax in the UK of 19.67% (2016: 20%)	(4,194)	(3,896)
Effects of:		
Group relief surrendered	4,194	3,896
Total tax charge	-	-

The standard rate of Corporation Tax in the UK changed from 20% to 19% with effect from 1 April 2017. Accordingly, the Company's profits for this accounting year are taxed at an effective rate of 19.67% (2016: 20%).

Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include a reduction to the main rate to reduce the rate to 18% from 1 April 2020. At Budget 2016, the government announced a further reduction to the corporation tax main rate for the year starting 1 April 2020, setting the rate at 17%.

At the balance sheet date, the Company had no deferred tax assets or liabilities (2016: £nil).

Touchstone Innovations Investment Management Limited

Notes to the financial statements for the year ended 31 July 2017

(continued)

6. DEBTORS

Amounts falling due within one year:	2017	2016
	£	£
Amounts owed by Group undertakings	624,115	624,115
	624,115	624,115

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Amounts due to Group undertakings	50,513	29,576
Sundry creditors	700	374
	51,213	29,950

8. CALLED UP SHARE CAPITAL

	2017	2016
	£	£
Authorised 10,000,000 (2016: 10,000,000) ordinary shares of £1 each	10,000,000	10,000,000
Allotted and fully paid 50,002 (2016: 50,002) ordinary shares of £1 each	50,002	50,002

9. PROFIT AND LOSS ACCOUNT

	2017	2016
	£	£
As at beginning of the year	597,245	616,724
Loss for the financial year	(21,323)	(19,479)
As at the end of the year	575,922	597,245

Touchstone Innovations Investment Management Limited

Notes to the financial statements for the year ended 31 July 2017

(continued)

10. PARENT UNDERTAKING

As at 31 July 2017, the immediate and ultimate parent undertaking and the controlling party was Touchstone Innovations plc, a company incorporated in England and Wales.

As from 18 October 2017, the immediate parent undertaking is Touchstone Innovations plc and the ultimate parent undertaking and controlling party is IP Group plc, an organisation incorporated in England and Wales.

As at 31 July 2017, Touchstone Innovations plc was the parent undertaking of both the largest and the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements for Touchstone Innovations plc may be obtained from the Company Secretary, Touchstone Innovations plc, 7 Air Street, London, W1B 5AD.

As from 18 October 2017, Touchstone Innovations plc is the parent undertaking of the smallest group of undertakings and IP Group plc will in the future be the parent undertaking of the largest group of undertakings to consolidate the Company's financial statements.

11. RELATED PARTY TRANSACTIONS

During the year ended 31 July 2017, Touchstone Innovations Investment Management Limited appointed Touchstone Innovations Investments Limited to act as Appointed Representative. Touchstone Innovations Investments Limited is a wholly owned subsidiary of Touchstone Innovations plc. As Appointed Representative, Touchstone Innovations Investments Limited received corporate finance fees of £191,433 during the year ended 31 July 2017 (2016: £400,331).

The Company has taken advantage of the exemption available under FRS 101, not to disclose transactions and balances with other group undertakings. Details of the Group's related party transactions are provided in the annual report and financial statements of the Touchstone Innovations plc.

12. DIRECTORS' EMOLUMENTS

The emoluments of the directors are paid by Imperial Innovations Limited, which makes no recharge to the company. The directors are also directors of a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly these financial statements include no details in respect of the directors. Directors' emoluments are disclosed in the annual report and financial statements of Touchstone Innovations plc.

13. EMPLOYEE INFORMATION

There were no employees during the year (2016: None).

14. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 20 June 2017, IP Group plc announced a firm offer to acquire the entire issued, and to be issued, ordinary share capital of Touchstone Innovations plc. The offer became unconditional in all respects as of 18 October 2017 and Touchstone Innovations plc became part of the IP Group plc group.