Old College Capital LP
2018–2019 Review and Financial Statements
Foreword

Welcome to Old College Capital’s annual review and financial statements.

Old College Capital (OCC) is the University of Edinburgh’s in-house venture investment fund. We aim to support the University’s research, staff and students by investing in high-growth, early-stage businesses associated with the University. The fund follows a co-investment model, partnering with experienced private sector investors.

This is the first year that we have produced a public annual review. As the fund continues to grow, we wanted to take the opportunity to explain how we have developed the fund, showcase the strength of our portfolio companies and share how we look to invest going forward.

We are continually impressed by the calibre of the scientists, innovators and entrepreneurs who present their companies to us. We remain excited about the pioneering technology emerging from the Edinburgh ecosystem and OCC’s opportunity to help University companies achieve their potential. This in turn will yield considerable benefits for a wide range of stakeholders well beyond the University.

Hamish Mair
Chair, OCC Investment Committee;
Managing Director and Head of Private Equity, BMO Global Asset Management (EMEA).
The Next Big Thing... is a Series of Little Things
by artist Susan Collis at Edinburgh’s Bristo Square
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1 | Purpose
Purpose

1.1 Why have an investment fund?

Old College Capital LP (OCC) is the in-house venture investment fund of the University of Edinburgh (UoE). The fund was established in 2011, initially with the aim of defending the University’s equity position (generated from intellectual property) from dilution as spinout companies looked to take on additional finance. As OCC built its reputation and became more established this evolved into a broader set of goals to support a wider range of exciting companies associated with the University, including spinouts, startups and spinin companies, defined below.

Spinout company  A new company in which the University typically owns founding shares in return for the exclusive licence of intellectual property (IP), support services and/or other assets transferred to the company.

Startup company  A new company formed by a University student or staff member who is actively engaged with the University. Any related IP is owned by the founder (not the University) and transferred to the company.

Spinin company  A company that has approached the University for collaboration, where a University student or staff member is actively involved in the development of the company’s underlying technology/IP.

A key part of OCC’s strategy has been to help companies navigate the ‘valley of death’ that often leads to premature company failure between proof-of-concept and successful product launch, due to insufficient funding.

A university spinout lifecycle; source: adapted from UC Davis School of Management
1.2 Our aims

OCC aims to responsibly support UoE research, staff and students through venture investment activity and achieve commercial returns to enable the fund to become evergreen. In doing this we also look to support employment and investors in the Edinburgh ecosystem. This is broken down into eight aims as follows:

1. Deliver a financial return on the invested assets.
2. Demonstrate a track record through meaningful exits.
3. Demonstrate the University’s commitment to research, staff and students through venture investment activity.
4. Attract further investment from the ecosystem.
5. Support new, high-value employment in our ecosystem.
6. Positively impact the student experience.
7. Invest responsibly.
8. Positively contribute to the University’s wider venture strategy.

1.3 The current fund

As at our reporting date of July 2019, OCC had £10 million of committed funds under management from its limited partner (investor), the University of Edinburgh. This included a recent recapitalisation of £2 million to fund OCC’s activity for the year ending July 2020.
A note on responsible investment

The University of Edinburgh is a signatory to the UN Principles of Responsible Investment. This means that the University has publicly demonstrated its commitment to responsible investment. Responsible investment is an approach to investing that aims to incorporate environmental, social and governance (ESG) factors into investment decisions, to better manage risk and generate sustainable, long-term returns. Per the UN guidelines, responsible investment does not require ruling out investment in any sector or company but involves including ESG information in investment decision-making, to ensure that all relevant factors are accounted for when assessing risk and return.

Closely related to responsible investment and the ESG factors are the UN Sustainable Development Goals. These goals are a blueprint to achieve a better and more sustainable future. They address global challenges, including those related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice.

OCC is continually working to further incorporate the principles of responsible investment and development goals in its processes including our investment criteria, portfolio management, reporting and communication.
2 | Background
Background

2.1 Historical investment activity

Since inception, OCC has steadily built the fund’s processes, reputation, partner network and early-stage investment experience. This is demonstrated by a steady increase in investment activity, reaching £1.6 million in the most recent full year, ending July 2019.

OCC investment 2014–2019

OCC follows a co-investment model. Since inception, OCC and its partners have together invested £40.1 million in UoE associated companies. OCC and OCC partner investment since 2014 is shown below.

OCC partner investment 2014–2019
2.2 The OCC Portfolio

As at July 2019, OCC’s portfolio included 19 active companies with investments in a further two new companies in progress. For an overview of our portfolio see section 7.

While OCC will consider investment opportunities from any industry sector, the majority of historical investments have been in software and digital technologies (65%), followed by a split between agritech and animal health (10%), education and edtech (9%) and medical (8%).

![OCC portfolio by sector](chart)

Although the fund is yet to realise an exit, the OCC portfolio is still relatively young, with the average length of OCC’s investment holding being 3.3 years. As of July 2019 only 11% (two) of the active portfolio companies have been held for over six years and none has been held for the nine-year period which represents the average length of time for a spinout to exit*.

![Average length of OCC holding in investments](chart)

*Spinouts UK
2.3. Key Statistics

OCC has developed a strong reputation and profile as a capable co-investor, which has helped the University establish a strong network of relationships, particularly within the angel investor community. Since inception, investment by partners in OCC participating rounds has totalled £33.4 million; representing a multiple of 5x on OCC’s £6.7 million of investment. In terms of the wider impact of OCC’s activities, the 19 active portfolio companies as of July have a combined valuation of over £100 million and employ over 250 FTEs.
3 | Annual Activity
Annual Activity

3.1 New Investments

Equity investment activity for the year ended July 2019 totalled £1.57 million, split across 11 investment rounds (£1.51 million) and one loan conversion (£57,000). This excludes £500,000 of activity progressing through the legal stages.

Three new companies were added to the portfolio during the year. Initial equity investments in new companies totalled £360,000, giving an average initial investment of £120,000. The remaining eight equity investments represented follow-on investments, totalling £1.15 million, providing an average follow-on investment of £144,000.

3.2 Portfolio Developments

During the year the fair value of OCC’s portfolio increased to just over £7 million, representing a net gain of £300,000 on the funds invested. This return was in line with the fund’s expectations for a relatively young portfolio.

![Chart Total Portfolio – Funds Invested vs Value, 2019 YTD and Comparative YTD]

A number of notable milestones were reached in the year across the portfolio. Several companies received multi-million-pound investment offers from institutional investors which completed after the accounting year end. In addition, a number of our early stage companies have recently made their first sales or won awards from industry bodies.
4 | Case Studies
Case Studies

4.1 MiAlgae — A University of Edinburgh Startup

MiAlgae is a University of Edinburgh startup, conceived by Douglas Martin while studying for a master’s degree. Edinburgh Innovations, the University’s commercialisation service, supported Douglas from early in 2016, as he refined an idea to commercially produce algal strains that naturally occur in our oceans, for use as a raw material in agricultural food products, particularly in the aquaculture sector.

Douglas noted that algal blooms at sea are well documented evidence of pollution and wanted to explore the potential to cultivate strains able to feed on co-products of industrial processes.

Douglas saw huge potential to use the resulting algal oil as a source of Omega-3, a vital part of the diet of farmed animals, especially salmon. The algal oil could eliminate the current reliance on wild caught fish as a source of Omega-3.

Today the business uses co-products from distillation to grow Omega-3-rich algae for use as a raw material in agricultural food products. These co-products are of little value to the drinks industry, but are highly nutritious for algae, providing a low-cost feed source. The cultivation process also cleans the medium, which can subsequently be discharged safely back into the environment.

The company has since accelerated its activity, celebrating its first commercial revenues in August 2019. Meanwhile market demand has continued to build, with Tesco, Co-Op and others publicly announcing a number of initiatives to encourage more widespread use of algal oil in the diet of the fish they sell. MiAlgae is therefore an exciting example of a circular economy business well placed to help ease the pressure on marine ecosystems, while boosting the sustainability credentials of two iconic Scottish exports, whisky and salmon.

Old College Capital invested in the company’s first seed investment round of £500,000 in 2018 together with Equity Gap and the Scottish Investment Bank. This investment provided the capital for MiAlgae to expand its team, establish a pilot plant and fund trials with suppliers and customers. The investment also saw biotech expert Professor Simon Best and experienced drinks industry executive Tony Schofield join chairman Andy Coleman on the board.
4.2 Blackford Analysis—A University of Edinburgh Spinout

Blackford Analysis was one of the first companies to join the OCC portfolio following the fund’s first investment in 2012. By that stage the company had already demonstrated significant potential, having spun out of the University in 2010 with support from Edinburgh Innovations, Scottish Enterprise and other grant funding.

The company initially focussed on harnessing an image processing algorithm developed for astronomy research. It successfully applied this technology to the medical sector, developing a product which enabled instant comparison of multiple medical image studies with a single click, increasing radiologist efficiency by 10–20%, and up to 50% for more challenging exams. As the company developed this core product, it steadily built its profile, technical ability and experience.

During this time, the team began to realise it had also developed a broader capability: an ability to offer a better way for imaging technologies to become adopted and deployed via a platform approach.

Today Blackford offers a platform which can streamline the technology adoption process and capitalise on the growing market opportunity for imaging applications and AI algorithms – ‘ClinApps’ – within radiology. Blackford has already proved that its platform technology is robust and easy to integrate, and the company’s product is currently used in hundreds of hospitals and imaging centres across the US. The company is also becoming increasingly recognised for its expertise within the sector, recently receiving funding and support as part of a collaboration deal with the pharmaceutical multinational Bayer.

The company has been supported on its journey by a committed set of investors, with Archangels leading each round, and TRI Cap and Scottish Enterprise investing alongside OCC. The investors have maintained their belief in the business and its CEO, Dr Ben Panter, as the business model has evolved. Blackford is now extremely well placed to accelerate its growth as the AI revolution continues to gain momentum.
4.3 Sunamp—A University of Edinburgh Spinin

Sunamp designs and produces heat batteries that store energy when it is available from renewable and other sources and release it as heat when required, with much lower cost and higher efficiency than competing technologies.

In 2010, the company began a collaboration with the University of Edinburgh’s School of Chemistry to develop new phase-change materials for heat storage and create a commercially viable product with the potential to reduce carbon emissions and cut fuel bills.

The result is Sunamp’s UniQ range of heat batteries. UniQ heat batteries have since been installed in thousands of homes across the UK, and with agreements in place in Europe and in China, Sunamp’s game-changing technology has demonstrated global potential for heating and cooling in residential, commercial and industrial and automotive markets.

The company doubled in size to 60 staff during 2019 and is ramping up its customer-facing sales and production functions within the Edinburgh region. Sales are on track to reach £3.5 million by the year end 2020, up from £500,000 in the previous financial year, and ambitious growth plans are in place to extend into new markets including the US.

Old College Capital invested in Sunamp in 2015 and 2016 alongside Par Equity, Equity Gap and high net worth investors. Since then the company’s relationship with the University has grown into a powerful partnership that is pushing new and exciting innovations to commercialisation.

Over 75% of employees have close links with the University and to date Sunamp has provided employment for four PhD students with ongoing research for another two, and meaningful work experience for seven placement students. Sunamp founder and Chief Executive Andrew Bissell is himself an alumnus and previously collaborated with the University to launch Voxar, the 3D medical imaging business that was sold to Barco NV for €39 million in 2004.
5  |  Investment Model and Process
Investment Model and Process

5.1 Co-Investment Model

OCC follows a co-investment model, meaning it will only invest alongside a professional lead. This model has numerous advantages in that it:

- Provides external validation of investments including over technical, financial, commercial and valuation factors.
- Provides OCC with access to the skills, expertise and any diligence of its investment partners.
- Increases OCC deal flow.
- Diversifies the risk associated with a transaction across both OCC and investment partners.
- Allows OCC to efficiently build and manage a diversified portfolio with limited resources.
- Helps to build relationships with the investment ecosystem.

OCC supports its co-investment model with risk management procedures including counter-party due-diligence, legal input and active portfolio management.

5.2 Integration with Edinburgh Innovations (EI)

A unique aspect of OCC’s differentiation is the fund’s collaborative relationship with Edinburgh Innovations (EI), the University’s commercialisation service. EI has dedicated advisers who work with staff and students on emerging ideas and IP from across the research base. EI’s advisors also help client companies on their journey to becoming investment ready, including helping them to access investors and funding bodies. Tapping into the expertise and depth of knowledge of these advisers puts OCC in a unique position as an investor. OCC intends to continue to collaborate and integrate with EI with emphasis on:

1. Future pipeline development: The close working relationship with EI is critical to providing OCC with visibility of UoE emerging opportunities and ensuring these are investment ready, hence streamlining OCC’s deal flow.

2. Investment opportunity introductions: EI’s advisers facilitate the introduction of potential new companies. Historically these warm introductions and transfer of knowledge have been invaluable in helping OCC get up to speed and evaluate opportunities.

3. Portfolio management/board observation: OCC will partner with EI to leverage its advisers’ expertise and technical knowledge in portfolio management.

4. Access to mentor and adviser networks: OCC will look to help its portfolio companies connect to successful entrepreneurs and experienced non-executive directors. OCC recognises that EI’s network is invaluable in helping access such resources.
5.3 Investment Targets

The fund will aim to complete annual investment activity as follows:

- Average of 10 transactions over any given 12 month period.
- Circa five new portfolio investments at an average of £150,000.
- Circa five follow-on investments at an average £250,000 per transaction.
- OCC typically invests between 10% and 30% of the total being raised.
- OCC looks for the funding round to provide an appropriate cash runway.
- OCC will look to maintain an appropriate portfolio balance between the following:
  A. Company type
  B. Industry sector
  C. Company stages

5.4 Investment Criteria

OCC will assess all new investment opportunities based on three key decision points.

The first decision point is an initial eligibility check based on the following criteria:

ELIGIBILITY CRITERIA

<p>| | |</p>
<table>
<thead>
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<tbody>
<tr>
<td>1</td>
<td>Appropriate association to University of Edinburgh</td>
</tr>
<tr>
<td>2</td>
<td>Appropriate professional lead investment partner in place</td>
</tr>
<tr>
<td>3</td>
<td>Funding round within OCC typical range</td>
</tr>
<tr>
<td>4</td>
<td>Detailed Business Plan provided</td>
</tr>
</tbody>
</table>
If eligible, the opportunity will then be presented by the fund management to the board of OCC’s General Partner, who will consider issuing an authority to proceed.

The final decision point will then involve presentation to OCC’s external Investment Committee.

All opportunities will be assessed on the following criteria:

**ASSESSMENT CRITERIA AREAS**

<table>
<thead>
<tr>
<th></th>
<th>Company stage</th>
<th></th>
<th>Company stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sector and portfolio fit</td>
<td>8</td>
<td>Strategic and operational plan</td>
</tr>
<tr>
<td>2</td>
<td>Management team</td>
<td>9</td>
<td>Exit/liquidity event</td>
</tr>
<tr>
<td>3</td>
<td>Product/Service offering</td>
<td>10</td>
<td>Risk management</td>
</tr>
<tr>
<td>4</td>
<td>Market analysis</td>
<td>11</td>
<td>Valuation</td>
</tr>
<tr>
<td>5</td>
<td>Market validation</td>
<td>12</td>
<td>Responsible investment</td>
</tr>
<tr>
<td>6</td>
<td>Technology</td>
<td>13</td>
<td>Due-diligence checks</td>
</tr>
<tr>
<td>7</td>
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</table>
Governance
Governance

6.1 Fund Structure

OCC is a Scottish Limited Partnership (SLP) with one Limited Partner (LP), the University of Edinburgh and one General Partner, Old College Capital GP Ltd (OCC GP). OCC GP is a limited company and a wholly owned subsidiary of Edinburgh Innovations and subcontracts the day to day management of OCC to EI, which in turn, employs a dedicated management team and provides resources and expertise. OCC is supported by an external Investment Committee that provides instruction on opportunities.

When conducting investment transactions OCC will also engage with other University departments including legal, finance and academic departments as required. The fund also engages various external specialists as necessary, particularly for due-diligence.

**LIMITED PARTNER (LP)**
The Limited Partner in the partnership is the UoE. The LP will not be involved in day-to-day management and hence serves as an investor in the business. Its liability is limited to the funds it contributes.

**SCOTTISH LIMITED PARTNERSHIP (SLP)**
The partnership that legally holds the investments in portfolio companies is a Scottish Limited Partnership called Old College Capital (OCC).

**GENERAL PARTNER (GP)**
The General Partner is a separate legal entity (Old College Capital GP Ltd), which is a subsidiary of Edinburgh Innovations (EI). The GP is responsible for managing the partnership, which it does (in part) by subcontracting day-to-day management to EI and investment decisions to the Investment Committee (IC).

**MANAGEMENT TEAM & INVESTMENT COMMITTEE**
EI employs a management team (Fund Manager and Investment Executive) to fulfil day-to-day management responsibilities. All investment opportunities are assessed by the management team, with approval being given by both the GP and an independent investment committee (IC).
6.2 People

The key people within the OCC entities and management are shown below.

Dedicated management team (EI)

Andrea Young  
FUND MANAGER

Simon Durrant  
INVESTMENT EXECUTIVE

Investment committee

Hamish Mair  
IC CHAIR

Hugh Edminston  
IC MEMBER

Ian Ritchie  
IC MEMBER

Simon Best  
IC MEMBER

Sandy McKinnon  
IC MEMBER

Old College Capital GP

John Lonsdale  
DIRECTOR & CHAIR

Terry Fox  
DIRECTOR

Ashley Shannon  
DIRECTOR

Simon Best  
DIRECTOR

Chris Cope  
SECRETARY
<table>
<thead>
<tr>
<th>Company</th>
<th>Date of first Investment</th>
<th>OCC Diluted Holding</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mobile Acuity</strong></td>
<td>Dec 2011</td>
<td>&lt;10%</td>
<td>Mobile Acuity is the pioneer of visual search technology solutions for mobile devices, linking printed material and physical objects to digital content, social media, commerce and marketing.</td>
</tr>
<tr>
<td><strong>Blackford Analysis</strong></td>
<td>Sep 2012</td>
<td>10%–24%</td>
<td>Blackford Analysis works with leading hospitals, radiology groups, imaging centres, and technology providers to deliver imaging applications and AI that add clinical value.</td>
</tr>
<tr>
<td><strong>Sofant</strong></td>
<td>Sep 2013</td>
<td>&lt;10%</td>
<td>Sofant is developing smart antenna™ technology which dramatically reduces the cost of producing and operating wireless network equipment while improving performance, simplifying design and reducing power consumption.</td>
</tr>
<tr>
<td><strong>DestiNA Genomics</strong></td>
<td>Jun 2014</td>
<td>&lt;10%</td>
<td>DestiNA Genomics is pioneering ground-breaking miRNA chemistry technology for use in diagnostic and research applications.</td>
</tr>
<tr>
<td><strong>PureLiFi</strong></td>
<td>Dec 2014</td>
<td>&lt;10%</td>
<td>PureLiFi is the pioneer and market leader of LiFi – high-speed, networked, wireless, bidirectional and mobile communication using light instead of radio.</td>
</tr>
<tr>
<td><strong>Sunamp</strong></td>
<td>Mar 2015</td>
<td>&lt;10%</td>
<td>Sunamp’s unrivalled heat battery technology delivers market leading thermal energy storage to homes, businesses and communities around the world.</td>
</tr>
<tr>
<td><strong>Shot Scope</strong></td>
<td>Jun 2015</td>
<td>10%–24%</td>
<td>Shot Scope is developing the world’s smartest golf GPS watch with automated performance tracking and analytics platforms for iOS, Android and Desktop.</td>
</tr>
<tr>
<td><strong>Skoogmusic</strong></td>
<td>Sep 2015</td>
<td>&lt;10%</td>
<td>Skoogmusic creates and sells easy-to-play musical instruments, for use at home, schools or in special education.</td>
</tr>
<tr>
<td><strong>Particle Analytics</strong></td>
<td>Feb 2016</td>
<td>10%–24%</td>
<td>Particle Analytics has developed technology for advanced visualisation and analysis of industrial particle simulations, particularly in identifying potential erosion failures through fine grained analysis.</td>
</tr>
<tr>
<td><strong>Greengage Lighting</strong></td>
<td>Mar 2016</td>
<td>N/A</td>
<td>Greengage Lighting is focused on increasing livestock productivity and improving animal welfare in the global poultry and swine industries through the development and commercialisation of precision lights, sensors and control systems.</td>
</tr>
<tr>
<td>Company</td>
<td>Date of first Investment</td>
<td>OCC Diluted Holding</td>
<td>Commentary</td>
</tr>
<tr>
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<td>--------------------------</td>
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</tr>
<tr>
<td><strong>Krotos</strong></td>
<td>Feb 2017</td>
<td>&lt;10%</td>
<td>Krotos develops and produces audio software for the entertainment industry.</td>
</tr>
<tr>
<td><strong>Kajeka</strong></td>
<td>May 2017</td>
<td>&gt;25%</td>
<td>Kajeka provide visual analytics solutions for big data. They have developed a flexible network analysis platform for the exploration of complex data, making pattern finding in many data types, simple and quick.</td>
</tr>
<tr>
<td><strong>Auris</strong></td>
<td>Jul 2017</td>
<td>&lt;10%</td>
<td>Auris Tech offer a world class Automatic Speech Recognition (ASR) engine developed to specifically understand children’s read speech.</td>
</tr>
<tr>
<td><strong>MiAlgae</strong></td>
<td>May 2018</td>
<td>&lt;10%</td>
<td>MiAlgae produces high quality micro algae from the co-products of distillation for use in animal feeds.</td>
</tr>
<tr>
<td><strong>Brainwave</strong></td>
<td>Jul 2018</td>
<td>&lt;10%</td>
<td>Brainwave is developing technology that uses a form of AI called Augmented Intelligence to find and prioritise potential leads so clients can focus on the commercial opportunities that matter.</td>
</tr>
<tr>
<td><strong>Pufferfish</strong></td>
<td>Aug 2018</td>
<td>&lt;10%</td>
<td>Pufferfish is a leader in the spherical digital displays market, designing and producing complete solutions to a global client base that includes IBM, Microsoft, Shell, NASA and the BBC.</td>
</tr>
<tr>
<td><strong>Amiqus</strong></td>
<td>Oct 2018</td>
<td>&lt;10%</td>
<td>Amiqus builds software to make civil justice available to everyone. Amiqus handles client on-boarding, identity, anti-money-laundering and compliance checks online for law firms and regulated markets.</td>
</tr>
<tr>
<td><strong>Machines with Vision</strong></td>
<td>Oct 2018</td>
<td>&lt;10%</td>
<td>Machines with Vision’s technology provides precise and trusted vehicle location even when GPS is unavailable.</td>
</tr>
<tr>
<td><strong>Manus</strong></td>
<td>Oct 2018</td>
<td>&lt;10%</td>
<td>Manus has developed the NeuroMotor Pen for the diagnosis and monitoring of Parkinson’s Disease.</td>
</tr>
<tr>
<td><strong>Carbogenics</strong></td>
<td>Completed post July 2019</td>
<td>NA</td>
<td>Carbogenics has developed a low carbon technology to convert difficult-to-recycle and low-value waste into a range of high-value products. Its first product CreChar is an additive for Anaerobic Digestion capable of increasing the output of biogas plants by at least 15%.</td>
</tr>
<tr>
<td><strong>Invizius</strong></td>
<td>Completed post July 2019</td>
<td>NA</td>
<td>Invizius is addressing the side effects of dialysis and other extra-corporeal treatments using its proprietary H-Guard™ biotechnology.</td>
</tr>
</tbody>
</table>
Annual Report and Financial Statements
Annual Report and Financial Statements
Old College Capital LP
31 July 2019

Administrative Information

GENERAL PARTNER
Old College Capital GP Limited

LIMITED PARTNER
University of Edinburgh

INDEPENDENT AUDITORS
PricewaterhouseCoopers LLP
141 Bothwell Street
Glasgow
G2 7EQ

BANKERS
Royal Bank of Scotland plc
36 St Andrews Square
Edinburgh
EH2 2YB

SOLICITORS
Lindsays WS
Caledonian Exchange
19A Canning Street
Edinburgh
EH3 8HE

REGISTERED OFFICE
Old College
South Bridge
Edinburgh
EH8 9YL

COMPANY NUMBER
SL009405
**Partnership Report**

Old College Capital LP (the Partnership) is managed by Old College Capital GP Limited (the General Partner) whose ultimate parent company is the University of Edinburgh. The Partnership presents its report and the audited financial statements for the year ended 31 July 2019.

**PRINCIPAL ACTIVITY**
The principal activity of the Partnership is the management of medium to long term investments in small startup companies.

**REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**
The profit for the financial year amounted to £180,255 (2018: profit of £784,733). The Partnership made a number of investments during the year, and is looking to promote its activities and increase the number of investments made over the coming year. The Partnership recommends that the sum of £180,255 (2018: £784,733) be allocated to the Partners’ profit accounts.

**DISTRIBUTION OF PARTNERSHIP PROFITS**
If the Partnership makes a profit, then this profit will be firstly allocated to the General Partner, so as to cover any costs incurred. As the costs of the General Partner are borne by its parent company, then for this financial year costs incurred by the General Partner are nil. Thereafter, any remaining profits shall be applied to the Current Account of the Limited Partner.

**DISCLOSURE OF INFORMATION TO AUDITORS**
The Partnership confirms that as far as it is aware there is no relevant audit information of which the Partnership’s auditors are unaware, and that the Partnership has taken all the steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the Partnership’s auditors are aware of that information.

**SPECIAL PROVISIONS RELATING TO SMALL COMPANIES**
This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies as applied to qualifying partnerships.

By order of the Board

C J Cope  
Company Secretary  
6 December 2019

Old College  
South Bridge  
Edinburgh, EH8 9YL
Statement of General Partner’s Responsibilities

The general partner is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law, as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 (the “Regulations”), requires the general partner to prepare financial statements for each financial year. Under that law the general partner has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” Section 1A, and applicable law). Under company law, as applied to qualifying partnerships, the general partner 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 qualifying partnership and of the profit or loss of the qualifying partnership for that period. In preparing the financial statements, the general partner are required to:

• Select suitable accounting policies and then apply them consistently;

• State whether applicable United Kingdom Accounting Standards, comprising FRS 102 Section 1A, 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 qualifying partnership will continue in business.

The general partner is also responsible for safeguarding the assets of the qualifying partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The general partner is responsible for keeping adequate accounting records that are sufficient to show and explain the qualifying partnership’s transactions and disclose with reasonable accuracy at any time the financial position of the qualifying partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to qualifying partnerships by the Regulations.
Independent Auditor’s Report to the Partners of Old College Capital LP

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion
In our opinion, Old College Capital LP’s financial statements:

- Give a true and fair view of the state of the qualifying partnership’s affairs as at 31 July 2019 and of its profit for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”, and applicable law); and
- Have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008.

We have audited the financial statements, included within the Report and Financial Statements (the “Annual Report”), which comprise: the statement of financial position as at 31 July 2019; the income statement 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 qualifying partnership 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

ISAs (UK) require us to report to you when:

- The general partner’s use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The general partner has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the qualifying partnership’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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the qualifying partnership’s ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, are not clear, and it is difficult to evaluate all of the potential implications on the company’s trade, customers, suppliers and the wider economy.

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 general partner is 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 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 Partnership Report, we also considered whether the disclosures required by the UK Companies Act 2006 as applied to qualifying partnerships 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.
**Partnership report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Partnership Report for the year ended 31 July 2019 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 qualifying partnership and its environment obtained in the course of the audit, we did not identify any material misstatements in the Partnership Report.

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

As explained more fully in the Statement of General Partner’s Responsibilities set out on page 33, the general partner is 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 general partner is 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 general partner is 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 general partner either intends to liquidate the qualifying partnership or to cease operations, or has 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 opinion, has been prepared for and only for the partners of the qualifying partnership as a body in accordance with the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.
Companies Act 2006 exception reporting
Under the Companies Act 2006 as applied to qualifying partnerships we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit; or
- Adequate accounting records have not been kept by the qualifying partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- Certain disclosures of general partner’s 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 as applied to qualifying partnerships we are required to report to you if, in our opinion, the general partner were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Matthew Kaye (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow
6 December 2019
## Income Statement

### INCOME STATEMENT FOR THE YEAR ENDED 31 JULY 2019

<table>
<thead>
<tr>
<th>Note</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TURNOVER</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>(10,784)</td>
<td>(7,880)</td>
</tr>
<tr>
<td>Other operating income</td>
<td>–</td>
<td>4,250</td>
</tr>
<tr>
<td><strong>OPERATING LOSS</strong></td>
<td>2</td>
<td>(10,784)</td>
</tr>
<tr>
<td>Interest receivable</td>
<td></td>
<td>1,184</td>
</tr>
<tr>
<td>Gain on revaluation of investments</td>
<td>3</td>
<td>189,855</td>
</tr>
<tr>
<td><strong>PROFIT FOR THE FINANCIAL YEAR</strong></td>
<td></td>
<td>180,255</td>
</tr>
</tbody>
</table>
### Statement of Financial Position

**AT 31 JULY 2019**

<table>
<thead>
<tr>
<th>Note</th>
<th>2019 £</th>
<th>2018 £</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FIXED ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>3</td>
<td>7,025,100</td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>Cash at Bank</td>
<td></td>
<td>3,669</td>
</tr>
<tr>
<td><strong>CREDITORS</strong>: amounts falling due within one year</td>
<td>5</td>
<td>–</td>
</tr>
<tr>
<td>Limited Partner advances</td>
<td>6</td>
<td>(6,711,256)</td>
</tr>
<tr>
<td><strong>NET CURRENT LIABILITIES</strong></td>
<td></td>
<td>(6,707,577)</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
<td>317,523</td>
</tr>
</tbody>
</table>

**REPRESENTED BY:**

<table>
<thead>
<tr>
<th>Note</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partner Capital Accounts</td>
<td>7</td>
<td>20</td>
</tr>
<tr>
<td>Partner Current Accounts</td>
<td>8</td>
<td>317,503</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
<td>317,523</td>
</tr>
</tbody>
</table>

These financial statements have been prepared in accordance with the provisions applicable to qualifying partnerships subject to the small companies’ regime. The notes on page 40 to 43 are an integral part of the financial statements. The financial statements on pages 38 to 43 were approved on 6 December 2019 by Old College Capital GP Limited, in its capacity as General Partner of the Old College Capital LP, and signed on its behalf by:

T Fox, Director
6 December 2019
Notes to the Financial Statements

1. Accounting Policies
The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements. The directors do not consider that there are any accounting judgements or estimates which have a material impact on these financial statements.

General Information
Old College Capital LP is a Scottish Limited Partnership, and was registered at Companies House on 13 August 2011. The Registered Office is Old College, South Bridge, Edinburgh, EH8 9YL. The principal activity of the Partnership is the management of medium to long term investments in small start-up companies.

Statement of Compliance
The Partnership’s financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (FRS 102) and the Companies Act 2006. The Partnership has chosen to apply the small entities regime, FRS 102 Section 1A Small Entities, as it applies to the financial statements of the Partnership for the year ended 31 July 2019.

Basis of preparation
The financial statements have been prepared on a going concern basis, in accordance with applicable UK accounting standards, and under the historical cost accounting rules.

Going Concern
These financial statements have been prepared under the going concern concept on the basis that the Partnership’s ultimate parent undertaking has confirmed its intention to continue to provide sufficient funds or other financial support to the Company to enable it to meet its liabilities as they fall due.

Exemptions for qualifying entities under FRS 102
As the Partnership is a wholly owned by The University of Edinburgh, the Partnership has taken advantage of the exemption contained in FRS 102 Section 33.1A Related Party Disclosures and has therefore not disclosed transactions or balances with entities that form part of the group. As a small entity, the partnership is not required to prepare a cash flow statement.

Other operating income
Some items of administrative expenditure are met by the parent company of the General Partner. Other operating income relates to income received from the parent company of the General Partner to cover such expenditure items. Income is recognised in the period in which the operating expense is incurred and where applicable, is accrued at the balance sheet date.

Investments held for resale
Investments in companies are initially recorded at cost and where the Partnership believes that an independent fair value can be determined by reviewing the price of a recent transaction for an identical asset, then such investments are recorded in the financial statements at that fair value with changes in fair value recognised through profit and loss.
In reviewing any such recent transactions:

- The recent activity must have been for at least 10% of the total share capital;
- Where this activity has happened more than 12 months since the date of the financial statements, the valuation will be reviewed and the Partnership reserves the right to change such valuation based on any other available information.

Otherwise, the investments are held in the Statement of Financial Position at cost less impairment.

2. Operating Loss

The operating loss does not include the audit fee (£4,378) of these financial statements, as this has been met by the parent company of the General Partner, without any re-charge to the Partnership. For the prior year, the operating loss was stated after charging an amount of £4,250 in respect of the audit fee: this fee was met by the parent company of the General Partner and was subsequently re-charged to the Partnership.

3. Fixed Asset Investments

Investments held at fair value through profit and loss

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 August</td>
<td>£5,202,117</td>
<td>£3,155,970</td>
</tr>
<tr>
<td>Additions in year</td>
<td>£1,633,128</td>
<td>£1,257,784</td>
</tr>
<tr>
<td>Revaluation during year</td>
<td>£189,855</td>
<td>£788,363</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 July</td>
<td>£7,025,100</td>
<td>£5,202,117</td>
</tr>
</tbody>
</table>

4. Debtors

<table>
<thead>
<tr>
<th>Amounts owed by group undertakings</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£10</td>
<td>£4,260</td>
</tr>
</tbody>
</table>

5. Creditors: amounts falling due within one year

<table>
<thead>
<tr>
<th>Accruals and deferred income</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>–</td>
<td>(£4,250)</td>
</tr>
</tbody>
</table>
6. Limited Partner Advances

<table>
<thead>
<tr>
<th>University of Edinburgh</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 August 2018</td>
<td>5,067,374</td>
</tr>
<tr>
<td>Advances made in respect of equity investments and loans and operating costs</td>
<td>1,643,882</td>
</tr>
<tr>
<td>At 31 July 2019</td>
<td>6,711,256</td>
</tr>
</tbody>
</table>

In accordance with the Partnership Agreement, no interest is payable on advances from the Limited Partner.

7. Partner Capital Accounts

<table>
<thead>
<tr>
<th>University of Edinburgh (Limited Partner)</th>
<th>Old College Capital GP Ltd (General Partner)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>At 1 August 2018 and 31 July 2019</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

In accordance with the Partnership Agreement, no interest is payable on Partner capital accounts.

8. Partner Current Accounts

<table>
<thead>
<tr>
<th>University of Edinburgh (Limited Partner)</th>
<th>Old College Capital GP Ltd (General Partner)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>At 1 August 2018</td>
<td>137,248</td>
<td>137,248</td>
</tr>
<tr>
<td>Allocation of profit for year</td>
<td>180,255</td>
<td>180,255</td>
</tr>
<tr>
<td>At 31 July 2019</td>
<td>317,503</td>
<td>317,503</td>
</tr>
</tbody>
</table>

In accordance with the Partnership Agreement, no interest is payable on Partner current accounts.
9. Related Party Transactions
As the company is wholly owned subsidiary of the University of Edinburgh, it has taken advantage of the exemption contained in Section 33 of FRS 102 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of the University of Edinburgh, within which this company included, can be obtained from the address given in note 10.

10. Ultimate Parent Undertaking
The University of Edinburgh is the limited partner of the partnership, and is the ultimate parent undertaking of the general partner. It is the smallest and largest group of undertakings to consolidate these financial statements at 31 July 2019. The consolidated financial statements of The University of Edinburgh are available from Old College, South Bridge, Edinburgh EH8 9YL.
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