Registered No: 04033881

# Accel Partners Limited

Report and Consolidated Financial Statements for the year ended

31 December 2016

**Contents** **Pages**

## Administrative Information

**Directors**
H Nelis
F G A Destin
J M A Biggs
S De Rycker
P Botteri (appointed 1st January 2016)
B Golden
K E Comolli

**Secretary**
J M A Biggs

**Independent Auditors**
PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

**Bankers**
Barclays Bank Plc
1 Churchill Place
London
E14 5HP

**Legal Advisors**
Fried, Frank, Harris, Shiver & Jacobson (London) LLP
99 City Road
London
EC1Y 1AX

**Registered Office**
Sixth Floor
1 New Burlington Place
London
W1S 2HR

**Strategic report for the year ended 31 December 2016**

The Directors present their strategic report of the Accel Partners Limited (the "Company"), Accel Venture Capital Limited and Accel Partners Management LLP (together the "Group") for the year ended 31 December 2016.

**Principal activity and review of the business**

The principal activity of the Company and its subsidiaries Accel Venture Capital Limited and Accel Partners Management LLP (together the "Group"), is provision of investment advisory services to Accel London Management Limited.

**Key Performance Indicators ("KPIs")**

The key performance indicators used by the Directors for the understanding of the performance of the Group include Operating Profit of £9,577,577 (2015: £8,324,851) and Profit on ordinary activities before taxation of £9,569,300 (2015: £8,315,886).

**Financial Risk Management**

The key business risks and uncertainties affecting the Group are considered to relate to the performance of the underlying funds to which the Group provides investment advisory services.

The Group is not exposed to any significant price, credit, liquidity or cash flow risk.

On behalf of the Board

J M A Biggs
Director
20 April 2017

## Directors' report for the year ended 31 December 2016

The Directors present their report and the audited Financial Statements of Accel Partners Limited (the "Company") and its subsidiaries Accel Partners Management LLP and Accel Venture Capital Limited (together the "Group") for the year ended 31 December 2016.

### Results and dividends

The Group results for the financial year amounted to £Nil (2015 - £Nil). The Directors paid a final dividend of £Nil (2015 - £Nil) on the ordinary shares.

### Development and performance

Accel Venture Capital Limited ("AVCL") was incorporated in Israel during 2016 as a 100% owned subsidiary of the Company. The principal activity of AVCL is to support the Group's provision of investment advisory services to Accel London Management Limited. There have been no other significant developments during 2016. The net assets shown in the Group Balance Sheet amounted to £171,534 (2015 - £171,534).

### Future Developments

The Directors expect the Group to continue its business activity of investment advisory services.

### Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law, the Directors have prepared the Group and parent Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). 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 Group and the Company and of the profit or loss of the Group for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102, 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 and Group 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 the Group and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Directors' report for the year ended 31 December 2016 – (continued)**

**Independent Auditors**

It is the intention of the Directors to reappoint the auditors, PricewaterhouseCoopers LLP, under the deemed appointment rules of Sections 487 of the Companies Act 2006.

**Statement of disclosure of Information to auditors**

In the case of each Director in office at the date the Directors' report is approved, each Director confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- 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.

On behalf of the Board

J M A Biggs
Director
20 April 2017

**Independent Auditors' Report to the Members of Accel Partners Limited**

**Report on the Financial Statements**

**Our opinion**

In our opinion, Accel Partners Limited's Group Financial Statements and Company Financial Statements (the "Financial Statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2016 and of the Group's profit and cash flows 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.

**What we have audited**

The Financial Statements, included within the Report and Consolidated Financial Statements (the "Annual Report"), comprise:

- the Consolidated and Company Balance Sheet as at 31 December 2016;
- the Consolidated Income Statement for the year then ended;
- the Consolidated Cash Flow Statement for the year then ended;
- the Consolidated and Company Statement of Changes in Equity for the year then ended; and
- the notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the Financial Statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

**Opinion on other matter 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group, the company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect

**Other matters on which we are required to report by exception**

**Adequacy of accounting records and information and explanations received**

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
- the Company Financial Statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

**Independent Auditors' Report to the Members of Accel Partners Limited – (continued)**

**Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

**Responsibilities for the Financial Statements and the audit**

As explained more fully in the Statement of Directors' responsibilities set out on page 5, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

**What an audit of Financial Statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the Financial Statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the Financial Statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Colleen Local (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 April 2017

## CONSOLIDATED INCOME STATEMENT

**for the year ended 31 December 2016**

| | Note | Year ended 31 December 2016 £ | Year ended 31 December 2015 £ |
|---|---|---|---|
| Turnover | 2 | 22,528,802 | 18,319,535 |
| Administrative expenses | | (13,326,620) | (10,242,770) |
| Other operating income | 2 | 375,395 | 248,086 |
| **Operating Profit** | 3 | **9,577,577** | **8,324,851** |
| Interest receivable and similar income | 6 | 1,100 | 2,363 |
| Interest payable and similar charges | 7 | (9,377) | (11,328) |
| **Profit on ordinary activities before taxation** | | **9,569,300** | **8,315,886** |
| Tax on profit on ordinary activities | 8 | (13,803) | - |
| **Profit on ordinary activities after taxation** | | **9,555,497** | **8,315,886** |
| Minority interests | 9 | (9,555,497) | (8,315,886) |
| **Profit for the financial year** | | - | - |

All of the above results of the Group arose from continuing operations.

The notes on pages 13 to 25 form part of the Financial Statements.

## BALANCE SHEET

| | Note | Consolidated 31 December 2016 £ | Company 31 December 2016 £ | Consolidated 31 December 2015 £ | Company 31 December 2015 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | 10 | 1,919,119 | 157,451 | 420,651 | 420,651 |
| Investments in subsidiaries | | - | 50,000 | - | 50,000 |
| | | 1,919,119 | 207,451 | 420,651 | 470,651 |
| **Current assets** | | | | | |
| Debtors (due after 1 year £300,000 (2015: £843,320)) | 11 | 2,641,166 | 868,944 | 3,942,356 | 1,557,682 |
| Cash at bank and in hand | | 827,114 | 503,837 | 1,488,834 | 497,647 |
| | | 3,468,280 | 1,372,781 | 5,431,190 | 2,055,329 |
| **Creditors:** Amounts falling due within one year | 12 | (5,215,865) | (1,408,706) | (5,680,307) | (2,354,454) |
| **Net current liabilities** | | (1,747,585) | (35,925) | (249,117) | (299,125) |
| **Total assets less current liabilities** | | 171,534 | 171,526 | 171,534 | 171,526 |
| **Net assets** | | **171,534** | **171,526** | **171,534** | **171,526** |
| **Capital and reserves** | | | | | |
| Called up share capital | 14 | 1,000 | 1,000 | 1,000 | 1,000 |
| Other reserves | | 170,526 | 170,526 | 170,526 | 170,526 |
| **Total shareholders' funds** | | **171,526** | **171,526** | **171,526** | **171,526** |
| Minority Interest | 17 | 8 | - | 8 | - |
| **Total Equity** | | **171,534** | **171,526** | **171,534** | **171,526** |

In accordance with the Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own income statement. A Company profit of £Nil (2015: £Nil) has been included within the results reported in the consolidated Financial Statements.

The Financial Statements on page 9 to 25 were approved by the Board of Directors on 20 April 2017 and were signed on its behalf by:

J M A Biggs
Director
20 April 2017

The notes on pages 13 - 25 form part of the Financial Statements.

## CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY

**for the year ended 31 December 2016**

| Group | Note | Called up share capital £ | Other Reserves £ | Total Equity £ |
|---|---|---|---|---|
| Balance as at 1 January 2015 | 14 | 1,000 | 170,526 | 171,526 |
| Result for the year | | - | - | - |
| **Balance as at 31 December 2015** | 14 | **1,000** | **170,526** | **171,526** |
| Result for the year | | - | - | - |
| **Balance as at 31 December 2016** | 14 | **1,000** | **170,526** | **171,526** |

| Company | | Called up share capital £ | Other Reserves £ | Total Equity £ |
|---|---|---|---|---|
| Balance as at 1 January 2015 | 14 | 1,000 | 170,526 | 171,526 |
| Result for the year | | - | - | - |
| **Balance as at 31 December 2015** | 14 | **1,000** | **170,526** | **171,526** |
| Result for the year | | - | - | - |
| **Balance as at 31 December 2016** | 14 | **1,000** | **170,526** | **171,526** |

The notes on pages 13 to 25 form part of the Financial Statements.

## CONSOLIDATED CASH FLOW STATEMENT

**for the year ended 31 December 2016**

| | Note | Year ended 31 December 2016 £ | Year ended 31 December 2015 £ |
|---|---|---|---|
| Net cash from operating activities | 15 | 11,654,580 | 7,887,597 |
| Taxation paid | | - | - |
| **Net cash generated from operating activities** | | 11,654,580 | 7,887,597 |
| **Cash flow from investing activities** | | | |
| Interest received | | 1,100 | 2,363 |
| Interest paid | | (9,377) | (11,328) |
| Purchase of tangible fixed assets | | (1,946,159) | (218,899) |
| **Net cash used in investing activities** | | (1,954,436) | (227,864) |
| **Cash flow from financing activities** | | | |
| Drawings paid to minority members | | (10,355,694) | (6,469,664) |
| **Net cash used in financing activities** | | (10,355,694) | (6,469,664) |
| **Net (decrease) / increase in cash and cash equivalents** | | (655,550) | 1,190,069 |
| Cash and cash equivalents at the beginning of the year | | 1,488,834 | 284,228 |
| Exchange (losses) / gain on cash and cash equivalents | | (6,170) | 14,537 |
| **Cash and cash equivalents at the end of the year** | | **827,114** | **1,488,834** |

The notes on pages 13 to 25 form part of the Financial Statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

**General information**

Accel Partners Limited, (the "Company") is a private limited company incorporated in the United Kingdom, having its registered office at Sixth Floor, 1 New Burlington Place, London W1S 2HR. The principal activity of the Company and its subsidiaries Accel Venture Capital Limited and Accel Partners Management LLP (together the "Group"), is provision of investment advisory services to Accel London Management Limited.

**Statement of compliance**

The Group and the individual Financial Statements of Accel Partners Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, ''The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland'' (''FRS 102'') and the Companies Act 2006.

**Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these Financial Statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

**Basis of preparation**

The Financial Statements have been prepared in accordance with applicable accounting standards, and under the historical cost convention.

**Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions:

(a) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv);
(b) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows;

**Going concern**

On the basis of their assessment of the Group's and the company's financial position and resources, the Directors believe that the Group is well placed to manage its business risks. Therefore the Directors have a reasonable expectation that the Group and the company have 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 Financial Statements.

## NOTES TO THE FINANCIAL STATEMENTS – continued

### Basis of consolidation

The consolidated Financial Statements have been prepared in accordance with section 9 of FRS 102. The consolidated Financial Statements consolidate the results and the position of the Company and its subsidiary undertakings, Accel Venture Capital Limited ("AVCL") and Accel Partners Management LLP ("the LLP"), for the year ended 31 December 2016.

Subsidiaries are entities that are directly or indirectly controlled by the Company. Control exists where the Company has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account.

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively. Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated income statement. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to profit or loss but excludes those amounts that are not required to be reclassified.

Uniform accounting policies have been used across the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

### Investments in subsidiaries

Investments in subsidiaries are carried at the lower of cost or fair value less cost to sell.

### Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. They are depreciated so as to write off the cost or valuation of each asset over its estimated useful life. Costs include those costs which are directly attributable to bringing the asset into working condition for its intended use. Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in consolidated income statement and included within the other operating profit.

### Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, being as follows:

| | | |
|---|---|---|
| Computers and technology equipment | - | over 3 years |
| Telecoms equipment | - | over 3 years |
| Office equipment | - | over 5 years |
| Fixtures and fittings | - | over 10 years |

### Foreign currencies

(a) Functional and presentation currency

The Group's and Company's functional and presentation currency is pound sterling.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

**NOTES TO THE FINANCIAL STATEMENTS – continued**

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings and cash at bank are presented in the consolidated income statement within the operating profit.

**Financial instruments**

The Group has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(a) Financial assets

Basic financial assets, including debtors and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement immediately.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the income statement immediately.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(b) Financial liabilities

Basic financial liabilities, including trade creditors, accruals and amounts owed to group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where it is measured at the present value of the future receipts discounted at a market rate of interest. They are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

**Expenses**

Expenses relate to costs incurred by the Group in relation to the administration and business of the Group and are recognised on an accruals basis.

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**Cash at bank and in hand**

Cash at bank and in hand include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts, when applicable, are shown within creditors in current liabilities.

**Related parties**

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Directors, separate disclosure is necessary to understand the effect of the transactions on the Group Financial Statements. See note 18 for further details on related party transactions.

**Taxation**

Current tax, including UK corporation tax and foreign tax, is provided using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date on the excess of taxable income and allowable expenses.

**Deferred taxation**

Deferred tax is accounted for on an undiscounted basis at expected tax rates on all timing differences that have originated but not reversed at the balance sheet date where transactions and 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. Timing differences are differences between the Group's taxable profits and its results as stated in the Financial Statements other than differences regarded as permanent. A deferred tax asset is only recognised where it is more likely than not that the asset will be recoverable in the foreseeable future out of taxable profits from which the reversal of timing differences can be deducted.

**Operating leases**

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the consolidated income statement on a straight-line basis over the period of the lease.

Incentives received to enter into an operating lease are credited to the income statement, to reduce the lease expense, on a straight-line basis over the period of the lease.

**Employee benefits**

The Group provides a range of benefits to employees, including bonus arrangements and pension contributions plans.

(a) Short term benefits:

Short-term employee benefits such as salaries and compensated absence are recognised as an expense in the year employees render services to the Group.

(b) Pension contributions:

Pension contributions to employees' Self Invested Pension Schemes are accounted for in the income statement on an accrual basis.

## NOTES TO THE FINANCIAL STATEMENTS – continued

### Critical judgements and estimates in applying the accounting policy

The preparation of the Financial Statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

## 2. TURNOVER AND OTHER OPERATING INCOME

Turnover, which is stated net of value added tax, is attributable to the supply of investment advisory services provided during the year and arising from continuing activities in the UK. Fees are recognised once earned.

Other income relates to rent received for a sublease acquired in 2012. Income is recognised on a straight line basis over the term of the sublease.

## 3. OPERATING PROFIT

| | Group | |
|---|---|---|
| | Year ended 31 December 2016 £ | Year ended 31 December 2015 £ |
| Operating profit is stated after charging | | |
| Operating leases | 1,437,111 | 990,821 |
| Staff cost (Note 4) | 3,541,913 | 2,767,822 |
| Fees payable to auditors : | | |
| Audit of the Financial Statements | 15,090 | 15,936 |
| Audit of the Financial Statements of Subsidiary | 26,850 | 25,625 |
| Other audit services | 12,630 | 2,200 |
| Taxation services | 96,009 | 93,325 |
| Depreciation | 447,691 | 115,879 |
| Foreign exchange differences | 4,696 | (14,538) |

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**4. STAFF COST**

| | Group Year ended 31 December 2016 | Company Year ended 31 December 2016 | Group Year ended 31 December 2015 | Company Year ended 31 December 2015 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Wages and salaries | 3,150,658 | 2,595,141 | 2,416,555 | 2,416,555 |
| Social security costs | 362,990 | 344,449 | 318,809 | 318,809 |
| Other pension costs | 28,265 | 28,265 | 32,458 | 32,458 |
| | **3,541,913** | **2,967,855** | **2,767,822** | **2,767,822** |

The average monthly number of persons (including Directors) employed by the Group and the Company during the year was:

| | Group Year ended 31 December 2016 | Company Year ended 31 December 2016 | Group Year ended 31 December 2015 | Company Year ended 31 December 2015 |
|---|---|---|---|---|
| Administration | 18 | 17 | 15 | 15 |
| Fund Management | 8 | 0 | 9 | 0 |

**5. DIRECTORS EMOLUMENTS**

During the year no Directors received any remuneration in respect of services provided to the Company. Some of the Directors are also Members of the LLP, the total remuneration receivable by the Directors in their capacity as Members was £8,679,680 (2015 £6,218,042).

The amount of remuneration attributable to the Director in their capacity as Member with the largest remuneration was £2,773,887 (2015 £2,204,372).

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

| | Group | |
|---|---|---|
| | Year ended 31 December 2016 | Year ended 31 December 2015 |
| | £ | £ |
| Interest receivable | 1,100 | 2,363 |

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

| | Group | |
|---|---|---|
| | Year ended 31 December 2016 | Year ended 31 December 2015 |
| | £ | £ |
| Interest payable on loans and overdrafts repayable within 1 year, not by instalments: | 9,377 | 11,328 |

## NOTES TO THE FINANCIAL STATEMENTS – continued

## 8. TAX ON PROFIT ON ORDINARY ACTIVITIES

### a) Tax on profit on ordinary activities

| | Group | |
|---|---|---|
| | Year ended 31 December 2016 £ | Year ended 31 December 2015 £ |
| **Current tax:** | | |
| UK corporation tax on profits of the year | - | - |
| Adjustments in respect of the prior period | - | - |
| Tax on profit of Accel Venture Capital Limited | 13,803 | - |
| Total current tax | 13,803 | - |

### b) Reconciliation of tax charge

| | Group | |
|---|---|---|
| | Year ended 31 December 2016 £ | Year ended 31 December 2015 £ |
| Profit on ordinary activities before taxation | 9,569,300 | 8,315,886 |
| Profit on ordinary activities multiplied by effective rate of corporation tax in the UK of 20% (2015 – 20%) | 1,900,057 | 1,663,177 |
| Profit on ordinary activities multiplied by effective rate of corporation tax in Israel of 25% | 13,803 | |
| Effects of: | | |
| Adjustments to tax in respect of the prior year | - | - |
| Disallowed expenses and non-taxable income | - | - |
| Profits allocated to minority interests | (1,900,057) | (1,663,177) |
| Total tax charge for the year | 13,803 | - |

The rate of corporation tax was maintained at 20% on 1st April 2016.

## 9. MINORITY INTEREST

| | Year ended 31 December 2016 £ | Year ended 31 December 2015 £ |
|---|---|---|
| Minority interests | 9,555,497 | 8,315,886 |

These represent appropriations to the Members of Accel Partners Management LLP.

## NOTES TO THE FINANCIAL STATEMENTS – continued

## 10. TANGIBLE FIXED ASSETS

| Group | Telecoms equipment £ | Computer equipment £ | Office equipment £ | Fixtures and fittings £ | Total £ |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 January 2016 | 61,141 | 477,732 | 210,614 | 1,415,645 | 2,165,132 |
| Additions | 16,846 | 206,963 | 327,606 | 1,394,744 | 1,946,159 |
| Written off during the year | - | - | (83,456) | (140,089) | (223,545) |
| At 31 December 2016 | 77,987 | 684,695 | 454,764 | 2,670,300 | 3,887,746 |
| **Accumulated Depreciation** | | | | | |
| At 1 January 2016 | 23,791 | 384,960 | 98,296 | 1,237,434 | 1,744,481 |
| Provided during the year | 16,072 | 88,574 | 75,483 | 135,125 | 315,254 |
| Written off during the year | - | - | (28,435) | (62,673) | (91,108) |
| At 31 December 2016 | 39,863 | 473,534 | 145,344 | 1,309,886 | 1,968,627 |
| **Net book value** | | | | | |
| At 31 December 2015 | 37,350 | 92,772 | 112,318 | 178,211 | 420,651 |
| At 31 December 2016 | 38,124 | 211,161 | 309,420 | 1,360,414 | 1,919,119 |

| Company | Telecoms equipment £ | Computer equipment £ | Office equipment £ | Fixtures and fittings £ | Total £ |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 January 2016 | 61,141 | 477,732 | 210,614 | 1,415,645 | 2,165,132 |
| Additions | 638 | 15,253 | - | - | 15,891 |
| Written off during the year | - | - | (83,456) | (140,089) | (223,545) |
| At 31 December 2016 | 61,779 | 492,985 | 127,158 | 1,275,556 | 1,957,478 |
| **Accumulated Depreciation** | | | | | |
| At 1 January 2016 | 23,791 | 384,960 | 98,296 | 1,237,434 | 1,744,481 |
| Provided during the year | 13,348 | 56,356 | 31,028 | 45,922 | 146,654 |
| Written off during the year | - | - | (28,435) | (62,673) | (91,108) |
| At 31 December 2016 | 37,139 | 441,316 | 100,889 | 1,220,683 | 1,800,027 |
| **Net book value** | | | | | |
| At 31 December 2015 | 37,350 | 92,772 | 112,318 | 178,211 | 420,651 |
| At 31 December 2016 | 24,640 | 51,669 | 26,269 | 54,873 | 157,451 |

## NOTES TO THE FINANCIAL STATEMENTS – continued

### 11. DEBTORS

| | Group<br>Year ended<br>31 December<br>2016<br>£ | Company<br>Year ended<br>31 December<br>2016<br>£ | Group<br>Year ended<br>31 December<br>2015<br>£ | Company<br>Year ended<br>31 December<br>2015<br>£ |
|---|---|---|---|---|
| **Amounts due within 1 year** | | | | |
| Amounts owed by other related companies | 1,450,569 | 54,643 | 2,319,900 | - |
| Other debtors | 167,967 | 151,843 | 140,162 | 131,263 |
| Prepayments and accrued income | 722,630 | 362,458 | 638,974 | 583,099 |
| Loans and other debts due from members of the subsidiary | - | - | - | - |
| | 2,341,166 | 568,944 | 3,099,036 | 714,362 |
| **Amounts due after 1 year** | | | | |
| Rent deposit | 300,000 | 300,000 | 843,320 | 843,320 |
| **Total** | **2,641,166** | **868,944** | **3,942,356** | **1,557,682** |

The amount owed by related companies arises in the normal course of business, is unsecured, interest free and repayable on demand.

### 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group<br>Year ended<br>31 December<br>2016<br>£ | Company<br>Year ended<br>31 December<br>2016<br>£ | Group<br>Year ended<br>31 December<br>2015<br>£ | Company<br>Year ended<br>31 December<br>2015<br>£ |
|---|---|---|---|---|
| Trade creditors | 255,052 | 6,079 | 146,737 | 113,687 |
| Amounts owed due to related companies | 162,570 | 616,267 | 11,118 | 1,674,148 |
| Accruals and deferred income | 1,818,738 | 123,152 | 1,807,348 | 54,915 |
| Corporation tax | 13,803 | - | - | - |
| PAYE and NI liabilities | 663,208 | 663,208 | 612,413 | 511,704 |
| Loans and other debts owed due to Members' of the subsidiary | 2,302,494 | - | 3,102,691 | - |
| | **5,215,865** | **1,408,706** | **5,680,307** | **2,354,454** |

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

## 13. FINANCIALS INSTRUMENTS BY CATEGORY

**Financial instrument by category**

| | Group Year ended 31 December 2016 £ | Company Year ended 31 December 2016 £ | Group Year ended 31 December 2015 £ | Company Year ended 31 December 2015 £ |
|---|---|---|---|---|
| The Group and the Company has the following financial instruments: | | | | |
| **Financial assets at fair value through profit and loss** | - | - | - | - |
| **Financial assets that are debt instruments measured at amortised** | | | | |
| Amounts owed by other related companies (note 11) | 1,450,569 | 54,643 | 2,319,900 | - |
| Loans and other debts due from Members (note 11) | - | - | - | - |
| Other debtors (note 11) | 167,967 | 151,843 | 140,162 | 131,263 |
| Rent deposit (note 11) | 300,000 | 300,000 | 843,320 | 843,320 |
| | 1,918,536 | 506,486 | 3,303,382 | 974,583 |
| **Financial liabilities measured at amortised cost:** | | | | |
| Trade creditors (note 12) | 255,052 | 6,079 | 146,737 | 113,687 |
| Amounts owed due to related companies (note 12) | 162,570 | 616,267 | 11,118 | 1,674,148 |
| Accruals (note 12) | 1,818,738 | 123,152 | 1,807,348 | 54,915 |
| Corporation tax (note 12) | 13,803 | - | - | - |
| PAYE and NI liabilities (note 12) | 663,208 | 663,208 | 612,413 | 511,704 |
| Loans and other debts owed due to Members of the subsidiary (note 12) | 2,302,494 | - | 3,102,691 | - |
| | **5,215,865** | **1,408,706** | **5,680,307** | **2,354,454** |

## NOTES TO THE FINANCIAL STATEMENTS – continued

### 14. CALLED UP SHARE CAPITAL

| | Company | |
|---|---|---|
| | Year ended 31 December 2016 £ | Year ended 31 December 2015 £ |
| **Authorised** | | |
| 'A' Ordinary share of £1 each | 1 | 1 |
| Ordinary shares of £1 each | 999 | 999 |
| **Allotted, called up, issued and fully paid** | | |
| 'A' Ordinary share of £1 each | 1 | 1 |
| Ordinary shares of £1 each | 999 | 999 |
| | **1,000** | **1,000** |

The 'A' Ordinary Shares do not confer on the holders any right of participation in the profits of the Company.

The holders of the 'A' Ordinary Shares have the right, by notice in writing signed by a majority of the holders of the 'A' Ordinary Shares delivered to the registered office of the Company, to appoint persons nominated by such holders as Directors of the Company and to remove from office any person so appointed.

### 15. NOTES TO THE CASH FLOW STATEMENTS

| | Group | |
|---|---|---|
| | Year ended 31 December 2016 £ | Year ended 31 December 2015 £ |
| Profit for the financial year | - | - |
| Adjustments for: | | |
| Tax on profit on ordinary activities | 13,803 | - |
| Interest (receivable) | (1,100) | (2,363) |
| Interest expense | 9,377 | 11,328 |
| Minority interest | 9,555,497 | 8,315,886 |
| **Operating profit** | **9,577,577** | **8,324,851** |
| Depreciation | 315,254 | 115,879 |
| Fixed asset write off | 132,437 | - |
| Decrease/(Increase) in debtors | 1,301,190 | (1,802,055) |
| Increase/(Decrease) in creditors | 321,952 | 1,263,460 |
| Foreign exchange differences | 6,170 | (14,538) |
| Net cash inflow from operating activities | 11,654,580 | 7,887,597 |

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**16. COMMITMENT UNDER OPERATING LEASE**

At 31 December the Company had total commitments under operating leases as follows:

| | 2016 Buildings £ | 2015 Buildings £ |
|---|---|---|
| Within one year | 1,625,087 | 990,821 |
| Between two and five years | 4,725,464 | 1,486,232 |
| Over 5 years | 4,658,239 | - |

**17. MINORITY INTEREST**

Minority interests represent the interests of Members in Accel Partners Management LLP. Loans and other amounts due to these Members are included in creditors

| | Year ended 31 December 2016 £ | Year ended 31 December 2015 £ |
|---|---|---|
| Capital contributed by interests | 8 | 8 |
| Profit Attributable to minority interests | 9,555,497 | 8,315,886 |
| Profit paid/payable by LLP to minority interests | (9,555,497) | (8,315,886) |
| | 8 | 8 |

**18. RELATED PARTY TRANSACTIONS**

Expenses incurred by the Company and Accel Venture Capital Limited to the value of £6,227,095 (2015: £4,625,022) were paid for by Accel Partners Management LLP.

Expenses were repaid to Accel Management Co L.L.C to the value of £528,346 (2015: £562,258). Expenses outstanding at 31 December 2016 were £162,570 (2015: £11,118), which are shown in creditors.

The Group received advisory fees from Accel London Management Limited. The total fees for the year ended 31 December 2016 were £22,528,802 (2015: £18,319,535). Fees receivable at 31 December 2016 were £1,450,569 (2015: £ 2,319,534).

Fund raising expenses paid by Accel Partners Management LLP regarding Accel London V L.P. Fund, which are recoverable from the Fund, were £Nil (2015: £365).

Loans and other debt due to / from Members of LLP at 31 December 2016 and 31 December 2015 are shown in note 11 and 12.

**19. ULTIMATE CONTROLLING PARTY**

The parent of the Company is Accel Europe Guernsey Limited. Accel Europe Guernsey Ltd was controlled by one discretionary trust: The Max Trust. On 30 March 2017, The Max Trust transferred 100% ownership of Accel Europe Guernsey Ltd to Accel London Management Limited which was notified to the FCA as per SUP 11.6.4R. This resulted in Accel London Management Limited becoming the ultimate controlling party.

## NOTES TO THE FINANCIAL STATEMENTS – continued

### 20. SUBSIDIARIES AND RELATED UNDERTAKINGS

| Name | Address of the registered office | Nature of Business | Interest |
|---|---|---|---|
| Accel Partners Management LLP | 1 New Burlington Place, London W1S 2HR, UK | Investment Advisory | 100% of ordinary shares |
| Accel Venture Capital Limited* | 57 Rothschild Boulevard, Tel Aviv, Israel | Investment Advisory | 100% of ordinary shares |

*Accel Partners Limited made an investment in Accel Venture Capital Limited on 16 June 2016 for 100 shares at zero par value.