

**Partnership  
Accounts**

**EFI II (GP) LIMITED**

(Company number <sup>SC</sup>218246)

**Annual Report and Financial Statements**

For the year ended 31 December 2018

MONDAY



\*S8BNUYCP\*  
SCT 12/08/2019 #38  
COMPANIES HOUSE

## **EFI II (GP) LIMITED**

### **Administration**

**Directors:** C Whitehorne  
G Le Page  
J Paes (appointed 9 April 2019)  
N Degnen (resigned 9 April 2019)

**Secretary:** Burness LLP  
50 Lothian Road  
Festival Square  
Edinburgh  
EH3 9WJ

**Registered Office:** 50 Lothian Road  
Festival Square  
Edinburgh  
EH3 9WJ

**Administrator:** TMF Group Fund Services Limited  
Western Suite, Ground Floor  
Mill Court  
La Charroterie  
St. Peter Port  
Guernsey  
GY1 1EJ

**Legal Adviser:** Clifford Chance LLP  
10 Upper Bank Street  
London  
E14 5JJ

**Independent Auditor:** KPMG Channel Islands Limited  
Glategny Court  
Glategny Esplanade  
St Peter Port  
Guernsey  
GY1 1WR

**Manager:** Nordic Venture Managers Limited  
Mill Court  
La Charroterie  
St. Peter Port  
Guernsey  
GY1 3EJ

## **EFI II (GP) LIMITED**

### **Report of the Directors**

The directors submit their report and the audited financial statements for the year ended 31 December 2018.

#### **Incorporation**

The Company was incorporated on 20 April 2001 in Scotland.

#### **Principal activities**

The Company's principal activity is that of a General Partner for the European Fund Investments II Limited Partnership (the "Partnership").

#### **Going Concern**

The Company's sole purpose is to act as the General Partner of the Partnership. The Partnership's term was originally due to end on 27 January 2015, but could be extended by a further three years in accordance with section 10.2 of the Limited Partnership Agreement ("LPA"). The Partnership has already extended the term of the Partnership four times and the latter extended period ended on 27 January 2019. On 18 January 2019 the board approved (after consent was given from limited partners and Investors Committee) for the Partnership's term to be extended by a further year to 27 January 2020.

Nordic Venture Managers Limited as Manager (the "Manager") will actively monitor the investment exit process and based on advice received from the Investment Adviser, will assess prior to 27 January 2020 whether the exit process will be completed by this date. If the Manager considers that this process will not be completed, it would act as Liquidating Trustee (LPA clause 10.4d) upon liquidation of the Partnership. As Liquidating Trustee, the Manager would then be responsible for the orderly liquidation of the Partnership's remaining portfolio investments and the subsequent distribution to Limited Partners, after which the Partnership would cease to exist.

On 19 March 2019, the Partnership entered into a Sale and Purchase Agreement for the sale of five of the portfolio investments to a third party. The sale proceeds for the five investments being sold (after pricing adjustments) was Euro 1,638,728. The completion date for the sale is 30 June 2019.

After the closure of the above sale, there will be five remaining portfolio investments. The latest indication from the investment advisor is that the underlying managers of those portfolio entities are targeting liquidations in the second half of 2019.

As of the date of signing this report, the Company's directors are of the opinion that as the Partnership is due to be liquidated and wound up by the end of 2019, the purpose of the Company will then cease and then be put into liquidation shortly after.

Based on the above, the Company's financial statements have been prepared on a non-going concern basis of preparation, with all assets and liabilities presented at the estimated realisable value. The directors are satisfied that there are no material differences between the financial statements being prepared on the break-up basis or going concern basis.

The Partnership remunerated the Company through payment of a management fee which ceased on 27 January 2018. The directors had assessed that the Company only had sufficient resources to meet the liabilities of the business to the end of January 2019 and as a result, cash resources were made available to the Company from the immediate controlling party: Nordic Venture Managers Limited. The sum of Euro 20,000 was received by the Company on 21 March 2019 and is deemed sufficient to cover all operating costs until it is wound up, but if any shortfall does occur, adequate resources will be made available by the immediate controlling party, eQ PLC.

#### **Results**

The results for the year are shown in the Income Statement on page 6.

#### **Strategic Report**

The Company is exempt from preparing a Strategic Report under the small entity regime.

#### **Directors and Secretary**

The directors and secretary of the Company at 31 December 2018 and throughout the year then ended are as stated on page 1.

#### **Employees**

The Company had no employees during the year.

## **EFI II (GP) LIMITED**

### **Report of the Directors (continued)**

#### **Statement of Directors' responsibilities in respect of the Report of the Directors and the Financial Statements**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and UK Accounting Standards, including Financial Reporting Standard 102: 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102)' and disclosure exemptions in accordance with Section 1A of 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 Company and of the profit or loss of the Company 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 estimates that are reasonable and prudent;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or cease operations, or have no realistic alternative but to do so. In view of the anticipated liquidation of the Company, the preparation of the Company's financial statements as a going concern would not be appropriate and accordingly they have been prepared on a non-going concern basis.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

#### **Disclosure of Information to auditor**

The directors who held office at the date of approval of the Report of the Directors confirm that, so far as they are aware, there is no relevant information of which the Company's auditor is unaware, and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### **Re-appointment of auditor**

KPMG Channel Islands Limited have indicated their willingness to remain in office. A shareholder resolution was passed on the 22 May 2001 to dispense with the obligation to appoint auditors annually.

By order of the board on 29 April 2019.

  
**C Whitehorne**  
Director

  
**G Le Page**  
Director

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF EFI II (GP) LIMITED**

### **Opinion**

We have audited the financial statements of EFI II (GP) Limited (the "Company") for the year ended 31 December 2018, which comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position and related notes, including the accounting policies in note 4. The financial statements have not been prepared on the going concern basis for the reason set out in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards applicable to smaller entities, including Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Report of the Directors**

The directors are responsible for the Report of the Directors. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Report of the Directors and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Report of the Directors;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion the report has been prepared in accordance with the Companies Act 2006.

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

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

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

We have nothing to disclose in these respects.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF EFI II (GP) LIMITED (CONTINUED)**

### **Directors' responsibilities**

As explained more fully in their statement as set out on page 3, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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



Rachid Frihmat (Senior Statutory Auditor)

For and on behalf of KPMG Channel Islands Limited (Statutory Auditor)

*Chartered Accountants*

Glategny Court

Glategny Esplanade

St Peter Port

GY1 1WR

27 April 2019



## EFI II (GP) LIMITED

### Income Statement

For the year ended 31 December 2018

Income	Note	2018 Euros	2017 Euros
Turnover	5	966	12,838
Gain on foreign exchange		-	118
		<u>966</u>	<u>12,956</u>
<b>Administrative expenses</b>			
Liquidation costs		13,589	-
Audit fee		4,417	3,537
Administration and secretarial fees		3,863	3,451
Directors' fees	9	3,456	3,550
Legal and professional fees		1,243	1,070
General expenses		60	348
Loss on foreign exchange		15	-
		<u>26,643</u>	<u>11,956</u>
<b>(Loss) / profit for the financial year before taxation</b>		<u>(25,677)</u>	<u>1,000</u>
Taxation	6	-	190
<b>(Loss) / profit for the financial year after taxation</b>		<u><b>(25,677)</b></u>	<u><b>810</b></u>

The Company does not have any income or expense that is not included in "(Loss) / profit for the financial year after taxation". Therefore, the "(Loss) / profit for the financial year after taxation" is also the "Total comprehensive income for the year".

The above results relate to discontinuing operations of the Company.

There is no difference between the (loss) / profit on ordinary activities for the year as stated above and its historical cost equivalent.

The notes to the financial statements on pages 9 to 13 form an integral part of these financial statements.

## **EFI II (GP) LIMITED**

### **Statement of Changes in Equity**

**For the year ended 31 December 2018**

	<b>Called up share capital Euros</b>	<b>Retained income / (deficit) Euros</b>	<b>Total Euros</b>
At 1 January 2017	2	12,209	12,211
Profit for the financial year after taxation	-	810	810
At 31 December 2017 and 1 January 2018	2	13,019	13,021
Loss for the financial year after taxation	-	(25,677)	(25,677)
As at 31 December 2018	2	(12,658)	(12,656)

The notes to the financial statements on pages 9 to 13 form an integral part of these financial statements.



# EFI II (GP) LIMITED

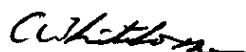
## Statement of Financial Position

As at 31 December 2018

	Notes	2018		2017	
		Euros	Euros	Euros	Euros
<b>Current Assets</b>					
Debtors	7	12,698		10,916	
Cash at bank		714		10,366	
		<u>13,412</u>		<u>21,282</u>	
<b>Creditors: amounts falling due within one year</b>					
Accruals	8	26,068		8,071	
Corporation tax payable		-		190	
		<u>26,068</u>		<u>8,261</u>	
<b>Net Current (Liabilities) / Assets</b>			(12,656)		13,021
<b>Total Assets less Current Liabilities</b>			<u>(12,656)</u>		<u>13,021</u>
<b>Equity represented by:</b>					
Called up share capital	11		2		2
Retained (deficit) / income			(12,658)		13,019
<b>Total (Deficit) / Equity</b>			<u>(12,656)</u>		<u>13,021</u>

The financial statements on pages 6 to 13 were approved by the board of directors on 29 April 2019 and signed on its behalf by:

SC  
Company number 218246



**C Whitehorne**  
Director



**G Le Page**  
Director

The notes to the financial statements on pages 9 to 13 form an integral part of these financial statements.

## EFI II (GP) LIMITED

### Notes to the Financial Statements

For the year ended 31 December 2018

#### 1. Principal activities

The Company's principal activity is that of a General Partner for the European Fund Investments II Limited Partnership (the "Partnership").

The Partnership was registered in Scotland on 22 November 2001, whose financial statements for each financial year are prepared in accordance with United Kingdom Accounting Standards (including FRS 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102')) and the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008. As a result of amendments to these regulations (set out in the "Companies and Partnerships (Accounts and Audit) Regulations 2013"), the above Partnership now falls into the definition of a "Qualifying Partnership". There is now a requirement for the audited annual financial statements of the Partnership to be filed by a UK company with Companies House, within nine months after each financial year end. Therefore, the Company as a UK registered entity and as general partner of the Partnership, has appended the Partnership's audited financial statements for the year ended 31 December 2018 to its own financial statements and to be filed at Companies House.

#### 2. Basis of accounting

The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements of the Company have been prepared in accordance with United Kingdom Accounting Standards including FRS 102, Section 1A of FRS 102 and the Companies Act 2006.

##### *Going Concern*

The Company's sole purpose is to act as the General Partner to the Partnership. The Partnership's term was originally due to end on 27 January 2015, but could be extended by a further three years in accordance with section 10.2 of the Limited Partnership Agreement ("LPA"). The Partnership has already extended the term of the Partnership four times and the latter extended period ended on 27 January 2019. On 18 January 2019 the board approved (after consent was given from limited partners and Investors Committee) for the Partnership's term to be extended by a further year to 27 January 2020.

Nordic Venture Managers Limited as Manager (the "Manager") will actively monitor the investment exit process and based on advice received from the Investment Adviser, will assess prior to 27 January 2020 whether the exit process will be completed by this date. If the Manager considers that this process will not be completed, it would act as Liquidating Trustee (LPA clause 10.4d) upon liquidation of the Partnership. As Liquidating Trustee, the Manager would then be responsible for the orderly liquidation of the Partnership's remaining portfolio investments and the subsequent distribution to Limited Partners, after which the Partnership would cease to exist.

On 19 March 2019, the Partnership entered into a Sale and Purchase Agreement for the sale of five of the portfolio investments to a third party. The sale proceeds for the five investments being sold (after pricing adjustments) was Euro 1,638,728. The completion date for the sale is 30 June 2019.

After the closure of the above sale, there will be five remaining portfolio investments. The latest indication from the investment advisor is that the underlying managers of those portfolio entities are targeting liquidations in the second half of 2019.

As of the date of signing the Report of the Directors, the Company's directors are of the opinion that as the Partnership is due to be liquidated and wound up by the end of 2019, the purpose of the Company will then cease and then be put into liquidation shortly after.

Based on the above, the Company's financial statements have been prepared on a non-going concern basis of preparation, with all assets and liabilities presented at the estimated realisable value. The directors are satisfied that there are no material differences between the financial statements being prepared on the break-up basis or going concern basis.

The Partnership supported the Company through payment of a management fee which ceased on 27 January 2018. The directors had assessed that the Company only had sufficient resources to meet the liabilities of the business to the end of January 2019 and as a result, cash resources were made available to the Company from the immediate controlling party: Nordic Venture Managers Limited. The sum of Euro 20,000 was received by the Company on 21 March 2019 and is deemed sufficient to cover all operating costs until it is wound up, but if any shortfall does occur, adequate resources will be made available by the ultimate controlling party, eQ PLC. On the 18 March 2019 eQ PLC provided a letter of support for 12 months from the date of the letter.

## EFI II (GP) LIMITED

### Notes to the Financial Statements (continued)

For the year ended 31 December 2018

#### 3. Significant judgements and estimates

In preparing these financial statements, the directors have made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

##### a. Judgements

###### *(i) Determination of functional currency*

'Functional currency' is the currency of the primary economic environment in which the Company operates. If indicators of the primary economic environment are mixed, then management uses its judgement to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The majority of the Company's transactions are denominated in Euro. Accordingly, the directors have determined that the functional currency of the Company is Euro.

#### 4. Principal accounting policies

##### 4.1. Exemptions for qualifying entities under Section 1A of FRS 102

FRS 102 Section 1A allows a small entity, as defined, certain disclosure exemptions, subject to certain conditions, which are detailed below.

A company meets the definition of a small entity if it exceeds at least two out of three of the following criteria in the current and preceding year: a) statement of financial position total - £5.1m; b) turnover - £10.2m and c) average employees during the financial year - 50.

The Company qualifies as a small entity as it meets all of the above criteria and hence has prepared these financial statements in accordance with FRS 102 Section 1A.

A small entity is not required to comply with disclosure requirements of Section 8 - 35 of FRS 102 unless the disclosures are considered material to the Company. The Company has adopted the following disclosure exemptions:

- i) the requirement to present a statement of cash flows and related notes;
- ii) a reconciliation of the number of shares outstanding at the beginning and end of the financial year; and
- iii) the requirement to present financial risk review and management notes.

##### 4.2. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered, net of discounts and rebates allowed by the Company.

The Company recognises revenue when (a) the amount of revenue can be measured reliably; (b) it is probable that future economic benefits will flow to the entity and (c) when the specific criteria relating to the Company's income level has been met, as described below.

Turnover comprises management fees receivable from the Partnership, for which the Company acts as General Partner. Turnover from the Partnership was calculated to cover the Company's operating costs, plus a Euro 1,000 profit. As the Partnership's life was extended a further year to 27 January 2019, the Company has waived its entitlement to receive management fees from 27 January 2018.

##### 4.3. Foreign currency transactions

Foreign currency monetary assets and liabilities are translated into Euro at the rate of exchange ruling at the balance sheet date. Transactions in foreign currency are translated at the rate of exchange ruling at the date of the transaction. Foreign exchange gains and losses are included in the Income Statement.

##### 4.4. Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet. The Company is taxed in the UK at the standard rate of 19% / 20%.

Current taxation liabilities are not discounted.

## EFI II (GP) LIMITED

### Notes to the Financial Statements (continued)

For the year ended 31 December 2018

#### 4. Principal accounting policies (continued)

##### 4.5. Financial instruments

###### (i) Financial assets

Basic financial assets, including debtors and cash at bank, 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 profit or loss.

If there is a 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 profit or loss.

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) despite having retained some significant risks and rewards of ownership, 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.

###### (ii) Financial liabilities

Basic financial liabilities, including accruals and corporation tax payable, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

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

#### 5. Turnover

The Company's turnover is receivable from the Partnership, for which the Company acts as General Partner.

The Partnership is registered in the UK and income receivable by the Company from the Partnership is in the form of a priority profit share.

#### 6. Taxation

##### (a) Tax expense included in Income Statement

	2018 Euros	2017 Euros
United Kingdom taxation based on profit for the year:		
Current year	-	190

##### (b) Reconciliation of tax charge

	2018 Euros	2017 Euros
Profit multiplied by the standard rate of tax in the UK of 19% / 20% (2017- 20%)	-	200
Losses brought forward from earlier years	-	(10)
	-	190

The Company is also considered to be tax resident in Guernsey by virtue of the residence of the parent company. It is liable to Guernsey income tax at a rate of 0% (2017 - 0%).

## EFI II (GP) LIMITED

### Notes to the Financial Statements (continued)

For the year ended 31 December 2018

7. Debtors	2018 Euros	2017 Euros
Amount owed by the Partnership	11,865	10,914
Prepayments	831	-
Called up share capital not paid	2	2
	<u>12,698</u>	<u>10,916</u>

The amount owed by the Partnership was unsecured, interest free and repayable on demand.

8. Accruals	2018 Euros	2017 Euros
Liquidation costs	13,589	-
Amount due to Nordic Venture Managers Limited	6,894	2,439
Audit fee	4,527	4,565
Secretarial fees	838	845
Miscellaneous	220	222
	<u>26,068</u>	<u>8,071</u>

The amount due to Nordic Venture Managers Limited is unsecured, interest free and repayable on demand.

#### 9. Directors' Emoluments

All three directors received £1,000 each.

#### 10. Staff numbers and costs

The Partnership has no employees. All administrative and operational activities are undertaken by service providers.

#### 11. Share capital

Authorised share capital	2018 Euros	2017 Euros
100 Ordinary Shares of £1 each	160	160
	<u>Euros</u>	<u>Euros</u>
Issued share capital		
Called up but not paid - 1 Ordinary Share of £1 each	2	2

There is a single class of ordinary shares. Holders of ordinary shares have voting rights and have no restrictions on the distributions of dividends and the repayment of capital.

#### 12. Related Parties

Nordic Venture Managers Limited owns 100% of the ordinary share capital of the Company and as at 31 December 2018 of this share capital Euro 2 was outstanding (2017 - Euro 2).

Nordic Venture Managers Limited also acts as manager of the Partnership.

The Company received a priority profit share from the Partnership of Euro 966 (2017 - Euro 12,838) during the year.

As at 31 December 2018 Euro 11,865 (2017 - Euro 10,914) was outstanding.

The Company acts as the general partner for the Partnership.

N Degnen and C Whitehorne who are directors of the Company are also directors of TMF Group Fund Services Limited. G Le Page who is a director of the Company is also an employee of TMF Group Fund Services Limited. During the year Euro 3,456 (2017 - Euro 3,550) in respect of directors fees and Euro 3,863 (2017 - Euro 3,451) in respect of administration and secretarial fees was payable to the administrator and as at 31 December 2018 Euro 838 (2017 - Euro 845) was outstanding.

## **EFI II (GP) LIMITED**

### **Notes to the Financial Statements (continued)**

For the year ended 31 December 2018

**13. Ultimate and Immediate Controlling Party**

The immediate controlling party is Nordic Venture Managers Limited, a company registered in Guernsey

The ultimate controlling party of the Company is eQ PLC.

**14. Subsequent Events**

The Partnership's term was originally due to end on 27 January 2015, but had been extended by a further four years to 27 January 2019. On 18 January 2019, the board of the General Partner approved (after consent was given from limited partners and Investors Committee) for the Partnership's term to be extended by a further year to 27 January 2020.

On 21 March 2019, Nordic Venture Managers Limited advanced Euro 20,000 to the Company in order for it to cover its operating expenses until wound up.

**EUROPEAN FUND INVESTMENTS II LIMITED  
PARTNERSHIP**

Partnership Number: <sup>SL</sup>4413

**Annual Report and Audited Financial Statements**

For the year ended 31 December 2018

## **EUROPEAN FUND INVESTMENTS II LIMITED PARTNERSHIP**

### **Contents**

	<b>Page</b>
<b>Administration</b>	<b>2</b>
<b>Report of the Manager</b>	<b>3 &amp; 4</b>
<b>Independent Auditor's Report</b>	<b>5 to 7</b>
<b>Investment Portfolio</b>	<b>8</b>
<b>Statement of Financial Position</b>	<b>9</b>
<b>Statement of Comprehensive Income</b>	<b>10</b>
<b>Statement of Changes in Net Assets attributable to Partners</b>	<b>11</b>
<b>Statement of Cash Flows</b>	<b>12</b>
<b>Notes to the Financial Statements</b>	<b>13 to 17</b>
<b>Appendix I and Appendix II - Unaudited</b>	<b>18 &amp; 19</b>



## **EUROPEAN FUND INVESTMENTS II LIMITED PARTNERSHIP**

### **Administration**

<b>General Partner:</b>	EFI II (GP) Limited 50 Lothian Road Festival Square Edinburgh Scotland, EH3 9BY		
<b>Manager:</b>	Nordic Venture Managers Limited PO Box 406 Mill Court La Charroterie St Peter Port Guernsey, GY1 3GG Channel Islands		
<b>Directors of the General Partner:</b>	Nick Degnen Christine Whitehorne Graham Le Page		
<b>Directors of the Manager:</b>	Nick Degnen Christine Whitehorne Graham Le Page		
<b>Special Limited Partner:</b>	Nordic Venture Managers Limited PO Box 406 Mill Court La Charroterie St Peter Port Guernsey, GY1 3GG Channel Islands		
<b>Administrator:</b>	TMF Group Fund Services Limited Mill Court La Charroterie St Peter Port Guernsey, GY1 3GG Channel Islands		
<b>Advisor:</b>	In Finland: eQ Asset Management Limited Aleksanterinkatu 19 A 5th Floor 00100 Helsinki		
<b>Legal Advisors:</b>	In England: Clifford Chance 10 Upper Bank Street London E14 5JJ	In Guernsey: Mourant Ozannes Royal Chambers St Julian's Avenue Guernsey GY1 2HH	In Scotland: Burness Paull 50 Lothian Road Festival Square Edinburgh EH3 9WJ
<b>Independent Auditor:</b>	PricewaterhouseCoopers CI LLP Royal Bank Place 1 Glatigny Esplanade St Peter Port Guernsey, GY1 4ND Channel Islands		

## **EUROPEAN FUND INVESTMENTS II LIMITED PARTNERSHIP**

### **Report of the Manager**

Nordic Venture Managers Limited (the "Manager") submits its annual report and audited financial statements for European Fund Investments II Limited Partnership (the "Partnership") for the year ended 31 December 2018.

#### **Activities**

The Partnership carries on the business of making investments with the principal objective of creating capital growth and generating income by building a diversified portfolio of private equity investments, focusing on smaller to mid-sized technology and buy-out funds in Western Europe. The Partnership is a Qualifying Limited Partnership in accordance with The Partnerships (Accounts) Regulations 2008.

#### **Results**

The results for the year are shown in the Statement of Comprehensive Income on page 10.

#### **Distributions**

Distributions of Euro 6,543,000 were paid during the year (2017: Euro 16,192,819).

#### **Going Concern**

The Partnership's term was originally due to end on 27 January 2015, but could be extended by a further four years in accordance with section 10.2 of the Limited Partnership Agreement ("LPA"). The Partnership's term has already been extended twice and the latter extended period ended on 27 January 2017. On 20 January 2017 the board approved (after consent was given from limited partners) for the Partnership's term to be extended by a further year to 27 January 2018. On 30 November 2017 the board approved for the Partnership's term to be extended by a further year to 27 January 2019. On 18 January 2019 a significant majority of the underlying investors approved for the Partnership's term to be extended by a further year to 27 January 2020. This was ratified by the board on the same date.

The Manager will actively monitor the investment exit process and based on advice received from the Investment Advisor, will assess prior to the 27 January 2020 whether the exit process will be completed by this date. If the Manager considers that this process will not be completed, it would act as Liquidating Trustee (LPA clause 10.4d) upon liquidation of the Partnership.

As Liquidating Trustee, the Manager would then be responsible for the orderly liquidation of the Partnership's remaining portfolio investments and the subsequent distribution to Limited Partners, after which the Partnership would cease to exist.

The financial statements have been prepared on a basis other than going concern, with all assets and liabilities presented at the estimated realisable value. A provision of circa Euro 73,369 for liquidation costs has been included in the financial statements. The directors consider that there are sufficient assets in place to meet the liabilities of the business as they fall due.

#### **Statement of Responsibilities**

The General Partner has overall responsibility for establishing the business objectives and policies of the Partnership. In accordance with the Limited Partnership agreement, the General Partner has delegated the rights, powers, duties and obligations in relation to the administration of the Partnership to the Manager.

The Manager is responsible for preparing financial statements for each financial year which give a true and fair view, in accordance 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 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008, of the state of affairs of the Partnership as at the end of the financial year and of the profit or loss for that period. In preparing these financial statements, the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

## **EUROPEAN FUND INVESTMENTS II LIMITED PARTNERSHIP**

### **Report of the Manager (continued)**

#### **Statement of Responsibilities (continued)**

The directors of the Manager confirm that they have complied with the above requirements in preparing these financial statements. The directors of the Manager are shown on page 2 of this report.

So far as the directors of the Manager are aware there is no relevant audit information of which the Partnership's auditor is unaware, and each director has taken all steps that he or she ought to have taken as directors of the Manager in order to make himself or herself aware of any relevant audit information and to establish that the Partnership's auditor is aware of that information.

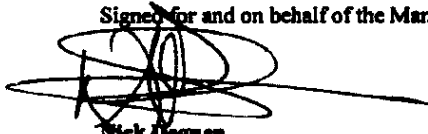
The Manager is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Partnership. The Manager is also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

The Partnership has taken advantage of the exemption for non-disclosure of the strategic report. This disclosure is available to small sized entities as defined in the Companies Act 2006.

#### **Independent Auditor**

Our auditor PricewaterhouseCoopers CI LLP has indicated their willingness to remain in office. A resolution to reappoint PricewaterhouseCoopers CI LLP as auditor to the Partnership will be proposed at the Board meeting of the General Partner.

Signed for and on behalf of the Manager on 29 March 2019.



**Nick Degeen**  
*Director*



**Graham Le Page**  
*Director*

## **Independent auditor's report to the partners of European Fund Investments II Limited Partnership**

### **Report on the audit of the financial statements**

---

#### **Opinion**

In our opinion, European Fund Investments II Limited Partnership's financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2018 and of its profit and cash flows 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 Annual Report and Audited Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the statement of comprehensive income, the statement of cash flows, the statement of changes in net assets attributable to partners 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 Auditor's 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.

---

#### **Emphasis of matter - financial statements prepared on a basis other than going concern**

In forming our opinion on the financial statements, which is not modified, we draw attention to note 3 to the financial statements which describes the manager's reasons why the financial statements have been prepared on a basis other than going concern.

---

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report and Audited Financial Statements other than the financial statements and our auditor's report thereon. The manager 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 Report of the Manager, 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.

## **Independent auditor's report to the partners of European Fund Investments II Limited Partnership (continued)**

### **Reporting on other information (continued)**

#### ***Report of the Manager***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Report of the Manager for the year ended 31 December 2018 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 Report of the Manager.

---

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

#### ***Responsibilities of the manager for the financial statements***

As explained more fully in the Statement of Responsibilities set out on page 3, the manager 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 manager 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 manager 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 manager either intends to liquidate the qualifying partnership or to cease operations, or has no realistic alternative but to do so.

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

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

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

#### ***Use of 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.

---

### **Other required reporting**

#### **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 directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

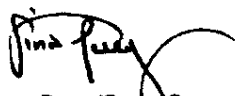
We have no exceptions to report arising from this responsibility.

---

**Independent auditor's report to the partners of European Fund Investments II Limited  
Partnership (continued)**

**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 manager was not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Simon Perry (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers CI LLP  
Chartered Accountants and Statutory Auditors  
Guernsey, Channel Islands  
29 March 2019

# **EUROPEAN FUND INVESTMENTS II LIMITED PARTNERSHIP**

## **Investment Portfolio**

As at 31 December 2018

<b>Unquoted Investments</b>	<b>Quantity</b>	<b>Equity Holding</b>	<b>2018 Cost Currency</b>	<b>2018 Cost Euro</b>	<b>2018 Carrying Value Euro</b>
<b>Activa Capital fund - FCPR</b>	<b>Euro 7,220,924 of commitments</b>	<b>4.94%</b>			
"A" Shares				13,645	19,267
"B" Shares				7,131	-
				<u>20,776</u>	<u>19,267</u>
<b>Auriga Ventures II</b>	<b>Euro 4,995,000 of commitments</b>	<b>4.39%</b>			
"A" Shares				-	513,242
<b>ECI 8 (in liquidation)</b>	<b>GBP 5,000,000 of commitments</b>	<b>1.94%</b>			
Capital			GBP 50	-	-
Loan			GBP 209,165	-	-
				<u>-</u>	<u>-</u>
<b>European Equity Partners III (secondary)</b>	<b>Euro 3,000,000 of commitments</b>	<b>9.82%</b>			
Loan				-	16,864
				<u>-</u>	<u>16,864</u>
<b>European Equity Partners IV</b>	<b>Euro 600,000 of commitments</b>	<b>5.71%</b>			
Loan				-	9,274
				<u>-</u>	<u>9,274</u>
<b>Capital III Evolution</b> (formerly Finadvance Capital III)	<b>Euro 5,000,000 of commitments</b>	<b>6.07%</b>			
"A" Shares				311,219	234,625
<b>GEM Benelux</b>	<b>Euro 4,624,186 of commitments</b>	<b>3.33%</b>			
Loan				-	24,000
				<u>-</u>	<u>24,000</u>
<b>Graphite Capital Partners VI 'A'</b>	<b>GBP 1,600,000 of commitments</b>	<b>1.06%</b>			
Loan				-	98,560
				<u>-</u>	<u>98,560</u>
<b>Graphite Capital Partners VI 'C'</b>	<b>GBP 1,600,000 of commitments</b>	<b>1.23%</b>			
Loan				-	98,550
				<u>-</u>	<u>98,550</u>
<b>MCH Iberian Capital Fund II LP</b>	<b>Euro 5,000,000 of commitments</b>	<b>4.69%</b>			
Capital				50	50
Loan				397,657	1,131,907
				<u>397,707</u>	<u>1,131,957</u>
<b>Nmás1 Private Equity Fund US No.2 LP</b>	<b>Euro 5,000,000 of commitments</b>	<b>2.84%</b>			
Capital				500	500
Loan				8,809	227,900
				<u>9,309</u>	<u>228,400</u>
				<u>739,011</u>	<u>2,374,739</u>

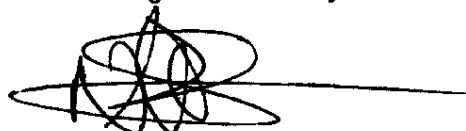
# **EUROPEAN FUND INVESTMENTS II LIMITED PARTNERSHIP**

## **Statement of Financial Position**

As at 31 December 2018

	Notes	2018 Euros	2017 Euros
<b>Fixed Assets</b>			
Investments	8	2,374,739	6,026,468
<b>Current Assets</b>			
Debtors	9	-	39,885
Cash at bank		109,906	1,063,255
		<u>109,906</u>	<u>1,103,140</u>
<b>Total Assets</b>		<u>2,484,645</u>	<u>7,129,608</u>
<b>Liabilities</b>			
Creditors: amounts falling due within one year	10	115,628	39,374
Bank overdraft	11	-	928,505
		<u>115,628</u>	<u>967,879</u>
<b>Total Liabilities</b>		<u>115,628</u>	<u>967,879</u>
<b>Total Assets less Liabilities</b>		<u>2,369,017</u>	<u>6,161,729</u>
<b>Net Assets attributable to Partners</b>	13	<u>2,369,017</u>	<u>6,161,729</u>

The financial statements on pages 9 to 17 were approved by the board of directors of the Manager on 29 March 2019 and signed on its behalf by:



**Nick Degnen**  
Director



**Graham Le Page**  
Director

The notes to the financial statements on pages 13 to 17 form an integral part of these financial statements.



# **EUROPEAN FUND INVESTMENTS II LIMITED PARTNERSHIP**

## **Statement of Comprehensive Income**

**For the year ended 31 December 2018**

	<b>Notes</b>	<b>2018 Euros</b>	<b>2017 Euros</b>
<b>Income</b>			
Realised gain on sale of investments	8	6,016,173	8,134,074
Movement in unrealised foreign exchange loss on revaluation of investments	13	13,394	210,503
Investment income		-	1,562
		<u>6,029,567</u>	<u>8,346,139</u>
<b>Expenses</b>			
Movement in unrealised gain on revaluation of investments	13	3,118,548	9,418,119
Liquidation costs		73,369	-
Administration fee		43,694	41,776
Audit fee		20,700	18,332
Legal and professional fees		6,830	109,543
Interest expense		6,758	21,043
Management fee	6	4,648	69,755
General expenses		3,518	3,954
Priority profit share		1,214	12,838
		<u>3,279,279</u>	<u>9,695,360</u>
<b>Net profit / (loss) for the financial year</b>		<u><b>2,750,288</b></u>	<u><b>(1,349,221)</b></u>

The results above are in respect of discontinuing operations of the Partnership.

There is no difference between the profit for the year as stated above and its historical cost equivalent.

The notes to the financial statements on pages 13 to 17 form an integral part of these financial statements.

## EUROPEAN FUND INVESTMENTS II LIMITED PARTNERSHIP

### Statement of Changes in Net Assets attributable to Partners

For the year ended 31 December 2018

	Notes	2018 Euros	2017 Euros
Net Assets attributable to Partners brought forward		6,161,729	23,685,409
Limited Partners' loans drawdown	13	-	18,360
Distributions paid	13	(6,543,000)	(16,192,819)
Net profit / (loss) for the financial year		2,750,288	(1,349,221)
Net Assets attributable to Partners carried forward		<u>2,369,017</u>	<u>6,161,729</u>

The notes to the financial statements on pages 13 to 17 form an integral part of these financial statements.

# EUROPEAN FUND INVESTMENTS II LIMITED PARTNERSHIP

## Statement of Cash Flows For the year ended 31 December 2018

	2018 Euros	2017 Euros
<b>Cash flows from operating activities</b>		
Net profit / (loss) for the financial year	2,750,288	(1,349,221)
Adjustments for:		
Realised gain on sale of investments	(6,016,173)	(8,134,074)
Movement in unrealised foreign exchange loss on revaluation of investments	(13,394)	(210,503)
Movement in unrealised gain on revaluation of investments	3,118,548	9,418,119
Decrease / (increase) in debtors	39,885	(20,382)
Increase in creditors	76,254	10,466
<i>Net cash from / (used in) operating activities</i>	(44,592)	(285,595)
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	6,562,748	16,629,491
Purchase of investments	-	(216,461)
<i>Net cash generated from investing activities</i>	6,562,748	16,413,030
<b>Cash flows from financing activities</b>		
Limited Partners' loans drawdown	-	18,360
Distributions paid	(6,543,000)	(16,192,819)
<i>Net cash used in financing activities</i>	(6,543,000)	(16,174,459)
<b>Net decrease in cash and cash equivalents</b>	(24,844)	(47,024)
Cash and cash equivalents at the beginning of the year	134,750	181,774
<b>Cash and cash equivalents at the end of the year</b>	109,906	134,750
<b>Reconciliation:</b>		
Cash at bank	109,906	1,063,255
Bank overdraft	-	(928,505)
	109,906	134,750

The notes to the financial statements on pages 13 to 17 form an integral part of these financial statements.

## EUROPEAN FUND INVESTMENTS II LIMITED PARTNERSHIP

### Notes to the Financial Statements

For the year ended 31 December 2018

#### 1. The Partnership

The Partnership was registered in Scotland on 22 November 2001 and formed in accordance with a Limited Partnership Agreement dated 21 November 2001. The first closing of the Partnership was held on 4 December 2001. The Partnership's term was originally due to end on the twelfth anniversary of the final closing date (27 January 2003) on 27 January 2015, but could be extended by a further three years. On 4 December 2014 it was resolved that the term of the Partnership be extended to 27 January 2016 and on 19 November 2015 it was resolved that the term of the Partnership be extended to 27 January 2017. A further resolution was made on 9 December 2016 to extend the Partnership to 27 January 2018. Limited Partner consent was received on 24 November 2017 to extend the Partnership by a further year to 27 January 2019. On 30 November 2017 the board approved for the Partnership's term to be extended by a further year to 27 January 2019. On 18 January 2019 the board approved for the Partnership's term to be extended by a further year to 27 January 2020.

The Partnership carries on the business of making investments with the principal objective of creating capital growth and generating income by building a diversified portfolio of private equity investments, focusing on smaller to mid-sized technology and buy-out funds in Western Europe.

#### 2. Basis of accounting

The financial statements have been prepared on a basis other than going concern in accordance with applicable United Kingdom Accounting Standards, including Financial Reporting Standards 102 'The Financial Reporting Standards applicable in the UK and the Republic of Ireland' ("FRS 102"), the requirements of the UK Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008, and under the historical cost convention as modified by the revaluation of investments.

The Partnership has taken advantage of the exemption for non-disclosure of the strategic report. This disclosure is available to small sized entities as defined in the Companies Act 2006.

#### 3. Going Concern

The Partnership's term was originally due to end on 27 January 2015, but could be extended by a further three years in accordance with section 10.2 of the Limited Partnership Agreement ("LPA"). The Partnership's term has already been extended twice and the latter extended period ended on 27 January 2017. On 20 January 2017 the board approved (after consent was given from limited partners) for the Partnership's term to be extended by a further year to 27 January 2018. On 30 November 2017 the board approved for the Partnership's term to be extended by a further year to 27 January 2019. On 18 January 2019 a significant majority of the underlying investors approved for the Partnership's term to be extended by a further year to 27 January 2020. This was ratified by the board on the same date.

The Manager will actively monitor the investment exit process and based on advice received from the Investment Advisor, will assess prior to the 27 January 2020 whether the exit process will be completed by this date. If the Manager considers that this process will not be completed, it would act as Liquidating Trustee (LPA clause 10.4d) upon liquidation of the Partnership. As Liquidating Trustee, the Manager would then be responsible for the orderly liquidation of the Partnership's remaining portfolio investments and the subsequent distribution to Limited Partners, after which the Partnership would cease to exist.

The financial statements have been prepared on a basis other than going concern, with all assets and liabilities presented at the estimated realisable value. A provision of circa Euro 73,369 for liquidation costs has been included in the financial statements. The directors consider that there are sufficient assets in place to meet the liabilities of the business as they fall due.

#### 4. Principal accounting policies

The Partnership has consistently applied the following accounting policies to all periods presented in these financial statements.

##### *Investment valuation*

Investments are financial instruments and are deemed to be held as part of an investment portfolio and as such are included in the financial statements at a valuation determined by the Manager using the estimation techniques set out below.

Unquoted investee funds are included at a valuation based on the latest available valuation information and capital accounts reported to the Partnership. In general this will result in the Partnership reflecting investment valuation adjustments made by a fund together with the Partnership's share of the fund's operating expenses and income.

## EUROPEAN FUND INVESTMENTS II LIMITED PARTNERSHIP

### Notes to the Financial Statements (continued)

For the year ended 31 December 2018

#### 4. Principal accounting policies (continued)

##### *Investment valuation (continued)*

Notwithstanding the above, the variety of valuation bases adopted by the underlying partnerships and the lack of liquid markets for the investments held means that there are inherent difficulties in determining the realisable value of these investments. Amounts realised on the sale of the investments will inevitably differ from the values reflected in these financial statements and these differences may be significant.

EFI II GP Limited (the "General Partner") considers the value of investments to be supported by their underlying assets.

##### *Investment returns*

In the case of investee funds realised returns are allocated to income, capital return and cost of investment based on information received from the general partners of those funds.

Realised and unrealised capital gains and losses are dealt with in the Statement of Comprehensive Income.

##### *Income and expenses*

Bank interest and other income and expenses are accounted for on an accruals basis.

##### *Foreign exchange*

Monetary assets and liabilities denominated in a foreign currency are translated into Euros at the rate of exchange ruling at the date of the Statement of Financial Position. Transactions in foreign currency are translated at the rate of exchange ruling at the date of the transaction. Foreign exchange gains and losses are included in the Statement of Comprehensive Income.

##### *Cash and cash equivalents*

The Partnership considered cash equivalents to be money market accounts and fixed deposits with maturities of three months or less. Cash equivalents, if any, are carried at cost plus accrued interest, which approximates fair value.

#### 5. Significant judgements and estimates

In preparing these financial statements, the directors have made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

##### a. Judgements

###### *(i) Determination of functional currency*

'Functional currency' is the currency of the primary economic environment in which the Partnership operates. If indicators of the primary economic environment are mixed, then management uses its judgement to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The majority of the Partnership's transactions and ultimate investments are denominated in Euro. Limited Partners' contributions and distributions are also received and paid in Euro. Accordingly, the directors have determined that the functional currency of the Partnership is Euro.

###### *(ii) Investment portfolio*

The investments in the underlying portfolio are considered to meet the definition of investments held as part of an investment portfolio, as such the ultimate investments of the Partnership have been included in these financial statements at fair value through profit and loss. The Partnership has adopted FRS 102 for the valuation of its investments.

##### b. Assumptions and estimation uncertainties

###### *(i) Measurement of fair values*

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2018 is included in note 4 and relates to the determination of fair value of investments and financial instruments using valuation techniques.

#### 6. Material Agreements

##### *Management Fees*

In accordance with the Limited Partnership Agreement, the Manager is entitled to receive a management fee from the Initial Closing Date until the end of the commitment period equal to 1.10% per annum of the total commitments of all of the Limited Partners (including the Special Limited Partner), less the General Partner's Share.

## EUROPEAN FUND INVESTMENTS II LIMITED PARTNERSHIP

### Notes to the Financial Statements (continued)

For the year ended 31 December 2018

#### 6. Material Agreements (continued)

##### *Management Fees*

After 11 January 2007, the Management fee is equal to  $A \times 0.85 B$ , where A is the aggregate of 1.10% multiplied by the total commitments of all the Limited Partners (including the General Partner) and where 0.85 B is equal to 0.85 to the power of B and B is equal to the number of years completed and partially completed from the fifth anniversary of the Final Closing Date.

After 28 January 2017, the Management fee is equal to a fixed amount per annum of Euro 75,000.

From 28 January 2018, eQ waived the Management fee.

#### 7. Taxation

No taxation is provided in the financial statements as taxation is the responsibility of the Partners.

#### 8. Investments

Movement on investments:

	2018 Euros	2017 Euros
Investments at cost brought forward	1,285,586	9,564,542
Calls paid to underlying investments	-	216,461
Distributions from underlying investments	(6,562,748)	(16,629,491)
Realised gain on sale of investments	6,016,173	8,134,074
Investments at cost carried forward	739,011	1,285,586
Unrealised gain on revaluation of investments	1,635,728	4,734,276
Unrealised foreign exchange loss on revaluation of investments	-	(13,394)
Investments at carrying value	2,374,739	6,026,468

#### 9. Debtors

	2018 Euros	2017 Euros
Prepaid management fee	-	31,874
Due from Nordic Venture Managers Limited	-	8,011
	-	39,885

#### 10. Creditors

	2018 Euros	2017 Euros
Liquidation costs accrued	73,369	-
Audit fee	19,344	18,034
Due to EFI II (GP) Limited	12,113	10,914
Administration fee	10,802	10,426
	115,628	39,374

#### 11. Bank Overdraft

In February 2012 an overdraft facility was set up with Pohjola Bank for a sum of up to Euro 5 million. Facility interest is charged at 0.30% p.a. on the maximum amount and overdraft interest is charged at 0.70% of above 1 week Euribor on the drawn amount.

The facility can be terminated by the Partnership at any time, and by the Bank within one month of notice being given.

In February 2018 the credit facility at OP Corporate Bank was terminated and the outstanding amount was fully repaid.

# **EUROPEAN FUND INVESTMENTS II LIMITED PARTNERSHIP**

## **Notes to the Financial Statements (continued)**

For the year ended 31 December 2018

### **12. Capital Subscriptions and Commitments**

	Special Limited Partner Euros	Limited Partners Euros	Total Euros
Commitment	883,838	87,500,000	88,383,838
Called at 1 January 2018	854,336	84,579,268	85,433,604
Called during the year	-	-	-
Called at 31 December 2018	854,336	84,579,268	85,433,604
Undrawn commitments	29,502	2,920,732	2,950,234
Recallable pursuant to amounts distributed	5,548	549,382	554,930
Undrawn commitments (including potential recallable distributions)	35,050	3,470,114	3,505,164
Capital	88	8,750	8,838
Loans	854,248	84,570,518	85,424,766
Total drawdowns	854,336	84,579,268	85,433,604

The commitments for the Special Limited Partner and Limited Partners consist of 0.01% capital contributions and 99.99% interest free loans.

The General Partner is responsible for all debts and obligations of the Partnership with each of the Limited Partners only liable for the debts and obligations up to the amount of their capital commitments. The total committed capital called and undrawn is disclosed above. In view of Section 4 (3) of the Limited Partnership Act 1907 each such Limited Partner remains liable for the debts and obligations of the Partnership up to and including the committed capital contributions excluding loans (including committed capital contributions returned). Loans which have been repaid shall not be available for further drawdowns.

### **13. Net Assets attributable to Partners**

Movement during the year:

	Net Assets b/fwd Euro	Loans Drawn Down Euro	Distributions Euro	Movement in Income Account Euro	Realised gain on sale of investments Euro	Realised foreign exchange loss on sale of investments Euro	Movement in unrealised loss on revaluation of investments Euro	Movement in unrealised foreign exchange gain on revaluation of investments Euro	Net Assets c/fwd Euro
2018									
Special Limited Partner	61,615	-	(65,429)	(1,607)	60,156	-	(31,187)	133	23,681
Limited Partners:	6,100,114	-	(6,477,571)	(159,124)	5,956,017	-	(3,087,361)	13,261	2,345,336
Total	6,161,729	-	(6,543,000)	(160,731)	6,016,173	-	(3,118,548)	13,394	2,369,017

2017

Special Limited Partner:	236,830	185	(161,929)	(2,757)	81,340	-	(94,178)	2,104	61,615
Limited Partners:	23,448,539	18,175	(16,030,890)	(272,922)	8,052,734	-	(9,323,941)	208,399	6,100,114
Total	23,685,409	18,360	(16,192,819)	(275,679)	8,134,074	-	(9,418,119)	210,503	6,161,729

Cumulative balances

	Capital Subscribed Euro	Loans Drawn Down Euro	Distributions Euro	Income Account Euro	Realised gain on sale of investments Euro	Realised foreign exchange loss on sale of investments Euro	Unrealised gain on revaluation of investments Euro	Unrealised foreign exchange loss on revaluation of investments Euro	Net Assets Euro
2018									
Special Limited Partner:	88	854,248	(1,210,348)	(105,146)	483,697	(15,219)	16,361	-	23,681
Limited Partners:	8,750	84,570,518	(119,824,745)	(10,409,523)	47,887,531	(1,506,562)	1,619,387	-	2,345,336
Total	8,838	85,424,766	(121,035,093)	(10,514,669)	48,371,228	(1,521,781)	1,635,728	-	2,369,017
2017									
Special Limited Partner:	88	854,248	(1,144,919)	(103,538)	423,541	(15,219)	47,548	(133)	61,615
Limited Partners:	8,750	84,570,518	(113,347,174)	(10,250,399)	41,931,514	(1,506,562)	4,706,728	(13,261)	6,100,114
Total	8,838	85,424,766	(114,492,093)	(10,353,938)	42,355,055	(1,521,781)	4,754,276	(13,394)	6,161,729

The above loans are interest free with no set date for repayment. Until the entire amount of the loans have been repaid, all distributions of capital or income shall be applied against these loans in the first instance, in the ratio of capital contributions.

## EUROPEAN FUND INVESTMENTS II LIMITED PARTNERSHIP

### Notes to the Financial Statements (continued)

For the year ended 31 December 2018

#### 14. Commitments

The Partnership had the no investment commitments outstanding at 31 December 2018.

#### 15. Over-commitment strategy

As the unfunded commitments can be drawn at any time, the Partnership's potential over-commitment strategy could result in periods when the Partnership has inadequate liquidity to fund its investments or to pay other amounts payable by the Partnership. The liquidity risk arising from the over-commitment strategy is managed through the use of quantitative models by the Advisor (eQ Asset Management Limited). If the Advisor concludes that there is a risk of insufficient liquidity, actions are taken into consideration such as entering into a credit facility or selling investments on the secondary market. As the Partnership holds unquoted investments, which are not traded in an organised public market, the Partnership may not be able to quickly liquidate its investments at an amount close to Fair Value in order to respond to its liquidity requirements.

#### 16. Related Parties

##### *General Partner*

The General Partner is entitled to receive a Priority Profit Share, as defined in the Limited Partnership Agreement. Such amount is variable, and for the year ended 31 December 2018 came to Euro 1,214 (2017: Euro 12,838).

##### *Manager*

The Manager is entitled to receive management fees as described in note 6 of Euro 4,648 (2017: Euro 69,755). As at 31 December 2018 Euro nil (2017: Euro 31,874 was prepaid) was outstanding.

The Special Limited Partner is also an investor and has contributed 1% of the total capital and loans to the Partnership, as shown in note 13.

The Special Limited Partner is entitled to receive carried interest as described in clause 7.1 of the Limited Partnership

##### *Administrator*

Christine Whitehorne and Nick Degnen who are Directors of the General Partner, are also Directors of TMF Group Fund Services Limited (the 'administrator'). Graham Le Page is an employee of the administrator, as well as being a Director of the

During the year, administration fees of Euro 43,694 (2017: Euro 41,776) were payable to the administrator. As at 31 December 2018 Euro 10,802 (2017: Euro 10,426) was outstanding.

#### 17. Ultimate Controlling Party

The Directors of the General Partner consider that the Partnership has no ultimate controlling party.

The immediate and controlling party of the General Partner is eQ Oyj (a company listed on the NASDAQ Helsinki stock exchange).

#### 18. Post Balance Sheet Events

On 19 March 2019, the General Partner entered into a Sale and Purchase Agreement which sold five of the remaining investments to a third party. The sale proceeds for the five investment being sold (after pricing adjustments) was Euro 1,638,728.

The remaining investments are nearly at the end of their investment cycle. The latest indication from the underlying investment advisors (of the remaining portfolio) is that those entities will be targeting a liquidation in the second half of 2019.

On 18 March 2019, proceeds of Euro 185,855 were received in respect of European Equity Partners III and European Equity Partners IV. The current combined valuation as shown in these financial statements totals Euro 26,138.



# EUROPEAN FUND INVESTMENTS II LIMITED PARTNERSHIP

## Appendix I

### Unaudited Summary of Net Assets Attributable to Partners

For the year ended 31 December 2018

Net Assets attributable to Partners										
Movement during the year:										
	Net Assets b/fwd Euro	Capital Subscribed Euro	Loans Drawn Down Euro	Distributions Euro	Movement in Income Account Euro	Realised gain on sale of investments Euro	Realised foreign exchange gain on sale of investments Euro	Movement in unrealised less on revaluation of investments Euro	Movement in Unrealised foreign exchange gain on revaluation of investments Euro	Net Assets c/fwd Euro
General Partner	-	-	-	-	-	-	-	-	-	-
Special Limited Partner	61,615	-	-	(65,429)	(1,607)	60,156	-	(31,187)	133	23,681
Limited Partners:										
AP Pension										
Livestandardingaktieselskab	697,157	-	-	(740,294)	(18,188)	680,687	-	(352,841)	1,518	268,039
Yhteisrajojen Eläkelaitos	348,574	-	-	(370,147)	(9,092)	340,344	-	(176,421)	757	134,015
Local Tapiola General Mutual Insurance Company	104,578	-	-	(111,044)	(2,728)	102,103	-	(52,926)	227	40,210
Keskinäinen Työeläkevakuutusyhtiö Elo	104,578	-	-	(111,044)	(2,728)	102,103	-	(52,926)	227	40,210
Ab Kelonia Oy	174,290	-	-	(185,073)	(4,546)	170,172	-	(88,210)	379	67,012
Finnish National Fund for Research and Development	278,860	-	-	(296,117)	(7,274)	272,275	-	(141,137)	607	107,214
OP Insurance Limited	348,574	-	-	(370,147)	(9,092)	340,344	-	(176,421)	757	134,015
OP Life Assurance Company Limited	412,718	-	-	(438,254)	(10,765)	402,967	-	(208,882)	897	158,681
OP Life Assurance Company Limited (Suomi)	981,590	-	-	(1,042,334)	(25,601)	958,408	-	(496,800)	2,134	377,397
PFA Pension, forsikringsaktieselskab	1,254,887	-	-	(1,332,529)	(32,737)	1,225,238	-	(635,114)	2,728	482,473
Vital Forsikring ASA	906,305	-	-	(962,382)	(23,641)	884,893	-	(458,694)	1,970	348,451
Insurance Cassa Nazionale di Previdenza Previdenza	348,573	-	-	(370,147)	(9,092)	340,344	-	(176,421)	757	134,014
Anchor Secondary 4 KS	139,430	-	-	(148,059)	(3,640)	136,139	-	(70,568)	303	53,605
	6,100,114	-	-	(6,477,571)	(159,124)	5,956,017	-	(3,087,361)	13,261	2,345,336
	6,161,729	-	-	(6,543,000)	(160,731)	6,016,173	-	(3,118,548)	13,394	2,369,017

# EUROPEAN FUND INVESTMENTS II LIMITED PARTNERSHIP

## Appendix II

### Unaudited Summary of Cumulative Net Assets Attributable to Partners

As at 31 December 2018

#### Net Assets attributable to Partners

Cumulative balances as at 31 December 2018:

	Capital Subscribed Euro	Loans Drawn Down Euro	Distributions Euro	Income Account Euro	Realised gain on sale of investments Euro	Realised foreign exchange loss on sale of investments Euro	Unrealised gain on revaluation of investments Euro	Unrealised foreign exchange loss on revaluation of investments Euro	Net Assets Euro
Special Limited Partner	88	854,248	(1,210,348)	(105,146)	483,697	(15,219)	16,361	-	23,681
Limited Partners:									
AP Pension									
Livsforikringsaktieselskab	1,000	9,665,202	(13,694,256)	(1,189,660)	5,472,861	(172,179)	185,071	-	268,039
Yleisrajoon Erikskattit	500	4,832,601	(6,847,130)	(594,830)	2,736,429	(86,090)	92,535	-	134,015
Local Tapiola General Mutual									
Insurance Company	150	1,449,780	(2,054,137)	(178,449)	820,931	(25,826)	27,761	-	40,210
Kaikkilinen Työeläkevakuutusyhtiö									
Elo	150	1,449,780	(2,054,137)	(178,449)	820,931	(25,826)	27,761	-	40,210
Ab Keloia Oy	250	2,416,301	(3,423,562)	(297,415)	1,368,215	(43,045)	46,268	-	67,012
Finnish National Fund for Research and Development									
OP Insurance Limited	400	3,866,081	(5,477,703)	(475,864)	2,189,144	(68,872)	74,028	-	107,214
OP Life Assurance Company Limited	500	4,832,601	(6,847,130)	(594,830)	2,736,429	(86,090)	92,535	-	134,015
OP Life Assurance Company Limited (Spain)	592	5,721,800	(8,106,999)	(704,279)	3,239,935	(101,930)	109,562	-	158,581
PFA Pension, forsikringsaktieselskab	1,408	13,608,605	(19,281,516)	(1,675,040)	7,705,788	(242,428)	260,580	-	377,397
Vital Forsikring ASA	1,800	17,397,364	(24,649,662)	(2,141,387)	9,851,151	(309,920)	333,127	-	482,473
Inarca Cassa Nazionale di Previdenza	1,300	12,564,763	(17,802,332)	(1,546,558)	7,114,717	(223,831)	240,592	-	348,451
Anchor Secondary 4 KS	500	4,832,600	(6,847,130)	(594,830)	2,736,429	(86,090)	92,535	-	134,014
	200	1,933,040	(2,738,851)	(237,932)	1,094,571	(34,435)	37,012	-	53,605
	8,750	84,570,518	(119,824,745)	(10,409,523)	47,887,531	(1,306,562)	1,619,367	-	2,345,336
	8,838	85,424,766	(121,035,093)	(10,514,669)	48,371,228	(1,521,781)	1,635,728	-	2,369,017

The above loans are interest free with no set date for repayment. Until the entire amount of the loans have been repaid, all distributions of capital or income shall be applied against these loans in the first instance, in the ratio of capital contributions.