

PARTNERSHIP
ACCOUNTS

PENTECH FUND IA GP LIMITED

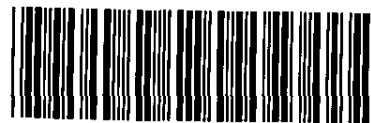
Report and Financial Statements
For the year ended
31 May 2016

COMPANIES HOUSE

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COMPANIES HOUSE

Registered in Scotland – Company Number SC219859

Pentech Fund IA GP Limited

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 May 2016.

REVIEW OF THE BUSINESS

The company acts as the general partner for Pentech Fund IA Limited Partnership.

At 31 May 2016, Pentech Fund IA Limited Partnership had total funds committed of £11.6 million (2015 - £11.6 million).

DIRECTORS

The directors of the company during the year ended 31 May 2016 were as follows:

C Anderson
E Anderson
A McKinnon
M Moens

RESULTS AND DIVIDENDS

The loss before tax for the year ended 31 May 2016 was £937 (2015 - £455). There were no dividends paid during the year (2015 - £550,687).

DIRECTORS' AND OFFICERS' INSURANCE

Directors benefited from qualifying third party directors' and officers' liability insurance in place during the year and at the date of this report.

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the 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 auditors are aware of that information.

AUDITOR

The board has approved the re-appointment of KPMG LLP as auditor to the company.

By order of the Board



C Anderson
Company Secretary

26 September 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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;
-
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
 - prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

REPORT OF THE AUDITORS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENTECH FUND IA GP LIMITED

We have audited the financial statements of Pentech Fund IA GP Limited for the year ended 31 May 2016 set out on pages 4 to 9. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

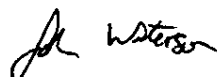
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.



John Waterson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
26 September 2016

Pentech Fund IA GP Limited

STATEMENT OF INCOME AND RETAINED EARNINGS for the year ended 31 May 2016

	Note	2016 £	2015 £
TURNOVER	2	-	-
Administrative expenses		(937)	(835)
OPERATING LOSS		(937)	(835)
Other interest receivable and similar income		-	380
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(937)	(455)
Tax on profits on ordinary activities	3	-	-
LOSS FOR THE YEAR		(937)	(455)
Retained profits at 1 June		6,379	557,521
		5,442	557,066
Dividends paid		-	(550,687)
RETAINED PROFITS AT 31 MAY		5,442	6,379
		=====	=====

All results relate to continuing operations.

There were no recognised gains or losses in the year ended 31 May 2016 other than the loss for the year of £937 (2015 – £455).

The notes on pages 6 to 9 together with the accounting policies on pages 6 to 7 form part of these accounts.

Pentech Fund IA GP Limited

STATEMENT OF FINANCIAL POSITION at 31 May 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Investments	4	274	13
		-----	-----
CURRENT ASSETS			
Cash at bank and in hand		6,004	7,202
CREDITORS: amounts falling due within one year	5	(835)	(835)
		-----	-----
NET CURRENT ASSETS		5,169	6,367
		-----	-----
NET ASSETS		5,443	6,380
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	6	1	1
Profit and loss account		5,442	6,379
		-----	-----
SHAREHOLDERS' FUNDS		5,443	6,380
		=====	=====

The financial statements were approved and authorised for issue by the Board of Directors on 26 September 2016 and signed on its behalf by:



C Anderson

Director

Company Number: SC219859

The notes on pages 6 to 9 together with the accounting policies on pages 6 to 7 form part of these accounts.

Pentech Fund IA GP Limited

NOTES TO THE ACCOUNTS

At 31 May 2016

1. COMPANY INFORMATION

Pentech Fund IA GP Limited was incorporated on 5 June 2001 and is registered as a limited company in Scotland with a registered office at 39 Melville Street, Edinburgh. The company acts as the general partner for Pentech Fund IA Limited Partnership.

2. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Accounting convention

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102, – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis and no modification to a fair value basis is required in any assets and liabilities. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The company acts as the general partner for Pentech Fund IA Limited Partnership (the Fund) and holds a minority interest in the Fund in the form of capital contribution amounting to £274 (2015 - £13). The attributable proportions of the assets and income of the Fund are consolidated. The Fund is a subsidiary undertaking and under the terms of the Companies Act 2006 should be consolidated in full. However, the directors consider the financial statements would not give a true and fair view if the assets and income as a whole were to be consolidated since the company's interest in these assets is, except to the extent that they are proportionally consolidated, merely that of an investment manager.

The effect of this departure is to reduce both profit after tax and the minority interest in the profit for the year by £87,799 (2015 – increase of £8,348), and to increase fixed asset investments by £274 (2015 - £13).

Turnover

Turnover represents the amounts derived from the provision of services which fall within the company's ordinary activities, stated net of value added tax. Fees are credited to income when they are earned and the fee has been agreed. None of the turnover was derived from overseas.

Taxation

Corporation tax payable is provided on the taxable profits at the current rate.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or right to pay less, tax in future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods.

Pentech Fund IA GP Limited

NOTES TO THE ACCOUNTS At 31 May 2016

2. ACCOUNTING POLICIES (CONTINUED)

Dividends on shares presented within equity

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Going Concern

No material uncertainties that may cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Income

~~Deposit interest and loan interest are accounted for on an accruals basis.~~ Dividends are accounted for on an accruals basis provided there is no reasonable doubt that payment will be received in due course.

Expenses

All expenses are accounted for on an accruals basis.

Pentech Fund IA GP Limited

NOTES TO THE ACCOUNTS

At 31 May 2016

3. TAXATION

- (a) There is no provision for UK Corporation Tax or Deferred Tax based on the profit for the year for 2016 or 2015.
- (b) The current taxation for the year is lower than the standard rate of UK corporation tax and the differences can be reconciled to the profit for the year as follows:

	2016	2015
	£	£
Loss on ordinary activities before taxation	937	455
	-----	-----
Corporation tax at standard rate of 20.00% (2015 – 20.83%)	(187)	(95)
Effects of:		
Other short-term timing differences	187	95
	-----	-----
Total current taxation for the year	-	-
	=====	=====

4. INVESTMENTS

<i>Unlisted Investments:</i>	2016	2015
	£	£
<u>Cost:</u>		
Investments in subsidiaries at cost at 1 June	13	13
Additions in year	261	-
	-----	-----
At 31 May	274	13
	-----	-----
<u>Investment uplifts and (provisions)</u>		
At 31 May	-	-
	-----	-----
Net book value at 31 May	274	13
	=====	=====

Investments at cost represent capital contributions and direct investments made by the company in Pentech Fund IA Limited Partnership amounting to £274 (2015 - £13). These have been accounted for as explained in note 2 of these financial statements.

Pentech Fund IA GP Limited

NOTES TO THE ACCOUNTS

At 31 May 2016

5. CREDITORS

	2016	2015
	£	£
Accruals	835	835
	-----	-----
	835	835
	=====	=====

6. CALLED UP SHARE CAPITAL

	Authorised	Allotted called up and fully paid
	£	£
At 31 May 2016 and 31 May 2015		
Ordinary shares of £1 each	100	1
	=====	=====

7. RELATED PARTY TRANSACTIONS

The consolidated financial statements of the company's ultimate parent undertaking are publicly available and include the balance of all transactions with group members who are related parties of the group. Under the provisions of Financial Reporting Standard No.102, transactions with related parties of this company have not therefore been disclosed other than as required under the Companies Act 2006.

8. CASH FLOW STATEMENT

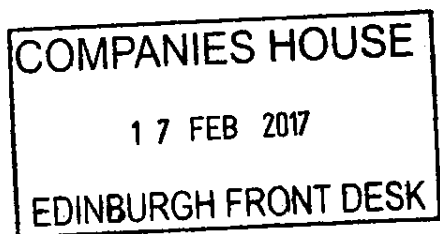
The company has taken advantage of the exemption under Financial Reporting Standard No. 102 not to prepare a Cash Flow Statement as the consolidated financial statements of its ultimate parent undertaking include a consolidated Cash Flow Statement dealing with the cash flows of the group.

9. PARENT UNDERTAKING

The company's immediate parent undertaking is Pentech GP Holdings Limited and the ultimate parent undertaking is Pentech Ventures LLP. Pentech GP Holdings Limited is a wholly owned subsidiary undertaking of Pentech Ventures LLP. Copies of the accounts of Pentech Ventures LLP and Pentech GP Holdings Limited can be obtained from 39 Melville Street, Edinburgh EH3 7JF.

PENTECH FUND IA LIMITED PARTNERSHIP

Report and Accounts
For the year ended 31 December 2015



Registered Limited Partnership No. 4248

Pentech Fund IA Limited Partnership

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Pentech Fund IA Limited Partnership

GENERAL PARTNER'S REPORT

The General Partner presents the annual report and accounts of the Partnership for the year ended 31 December 2015.

ACTIVITY

The Limited Partnership was established on 13 June 2001 and its objective was to invest in unlisted early stage technology companies within the UK and Ireland. The aggregate Limited Partner Commitments at 31 December 2015 totalled £11.5 million (2014 - £11.5 million).

The financial statements have not been prepared on a going concern basis. The General Partner has made all appropriate adjustments to the assets, liabilities and disclosures to reflect that the financial statements have not been prepared on a going concern basis.

RESULTS

In the year ended 31 December 2015, the Partnership made a profit for the financial year of £94,394 (2014 - loss of £6,964).

DRAWDOWNS FROM LIMITED PARTNERS

During the year ended 31 December 2015 there were no drawdowns made to meet Partnership commitments (2014 - £6,091).

DISTRIBUTIONS TO LIMITED PARTNERS

During the year ended 31 December 2015, £90,539 (2014 - £86,160) was distributed to Limited Partners from the sale of portfolio companies.

TERMINATION OF PARTNERSHIP


The term of the Partnership expired on 31 December 2014. Accordingly, the Partnership terminated on 31 December 2014 and no further business shall be conducted by the Partnership except for such actions as shall be necessary for the winding-up of the affairs of the Partnership and the distribution of the Partnership assets amongst the partners. The General Partner, Pentech Fund IA GP Limited, is the trustee in sequestration.

DIRECTORS

The directors of the General Partner, Pentech Fund IA GP Limited, during the year ended 31 December 2015 were as follows:

C Anderson
E Anderson
A McKinnon
M Moens

By order of the General Partner



C Anderson
Director - General Partner
10 October 2016

Pentech Fund IA Limited Partnership

STATEMENT OF GENERAL PARTNER'S RESPONSIBILITIES IN RESPECT OF THE GENERAL PARTNER'S REPORT AND THE ACCOUNTS

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

The Partnerships (Accounts) Regulations 2008 require the General Partner to prepare financial statements for each financial year in accordance with Part 15 and Chapter 1 of Part 16 of the Companies Act 2006. Under that law the General Partner has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the General Partner must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that period. In preparing these financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business (As explained on page 1, the General Partner does not believe that it is appropriate to prepare these financial statements on a going concern basis).

The General Partner has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities.

Pentech Fund IA Limited Partnership

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2015

	<i>Note</i>	2015 £	2014 £
TURNOVER		-	-
EXPENSES			
Administrative expenses	3	(1,145)	(5,849)
Profit (loss) on sale of fixed asset investments		95,539	(26,064)
Net gain on fixed asset investments at fair value	4	-	24,949
PROFIT (LOSS) FOR THE FINANCIAL YEAR		<u>94,394</u> =====	<u>(6,964)</u> =====
Allocation of Net Loss to Partners:			
General Partner:			
Income account	5	<u>(1,145)</u> =====	<u>(5,849)</u> =====
Limited Partners:			
Movement in value of fixed asset investments	5	<u>95,539</u> =====	<u>(1,115)</u> =====

There are no recognised gains or losses other than the gain for the year to 31 December 2015 of £94,394 (2014 – loss of £6,964).

Pentech Fund IA Limited Partnership

STATEMENT OF FINANCIAL POSITION at 31 December 2015

	Note	2015	2014 £
FIXED ASSETS			
Investments	4	-	-
CURRENT ASSETS			
Cash and short term deposits		10,064	9,333
		<u>10,064</u>	<u>9,333</u>
CREDITORS: Amounts falling due within one year			
Accrued expenses		(2,062)	(5,186)
NET CURRENT ASSETS		<u>8,002</u>	<u>4,147</u>
NET ASSETS		<u>8,002</u>	<u>4,147</u>
GENERAL PARTNER'S ACCOUNTS			
Capital commitments	5	13	13
Income account	5	(2,365,117)	(2,363,972)
		<u>(2,365,104)</u>	<u>(2,363,959)</u>
LIMITED PARTNERS' ACCOUNTS			
Capital commitments	5	6,631,349	6,721,888
INVESTMENT PROVISIONS	5	(4,258,243)	(4,353,782)
PARTNERS' FUNDS		<u>8,002</u>	<u>4,147</u>

The financial statements were approved and authorised for issue by the General Partner on 10 October 2016 and signed on its behalf by:



C Anderson

Director of the General Partner

Pentech Fund IA Limited Partnership

CASH FLOW STATEMENT for the year ended 31 December 2015

	2015 £	2014 £
Cash flows from operating activities:		
Profit (loss)	94,394	(6,964)
Adjustments for:		
(Profit) loss on sale of fixed asset investments	(95,539)	26,064
Net gain on fixed asset investments at fair value	-	(24,949)
(Decrease) increase in creditors	(3,124)	881
	-----	-----
Net cash outflow from operating activities	(4,269)	(4,968)
Financial investment:		
Cost of investments	-	(6,091)
Investment disposal proceeds	95,539	85,045
Distributions:		
Limited Partners	(90,539)	(80,069)
	-----	-----
Movement in cash during year	731	(6,083)
Cash at beginning of year	9,333	15,416
	-----	-----
Cash at end of year	10,064	9,333
	=====	=====

Pentech Fund IA Limited Partnership

NOTES TO THE ACCOUNTS

for the year ended 31 December 2015

1. PARTNERSHIP AGREEMENT

Pentech Fund IA Limited Partnership was established on 13 June 2001 and is registered as a limited partnership in Scotland with a registered office at 39 Melville Street, Edinburgh. The General Partner is Pentech Fund IA GP Limited. The operation of the Partnership is governed by the Partnership Agreement dated 13 June 2001 as subsequently amended and restated.

The term of the Partnership expired on 31 December 2014. Accordingly, the Partnership terminated on 31 December 2014 and no further business shall be conducted by the Partnership except for such actions as shall be necessary for the winding-up of the affairs of the Partnership and the distribution of the Partnership assets amongst the partners. The General Partner, Pentech Fund IA GP Limited, is the trustee in sequestration.

2. ACCOUNTING POLICIES

Basis of preparation of accounts

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102, – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. 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 accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Valuation of investments

Financial Instruments

Financial Instruments include fixed asset investments, derivative assets and liabilities and long-term debt instruments. Investments are classified as financial assets at fair value through profit or loss on initial recognition. Accounting Standards recognise a hierarchy of fair value measurements for Financial Instruments which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). The classification of Financial Instruments depends on the lowest significant applicable input, as follows:

Level 1 – Unadjusted, fully accessible and current quoted prices in active markets for identical assets or liabilities. Included within this category are investments listed on a recognised stock exchange. The Partnership held no such securities during the year under review.

Level 2 – Quoted prices for similar assets or liabilities, or other directly or indirectly observable inputs which exist for the duration of the period of investment. Examples of such instruments would be those for which the quoted price has been suspended, forward exchange contracts and certain other derivative investments. The Partnership held no such securities during the year under review.

Level 3 – External inputs are unobservable. Value is at the Investment Manager's best estimate and prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines. Level 3 are investments in private companies or securities, whether invested directly or through partnerships. The Partnership's investments are all deemed Level 3 during the year under review.

Pentech Fund IA Limited Partnership

NOTES TO THE ACCOUNTS for the year ended 31 December 2015

Fixed Asset Investments

Purchases or sales of investments are recognised at the date of transaction. Investments are valued at fair value. For listed securities this is either bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted. In respect of unquoted investments, these are recognised initially at cost and subsequently fair valued by the underlying funds using methodology which is consistent with the International Private Equity Guidelines ("IPEG"). In accordance with IPEG this means that investments may be valued using an earnings multiple, which has been discounted or premium applied which adjusts for points of difference to appropriate stock market or comparable transaction multiples. Alternative methods of valuation may include application of an arm's length third party valuation, a provision on cost or a net asset value basis. Unrealised gains on investments are included in the Statement of Comprehensive Income for the year as a capital item. Realised gains are recorded when capital distributions from an unquoted partnership exceed contributions made.

Gains and losses on sale of investments

As required by sections 5,6 and 10 of FRS 102 "Reporting financial performance", gains and losses arising on the disposal of investments, being the difference between the carrying value and net proceeds, are taken to the Statement of Comprehensive Income. Any previously unrealised deficiency on revaluation is then transferred from unrealised losses to partners' capital accounts.

General Partner's Priority Profit Share

General Partner's Priority Profit Share is treated as an expense of the Partnership.

Income

Deposit interest and loan interest are accounted for on an accruals basis. Dividends are accounted for on an accruals basis provided there is no reasonable doubt that payment will be received in due course.

Expenses

All expenses are accounted for on an accruals basis.

Taxation

As a partnership, taxable income and chargeable gains and losses are passed through to the individual partners. Accordingly, no provision for taxation is made in these accounts.

Pentech Fund IA Limited Partnership

NOTES TO THE ACCOUNTS for the year ended 31 December 2015

3. ADMINISTRATIVE EXPENSES

	2015	2014
	£	£
Auditor's remuneration		
Audit of these financial statements	-	2,700
Other services relating to taxation	1,050	1,002
Legal fees	-	2,014
Bank charges	95	133
	-----	-----
	1,145	5,849
	=====	=====

4. INVESTMENTS

<i>Unlisted Investments:</i>	2015	2014
	£	£
<u>Cost:</u>		
At 1 January	2,053,273	2,078,222
Additions in year	-	6,091
Disposals in year	-	(31,040)
	-----	-----
At 31 December	2,053,273	2,053,273
	-----	-----
<u>Investment provisions</u>		
At 1 January	(2,053,273)	(2,078,222)
Provided in year	-	(6,091)
Realised in year	-	31,040
	-----	-----
At 31 December	(2,053,273)	(2,053,273)
	-----	-----
Net book value at 31 December	-	-
	=====	=====

Pentech Fund IA Limited Partnership

NOTES TO THE ACCOUNTS for the year ended 31 December 2015

5. PARTNERS' ACCOUNTS

Commitments:

	<u>General Partner</u>		<u>Limited Partners</u>	
	<u>Capital</u>	<u>Loan</u>	<u>Capital</u>	<u>Loan</u>
	<u>Contribn.</u>	<u>Contribn.</u>	<u>Contribn.</u>	<u>Contribn.</u>
	£	£	£	£
At 1 January 2014	13	-	1,366	6,800,591
Loans drawn - notional	-	-	-	6,091
Amounts distributed - notional	-	-	-	(6,091)
Amounts distributed - cash	-	-	-	(80,069)
	-----	-----	-----	-----
At 1 January 2015	13	-	1,366	6,720,522
Amounts distributed - cash	-	-	-	(90,539)
	-----	-----	-----	-----
At 31 December 2015	13	-	1,366	6,629,983
	=====	=====	=====	=====
Partners' undrawn commitments at 31 December 2015	-	-	-	6,387
	=====	=====	=====	=====

Capital and Income Accounts:

	<u>General Partner</u>		<u>Limited Partners</u>		
	<u>Capital</u>	<u>Income</u>	<u>Capital</u>	<u>Income</u>	<u>Realised & Unrealised</u>
	<u>Account</u>	<u>Account</u>	<u>Account</u>	<u>Account</u>	<u>M'ment in</u>
	£	£	£	£	<u>Value of</u>
					<u>Investments</u>
					£
At 1 January 2014	-	(2,358,123)	-	-	(4,352,667)
(Loss) allocated to partners	-	(5,849)	-	-	-
Realised loss allocated to partners	-	-	-	-	(26,064)
Other movement in investment provisions allocated to partners	-	-	-	-	24,949
	-----	-----	-----	-----	-----
At 1 January 2015	-	(2,363,972)	-	-	(4,353,782)
(Loss) allocated to partners	-	(1,145)	-	-	-
Realised gain allocated to partners	-	-	-	-	95,539
	-----	-----	-----	-----	-----
At 31 December 2015	-	(2,365,117)	-	-	(4,258,243)
	=====	=====	=====	=====	=====

Pentech Fund IA Limited Partnership

NOTES TO THE ACCOUNTS

for the year ended 31 December 2015

6. FINANCIAL RISK

As an Investment Partnership, the Partnership invests in unlisted securities so as to meet its investment objective of achieving long term capital growth. In pursuing its investment objective, the Partnership is exposed to various types of risk that are associated with the financial instruments and markets in which it invests.

These risks are categorised here as market risk, currency risk, interest rate risk and liquidity risk. The General Partner monitors closely the Partnership's exposures to these risks but does so in order to reduce the likelihood of a permanent loss of capital rather than to minimise the short term volatility.

Market Risk

The fair value or future cash flows of a financial instrument or other investment held by the Partnership may fluctuate because of changes in the value of an unquoted investment. The General Partner reviews and agrees policies for managing this risk and the General Partner both assesses the exposure to market risk when making individual investment decisions and monitoring the overall level of market risk across the investment portfolio on an ongoing basis.

Currency Risk

The Partnership is exposed to currency exchange rate risk due to a significant proportion of its Investments being denominated in non-Sterling currencies. The General Partner monitors the Partnership's exposure to foreign currencies and assesses the risk to the Partnership of the foreign currency exposure by considering the effect on the Partnership's net asset value and income of a movement in the rates of exchange to which the Partnership's assets are exposed.

Interest Rate Risk

Interest rate movements may affect directly the level of income receivable on cash deposits. The Partnership holds minimal cash balances and as this is not a significant risk no active management of this risk is undertaken.

Liquidity Risk

The objective of the Partnership in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Partnership expects to meet its financial obligations through operating cash flows.