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Registered number: SC328064

Pentech Fund II GP Limited

Report And Financial Statements

31 May 2020

COMPANIES HOUSE

16 FEB 2021

EDINBURGH MAILBOX

**Partnership
Accounts**



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COMPANIES HOUSE

**Rees Pollock
Chartered Accountants**

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Pentech Fund II GP Limited

COMPANY INFORMATION

Directors

C Anderson
E Anderson
A McKinnon
M Moens

Company secretary

C Anderson

Registered number

SC328064

Registered office

112 George Street
Edinburgh
EH2 4LH

Independent auditors

Rees Pollock
35 New Bridge Street
London
EC4V 6BW

Pentech Fund II GP Limited

DIRECTORS' REPORT For the Year Ended 31 May 2020

The directors present their report and the financial statements for the year ended 31 May 2020.

Principal activity

The principal activity of the Company during the year was that of General Partner for the Pentech Fund II Limited Partnership ('the Fund'). The Fund constitutes a qualifying partnership and in accordance with Statutory Instrument 'The Partnership (Accounts) Regulations 2008 ('SI 2008/569') the Fund's financial statements for the year ended 31 December 2019 have been appended to these accounts for filing with the Registrar.

Directors

The directors who served during the year were:

C Anderson
E Anderson
A McKinnon
M Moens

Directors' responsibilities statement

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting 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;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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Pentech Fund II GP Limited

DIRECTORS' REPORT (CONTINUED)
For the Year Ended 31 May 2020

Auditors

The auditors, Rees Pollock, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 27 August 2020 and signed on its behalf.

DocuSigned by:

Craig Anderson

BF180EE50752414...

C Anderson
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PENTECH FUND II GP LIMITED

Opinion

We have audited the financial statements of Pentech Fund II GP Limited (the 'Company') for the year ended 31 May 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 May 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Pentech Fund II GP Limited

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PENTECH FUND II GP LIMITED
(CONTINUED)**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

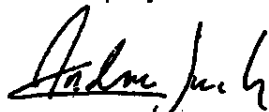
Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

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 Auditors' 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.



Andrew Snook (Senior Statutory Auditor)
for and on behalf of
Rees Pollock
Statutory auditor
35 New Bridge Street
London
EC4V 6BW

27 August 2020

Pentech Fund II GP Limited**STATEMENT OF COMPREHENSIVE INCOME**
For the Year Ended 31 May 2020

		2020 £	2019 £
Turnover		48,746	173,117
Gross profit		48,746	173,117
Administrative expenses		(75,859)	(173,268)
Operating loss		(27,113)	(151)
Fair value movements on investments	5	(14,797)	48,396
(Loss) profit before tax		(41,910)	48,245
Tax on (loss) profit	8	(53,996)	(20,756)
(Loss) profit for the financial year		(95,906)	27,489

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

The notes on pages 7 to 11 form part of these financial statements.

Pentech Fund II GP Limited
Registered number: SC328064

STATEMENT OF FINANCIAL POSITION
As at 31 May 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	5	1,085,243	1,147,120
Current assets			
Debtors: amounts falling due within one year	6	280,505	262,121
Cash at bank and in hand		6,581	13,183
		<u>287,086</u>	<u>275,304</u>
Creditors: amounts falling due within one year	7	(6,850)	(15,035)
Net current assets		<u>280,236</u>	<u>260,269</u>
Total assets less current liabilities		<u>1,365,479</u>	<u>1,407,389</u>
Provisions for liabilities			
Deferred tax		(580,637)	(526,641)
		<u>(580,637)</u>	<u>(526,641)</u>
Net assets		<u><u>784,842</u></u>	<u><u>880,748</u></u>
Capital and reserves			
Called up share capital		1	1
Profit and loss account		784,841	880,747
		<u><u>784,842</u></u>	<u><u>880,748</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 August 2020.

DocuSigned by:

Craig Anderson

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C Anderson
 Director

The notes on pages 7 to 11 form part of these financial statements.

Pentech Fund II GP Limited

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 May 2020

1. General information

Pentech Fund II GP Limited is a private company limited by shares, incorporated in the UK and registered in Scotland. The Company's registered address is 112 George Street, Edinburgh, EH2 4LH.

The principal activities are documented in the Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 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.

2.3 Turnover

Turnover represents the Company's priority profit share from Pentech Fund II Limited Partnership and is recognised in the period to which it relates.

Pentech Fund II GP Limited

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 May 2020**

2. Accounting policies (continued)

2.4 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.5 Cash flow

The Company has taken advantage of the exemption in FRS102 Section 1A and has not presented a cash flow statement on the grounds that it is a small company.

2.6 Valuation of investments

Unlisted investments comprise the Company's investment in the Fund to which it is a General Partner. This asset which is not a consolidated subsidiary, associate or joint venture is initially measured at fair value, which is normally the transaction price. It is subsequently carried at fair value and the changes in fair value are recognised in the Statement of Comprehensive Income.

Pentech Fund II GP Limited

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 May 2020**

2. Accounting policies (continued)

2.7 Other financial instruments

Debtors are initially recognised at transaction value, as none contain in substance a financing transaction. Thereafter debtors are reviewed for impairment where there is objective evidence based on observable data that the balance may be impaired. The Company does not hold collateral against its trade and other receivables so its exposure to credit risk is the net balance of trade and other debtors after allowance for impairment.

The Company's cash holdings comprise on demand balances. All cash is held with banks with strong external credit ratings.

Other creditors and accruals are initially recognised at transaction value as none represent a financing transaction. They are only derecognised when they are extinguished.

The Company only has short term receivables and payables. Its net current asset position is a reasonable measure of its liquidity at any given time given that the loan contributions can only be repaid from net income and capital proceeds from the realisation of investments.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The Company's unlisted investment is in the Fund to which it is a General Partner. As detailed in note 2.6 this is measured at fair value. The directors measure fair value based on statements provided by the Fund and other relevant market conditions. As such there is a degree of judgement and estimation in this policy.

4. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2019 - £nil).

Pentech Fund II GP Limited**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 May 2020****5. Fixed asset investments**

	Unlisted investments £
Valuation	
At 1 June 2019	1,147,120
Additions	3,041
Disposals	(50,121)
Revaluations	(14,797)
At 31 May 2020	<u>1,085,243</u>

Unlisted investments represent the Company's investment in the Fund.

The historic cost of the unlisted investments held at the year end was £74,482 (2019: £121,562). Of this £208 (2019: £208) represented capital contributions made by the Company in the Fund.

6. Debtors

	2020 £	2019 £
Amounts owed by group undertakings	280,151	262,121
Other taxes and social security	354	-
	<u>280,505</u>	<u>262,121</u>

7. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	3,600	-
Accruals and deferred income	3,250	15,035
	<u>6,850</u>	<u>15,035</u>

Pentech Fund II GP Limited**NOTES TO THE FINANCIAL STATEMENTS**
For the Year Ended 31 May 2020**8. Deferred taxation**

	2020 £
At beginning of year	526,641
Charged to profit or loss	53,996
At end of year	<u>580,637</u>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Timing differences on taxation of income	1,789,529	1,589,172
Tax losses carried forward	(1,375,518)	(1,214,143)
Timing difference in relation to fair value movements on investments	166,626	151,612
	<u>580,637</u>	<u>526,641</u>

9. Controlling party

The Company's ultimate parent undertaking is Pentech Ventures LLP, a limited liability partnership in Scotland.

Pentech Fund II Limited Partnership
General Partner's Report and Financial Statements
31 December 2019

COMPANIES HOUSE
16 FEB 2021
EDINBURGH MAILBOX

Pentech Fund II Limited Partnership

PARTNERSHIP INFORMATION

General Partner	Pentech Fund II GP Limited
Manager	Pentech Ventures LLP
Registered number	SL006306
Registered office	Second Floor 112 George Street Edinburgh EH2 4LH
Independent auditors	Rees Pollock Chartered Accountants & Statutory Auditor 35 New Bridge Street London EC4V 6BW
Founder Partner	Pentech Fund II SP Limited Partnership

GENERAL PARTNER'S REPORT
For the Year Ended 31 December 2019

The General Partner presents its report and the financial statements for the year ended 31 December 2019.

Principal activity

The Partnership was incorporated on 6 November 2007. Since the year end, the Limited Partners and the General Partner agreed to extend the term of the Partnership by one year. Accordingly the Partnership shall now terminate on 27 November 2021 unless otherwise agreed by the Limited Partners and the General Partner.

The Partnership's objective is to invest in unlisted technology companies within the UK and Ireland. The aggregate Limited Partner Commitments at 31 December 2019 totalled £47.2 million (2018 - £47.2 million).

Results and dividends

The profit for the year, after the priority profit share, amounted to £1,117,252 (2018 - £168,821).

Drawdowns from Limited Partners

During the year £40,411 (2018 - £210,617) was drawn from Limited Partners to meet Partnership commitments.

Distributions to Limited Partners

During the year £1,161,448 (2018 - £2,085,498) was distributed to Limited Partners from the sale of portfolio companies.

General Partner

The General Partner who served during the year was:

Pentech Fund II GP Limited

Disclosure of information to auditors

The General Partner at the time when this General Partner's Report is approved has confirmed that:

- so far as the General Partner is aware, there is no relevant audit information of which the Partnership's auditors are unaware, and
- the General Partner has taken all the steps that ought to have been taken as a General Partner in order to be aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.

Auditors

The auditors, Rees Pollock, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the General Partner has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

GENERAL PARTNER'S REPORT (CONTINUED)
For the Year Ended 31 December 2019

General Partner's responsibilities statement

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

Company law requires the General Partner to prepare financial statements for each financial year. Under that law the General Partner has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 the General Partner 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 for the Partnership's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership and to enable the General Partner to ensure that the financial statements comply with the Companies Act 2006 as applied to qualifying partnerships. The General Partner is also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the board on 30 March 2020 and signed on its behalf.



C Anderson
As director of Pentech Fund II GP Limited
General Partner

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PENTECH FUND II LIMITED PARTNERSHIP

Opinion

We have audited the financial statements of Pentech Fund II Limited Partnership (the 'Partnership') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Partnership's affairs as at 31 December 2019 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the General Partner's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the General Partner has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The General Partner is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the General Partner's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the General Partner's Report has been prepared in accordance with applicable legal requirements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PENTECH FUND II LIMITED PARTNERSHIP
(CONTINUED)**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Partnership and its environment obtained in the course of the audit, we have not identified material misstatements in the General Partner's Report.

We have nothing to report in respect of the following matters in relation to which 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 General Partner's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the General Partner was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the General Partner's Report and from the requirement to prepare a Strategic Report.

Responsibilities of General Partner

As explained more fully in the General Partner's Responsibilities Statement on page 2, the General Partner is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the General Partner determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the General Partner is responsible for assessing the Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the General Partner either intends to liquidate the Partnership or to cease operations, or have no realistic alternative but to do so.

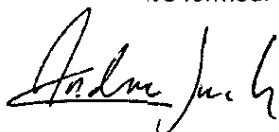
Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships. Our audit work has been undertaken so that we might state to the Partnership's members those matters we are required to state to them in an Auditors' 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 Partnership and the Partnership's members for our audit work, for this report, or for the opinions we have formed.



Andrew Snook (Senior Statutory Auditor)
for and on behalf of

Rees Pollock
Chartered Accountants
Statutory Auditor
35 New Bridge Street
London
EC4V 6BW

30 March 2020

STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 December 2019

	2019 £	2018 £
Administrative expenses	(20,598)	(24,109)
Operating loss	(20,598)	(24,109)
Premium and interest on convertible loan note	-	901,541
Fair value movements on investments	1,228,181	(472,994)
Interest receivable	80	-
Profit for the financial year before priority profit share	1,207,663	404,438
Priority profit share charged as an expense	(90,411)	(235,617)
Profit for the financial year available after priority profit share	1,117,252	168,821

There were no recognised gains or losses for 2019 or 2018 other than those included in the statement of comprehensive income.

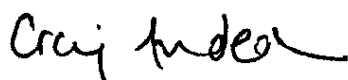
The notes on pages 8 to 13 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	5	32,882,425	32,815,693
Current assets			
Debtors: amounts falling due within one year	6	-	212
Cash at bank and in hand		5,662	75,713
		<u>5,662</u>	<u>75,925</u>
Creditors: amounts falling due within one year	7	(23,654)	(23,400)
Net current (liabilities)/assets		<u>(17,992)</u>	<u>52,525</u>
Total assets less current liabilities		<u>32,864,433</u>	<u>32,868,218</u>
Net assets		<u>32,864,433</u>	<u>32,868,218</u>
Capital and reserves			
Capital contribution accounts	8	4,787	4,787
Partners' loan accounts due within one year		648,860	1,769,897
Profit and loss account	10	32,210,786	31,093,534
Partners' Funds		<u>32,864,433</u>	<u>32,868,218</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 March 2020.



C Anderson
As director of Pentech Fund II GP Limited
General Partner

The notes on pages 8 to 13 form part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE PARTNERS
For the Year Ended 31 December 2019

	Capital contribution account £	Partners' loan accounts £	Profit and loss account £	Total £
At 1 January 2018	4,787	3,644,778	30,924,713	34,574,278
Profit for the financial year after priority profit share	-	-	168,821	168,821
Contributions by Limited Partners	-	210,617	-	210,617
Distributions to Limited Partners	-	(2,085,498)	-	(2,085,498)
At 1 January 2019	4,787	1,769,897	31,093,534	32,868,218
Profit for the financial year after priority profit share	-	-	1,117,252	1,117,252
Contributions by Limited Partners	-	40,411	-	40,411
Distributions to Limited Partners	-	(1,161,448)	-	(1,161,448)
At 31 December 2019	4,787	648,860	32,210,786	32,864,433

The notes on pages 8 to 13 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2019

1. General information

Pentech Fund II Limited Partnership is a limited partnership incorporated in the UK and registered in Scotland. The Partnership's registered address is 112 George Street, Edinburgh, EH2 4LH.

The principal activities are documented in the General Partner's report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Partnership's accounting policies (see note 3).

2.2 Investments

Investments are initially measured at cost. At each statement of financial position date investments are remeasured to market value. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income.

The market value is determined in accordance with the "International Private Equity and Venture Capital Valuations Guidelines" developed by the British Venture Capital Association. Investments are initially valued on acquisition at the cost of the investment. The investment cost is considered to provide the best indication of fair value for an initial period after the investment has been made. Subsequently, investments are valued at their fair value using methodologies set out in the guidelines, which may include: earnings multiple; the price at which third party capital has recently been raised; or other relevant factors.

All investments in portfolio companies are held as a means to benefit from increases in their marketable value and not as a medium through which the business of the Partnership is carried out. Accordingly they are not accounted for as either subsidiaries or associates.

2.3 Other financial instruments

Debtors are initially recognised at transaction value, as none contain in substance a financing transaction. Thereafter debtors are reviewed for impairment where there is objective evidence based on observable data that the balance may be impaired. The Partnership does not hold collateral against its trade and other receivables so its exposure to credit risk is the net balance of trade and other debtors after allowance for impairment.

The Partnership's cash holdings comprise on demand balances. All cash is held with banks with strong external credit ratings.

Other creditors and accruals are initially recognised at transaction value as none represent a financing transaction. They are only derecognised when they are extinguished.

The Partnership only has short term receivables and payables. Its net current asset position is a reasonable measure of its liquidity at any given time given that the loan contributions can only be repaid from net income and capital proceeds from the realisation of investments.

Loan contributions from the Limited Partners to finance the Partnership are initially recognised at transaction value. Amounts payable within one year are measured at the undiscounted amount of amount due.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.4 General Partner's share

The General Partner's priority profit share is treated as an expense of the Partnership.

2.5 Partners' loan accounts

Partners' loan accounts represent the loan contributions from the Limited Partners to finance the Partnership. There is no set repayment date for these contributions and they are due to be paid out of net income or capital proceeds the Partnership receives from the realisation of its investments. As there is no unconditional right to defer payment beyond twelve months from the statement of financial position date they are treated as due within one year.

The General Partner has determined that Partners' loan accounts are presented within the reserves of the Partnership on the Statement of Financial Position under the provisions of section 1A of FRS 102, which allows for the Statement of Financial Position to be adapted in order to provide information that is relevant to an understanding of the Partnership's financial position. This represents a departure from section 22 of FRS 102 which states that Partners' loan accounts should be presented as liabilities.

2.6 Foreign currency translation

Functional and presentation currency

The Partnership's functional and presentational currency is GBP.

Transactions and balances

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

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

2.7 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.8 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.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.9 Carried interest

The Founder Partner is conditionally entitled to an amount equivalent to 20% of the net income and gains in the Partnership after the allocation to the General Partner for its priority profit share and the payment of all expenses. This amount is payable only if the partners have received a 6% compound return in cash on their investment in the Partnership. Carry payments to the Founder Partner are only recognised in these accounts in the year in which they have been triggered by the required return of cash to the partners.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the Partnership's financial statements requires management to make significant accounting judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its significant accounting judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying value of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Valuation of investments

Fixed asset investments are included in the statement of financial position at a value determined in accordance with the "International Private Equity and Venture Capital Valuations Guidelines" endorsed by the British Venture Capital Association.

Investments are initially valued on acquisition at the cost of the investment. The investment cost is considered to provide the best indication of fair value for an initial period after the investment has been made. Subsequently, investments are valued at their fair value using methodologies set out in the guidelines, which may include: earnings multiple; the price at which third party capital has recently been raised; or other relevant factors.

4. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Partnership's auditor for the audit of the Partnership's annual financial statements	<u>9,600</u>	<u>9,600</u>
Other services relating to taxation	<u>6,000</u>	<u>6,000</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2019

5. Fixed asset investments

	Unlisted investments £
Valuation	
At 1 January 2019	32,815,693
Disposals	(1,161,449)
Revaluations	1,228,181
At 31 December 2019	<u>32,882,425</u>

The historical cost of the unlisted investments held at the year end was £14,308,045 (2018 - £16,246,072).

Included in the revaluations figure above is a loss of £422,476 (2018 - gain of £673,165) relating to currency movements.

Significant holdings

Details of the investments in which the Partnership hold 20% or more of the nominal value of any class of share capital, or if the carrying amount of holding in the Partnership's accounts exceeds one-fifth of the Partnership's assets, are detailed below. Also included is the aggregated capital and reserves and profit or loss for the year as detailed in the latest publicly available information (being information to the year ended 31 December 2018, unless otherwise stated).

	Type of shares held	Proportion of voting rights and shares held	Aggregated capital and reserves £'000	Loss for the year £'000
Nutmeg Saving and Investment Limited	Preferred Ordinary	4.9%	12,597	18,432
Fastball Holdings LLC *	Ordinary	2.4%	\$Not known	\$Not known
Outplay Entertainment Limited	Preferred Ordinary	20.8%	368	314

*No publicly disclosed financial information is available for this entity.

6. Debtors

	2019 £	2018 £
Other debtors	<u>-</u>	<u>212</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2019

7. Creditors: Amounts falling due within one year

	2019 £	2018 £
Other creditors	854	899
Accruals and deferred income	22,800	22,501
	<u>23,654</u>	<u>23,400</u>

8. Capital contribution accounts

	2019 £	2018 £
General Partner	13	13
Founder Partner	250	250
Other Limited Partners	4,524	4,524
	<u>4,787</u>	<u>4,787</u>

9. Partner loan accounts due within one year

At the year end Partners' undrawn commitments totalled £769,802 (2018 - £810,213).

10. Profit and loss account

	2019 £	2018 £
Realised profits	13,636,406	14,523,913
Fair value movement on investments - unrealised	18,574,380	16,569,621
	<u>32,210,786</u>	<u>31,093,534</u>

11. Carried interest

If all the assets and liabilities of the Partnership were realised at the fair values on 31 December 2019, profits of £6,442,157 (2018 - £6,218,707) would be allocated to the Carried Interest Partner. No allocation has been made to the Carried Interest Partner at the statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2019

12. Subsequent events

As at the Statement of Financial Position date (31 December 2019) a limited number of cases of an unknown virus had been reported to the World Health Organization. There was no explicit evidence of human-to-human transmission at that date. Subsequent to 31 December 2019, the virus was identified as a new coronavirus (COVID-19) and there has been fast and widespread transmission through the human population.

As at the date of signing the accounts, the full impact of the COVID-19 virus is unknown and the consequences very difficult to project. There is likely to be a detrimental effect on the valuation of the fixed asset investments shown on the Statement of Financial Position and note five of the accounts. Due to the fast moving nature and volatility of the situation and the nature of the unlisted investments that make up the fixed asset investments it is not possible to accurately quantify the effect of the change in valuation. The COVID-19 crisis is not expected to result in the failure of any of the investments held by Pentech Fund II Limited Partnership.

As a result of the uncertainty created by the COVID-19 virus, there has been significant volatility in global financial markets and significant uncertainties are expected to remain for the medium term. This uncertainty will impact the environment in which the Partnership and its investments operate, and could impact the future financial results of the Partnership.

Since the year end, the Limited Partners and the General Partner agreed to extend the term of the Partnership by one year. Accordingly the Partnership shall now terminate on 27 November 2021 unless otherwise agreed by the Limited Partners and the General Partner.