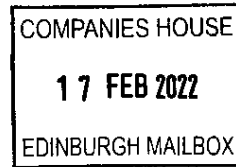
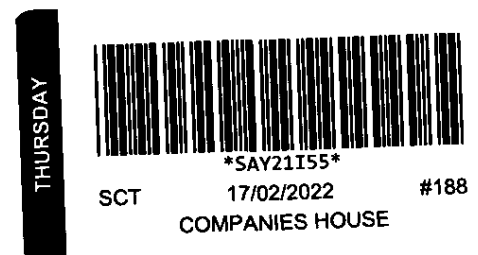


Registered number: SC328064



Pentech Fund II GP Limited
Report And Financial Statements
31 May 2021

**Partnership
Accounts**



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 auditor	Blick Rothenberg Audit LLP Chartered Accountants & Statutory Auditor 16 Great Queen Street Covent Garden London WC2B 5AH

Pentech Fund II GP Limited

DIRECTORS' REPORT For the Year Ended 31 May 2021

The directors present their report and the financial statements for the year ended 31 May 2021.

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 2021 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 auditor

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 auditor is 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 auditor is aware of that information.

Pentech Fund II GP Limited

DIRECTORS' REPORT (CONTINUED)
For the Year Ended 31 May 2021

Auditor

The auditor, Blick Rothenberg Audit LLP, 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 15 September 2021 and signed on its behalf.

DocuSigned by:

Craig Anderson

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C Anderson
Director

Pentech Fund II GP Limited

INDEPENDENT AUDITOR'S 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 2021, which comprise the Statement of Income and Retained Earnings, 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 2021 and of its profit 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 Auditor's 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Pentech Fund II GP Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENTECH FUND II GP LIMITED (CONTINUED)

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.

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 set out 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.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, and non-compliance with laws and regulations, our procedures included the following: enquiring of management

Pentech Fund II GP Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENTECH FUND II GP LIMITED (CONTINUED)

concerning the Company's policies with regards to identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; enquiring of management concerning the Company's policies for detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; enquiring of management concerning the Company's policies in relation to the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations; discussing among the engagement team where fraud might occur in the financial statements and any potential indicators of fraud; and obtaining an understanding of the legal and regulatory framework that the Company operates in and focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Company. The key laws and regulations we considered in this context included the UK Companies Act 2006 and applicable tax legislation.

A particular focus area was the risk of fraud through management override of controls.

Our procedures to respond to risks identified included the following: performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; reviewing the bank statements of the Company for evidence of any large or unusual activity which may be indicative of fraud; enquiring of management in relation to any potential litigation and claims; and testing the appropriateness of journal entries and other adjustments.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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 Auditor's 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 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.

DocuSigned by:



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Andrew Snook (Senior Statutory Auditor)

for and on behalf of

Blick Rothenberg Audit LLP

Chartered Accountants

Statutory Auditor

16 Great Queen Street

Covent Garden

London

WC2B 5AH

15 September 2021

Pentech Fund II GP Limited**STATEMENT OF INCOME AND RETAINED EARNINGS**
For the Year Ended 31 May 2021

	Note	2021 £	2020 £
Turnover		-	48,746
Gross profit		-	48,746
Administrative expenses		(204,183)	(75,859)
Operating loss		(204,183)	(27,113)
Income from fixed assets investments		2,605,778	(14,797)
Profit (loss) before tax		2,401,595	(41,910)
Tax on profit (loss)		(444,202)	(53,996)
Profit (loss) after tax		1,957,393	(95,906)
Retained earnings at the beginning of the year		784,841	880,747
		784,841	880,747
Profit (loss) for the year		1,957,393	(95,906)
Dividends declared and paid		(1,237,624)	-
Retained earnings at the end of the year		1,504,610	784,841

The notes on pages 8 to 11 form part of these financial statements.

Pentech Fund II GP Limited
Registered number:SC328064

STATEMENT OF FINANCIAL POSITION
As at 31 May 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	5	2,248,902	1,085,243
Current assets			
Debtors: amounts falling due within one year	6	280,151	280,505
Cash at bank and in hand		3,647	6,581
		<u>283,798</u>	<u>287,086</u>
Creditors: amounts falling due within one year	7	(3,250)	(6,850)
Net current assets		<u>280,548</u>	<u>280,236</u>
Total assets less current liabilities		<u>2,529,450</u>	<u>1,365,479</u>
Provisions for liabilities			
Deferred tax		(1,024,839)	(580,637)
		<u>(1,024,839)</u>	<u>(580,637)</u>
Net assets		<u><u>1,504,611</u></u>	<u><u>784,842</u></u>
Capital and reserves			
Called up share capital		1	1
Profit and loss account		1,504,610	784,841
		<u><u>1,504,611</u></u>	<u><u>784,842</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 15 September 2021.

DocuSigned by:

Craig Anderson

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C Anderson
 Director

The notes on pages 8 to 11 form part of these financial statements.

Pentech Fund II GP Limited

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 May 2021

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 2021**

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.

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.

Pentech Fund II GP Limited**NOTES TO THE FINANCIAL STATEMENTS**
For the Year Ended 31 May 2021**2. Accounting policies (continued)****2.8 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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 (2020 - £nil).

5. Fixed asset investments

	Unlisted investments £
Valuation	
At 1 June 2020	1,085,243
Additions	3,237
Distributions received	(1,445,356)
Revaluations	2,605,778
At 31 May 2021	<u>2,248,902</u>

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

The historic cost of the unlisted investments held at the year end was £nil (2020: £74,482). Of this £nil (2020: £208) represented capital contributions made by the Company in the Fund.

6. Debtors

	2021 £	2020 £
Amounts owed by group undertakings	280,151	280,151
Other taxes and social security	-	354
	<u>280,151</u>	<u>280,505</u>

Pentech Fund II GP Limited**NOTES TO THE FINANCIAL STATEMENTS**
For the Year Ended 31 May 2021**7. Creditors: Amounts falling due within one year**

	2021	2020
	£	£
Trade creditors	-	3,600
Accruals and deferred income	3,250	3,250
	<u>3,250</u>	<u>6,850</u>

8. Deferred taxation

	2021
	£
At beginning of year	(580,637)
Charged to profit or loss	(444,202)
At end of year	<u>(1,024,839)</u>

The provision for deferred taxation is made up as follows:

	2021	2020
	£	£
Timing differences on taxation of income	1,794,570	1,789,529
Tax losses carried forward	(1,171,604)	(1,375,518)
Timing difference in relation to fair value movements on investments	401,873	166,626
	<u>1,024,839</u>	<u>580,637</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 2020



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Rees Pollock
Chartered Accountants

Pentech Fund II Limited Partnership

PARTNERSHIP INFORMATION

General Partner	Pentech Fund II GP Limited
Manager	<i>Pentech Ventures LLP</i>
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

Pentech Fund II Limited Partnership

GENERAL PARTNER'S REPORT For the Year Ended 31 December 2020

The General Partner presents its report and the financial statements for the year ended 31 December 2020.

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 2020 totalled £47.2 million (2019 - £47.2 million).

Results and dividends

The profit for the year, after taxation, amounted to £47,276,843 (2019 - £893,802).

Drawdowns from Limited Partners

During the year £30,000 (2019 - £40,411) was drawn from Limited Partners to meet Partnership commitments.

Distributions to Limited Partners

During the year £nil (2019 - £1,161,448) 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.

Pentech Fund II Limited Partnership

GENERAL PARTNER'S REPORT (CONTINUED) **For the Year Ended 31 December 2020**

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 30th March 2021 and signed on its behalf

DocuSigned by:

Craig Anderson

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

Pentech Fund II Limited Partnership

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 2020, 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 2020 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

In auditing the financial statements, we have concluded that the General Partner's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the General Partner with respect to going concern are described in the relevant sections of this report.

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.

Pentech Fund II Limited Partnership

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

Opinion on other matters prescribed by the Companies Act 2006 as applied to qualifying partnerships

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.

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 set out 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, and non-compliance with laws and regulations, our procedures included the following: enquiring of the General Partner concerning the Partnership's policies with regards to identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; enquiring of the General Partner concerning the Partnership's policies for detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; enquiring of the General Partner concerning the Partnership's policies in relation to the internal controls established to mitigate risks related to fraud or non-

Pentech Fund II Limited Partnership

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

compliance with laws and regulations; discussing among the engagement team where fraud might occur in the financial statements and any potential indicators of fraud; and obtaining an understanding of the legal and regulatory framework that the Partnership operates in and focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Partnership. The key laws and regulations we considered in this context included the Limited Partnership Agreement of the Partnership, UK Limited Partnership Act 1907, and UK anti- money laundering legislation.

As a result of performing the above, we identified the potential manipulation of the valuation of investments and General Partner override of controls as particular focus areas.

Our procedures to respond to risks identified included the following: performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; reviewing the bank statements of the Partnership for evidence of any large or unusual activity which may be indicative of fraud; enquiring of the General Partner in relation to any potential litigation and claims; in addressing the risk of fraud through General Partner override of controls, testing the appropriateness of journal entries and other adjustments; and assessing whether judgements made in making accounting estimates, particularly in relation to the valuation of investments are indicative of potential bias.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the General Partner and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:



Andrew Snook (Senior Statutory Auditor)

for and on behalf of

Rees Pollock

Chartered Accountants

Statutory Auditor

35 New Bridge Street

London

EC4V 6BW

Date:

Pentech Fund II Limited Partnership**STATEMENT OF COMPREHENSIVE INCOME**
For the Year Ended 31 December 2020

	Note	2020 £	<i>As restated 2019 £</i>
Administrative expenses		(21,966)	<i>(20,598)</i>
Operating loss		(21,966)	<i>(20,598)</i>
Fair value movements on investments	4	59,118,020	<i>1,228,181</i>
Interest receivable		-	<i>80</i>
Profit for the financial year before priority profit share and carried interest		59,096,054	<i>1,207,663</i>
Priority profit share charged as an expense		-	<i>(90,411)</i>
Carried interest charged as an expense		(11,819,211)	<i>(223,450)</i>
Profit for the financial year available after priority profit share and carried interest		47,276,843	<i>893,802</i>

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

The notes on pages 9 to 14 form part of these financial statements.

Pentech Fund II Limited Partnership
Registered number:SL006306

STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Note	2020 £	As restated 2019 £
Fixed assets			
Investments	4	58,456,086	32,882,425
Current assets			
Debtors: amounts falling due within one year	5	85	-
Cash at bank and in hand		33,552,417	5,662
		<u>33,552,502</u>	<u>5,662</u>
Creditors: amounts falling due within one year	6	(18,279,469)	(6,465,811)
Net current assets (liabilities)		<u>15,273,033</u>	<u>(6,460,149)</u>
Total assets less current liabilities		<u>73,729,119</u>	<u>26,422,276</u>
Net assets		<u>73,729,119</u>	<u>26,422,276</u>
Capital and reserves			
Capital contribution accounts		4,787	4,787
Partners' loan accounts due within one year		678,860	648,860
Profit and loss account		73,045,472	25,768,629
		<u>73,729,119</u>	<u>26,422,276</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 30th March 2021.

DocuSigned by:

Craig Anderson

BF180EE50752414...

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

The notes on pages 9 to 14 form part of these financial statements.

Pentech Fund II Limited Partnership**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE PARTNERS**
For the Year Ended 31 December 2020

	Capital contribution account	Partners' loan accounts	Profit and loss account	Total
	£	£	£	£
At 1 January 2019 (as previously stated)	4,787	1,769,897	31,093,534	32,868,218
Prior year adjustment	-	-	(6,218,707)	(6,218,707)
At 1 January 2019 (as restated)	4,787	1,769,897	24,874,827	26,649,511
Profit for the financial year after priority profit share (as restated)	-	-	893,802	893,802
Contributions by Limited Partners	-	40,411	-	40,411
Distributions to Limited Partners	-	(1,161,448)	-	(1,161,448)
At 1 January 2020 (as restated)	4,787	648,860	25,768,629	26,422,276
Profit for the financial year after priority profit share	-	-	47,276,843	47,276,843
Contributions by Limited Partners	-	30,000	-	30,000
At 31 December 2020	4,787	678,860	73,045,472	73,729,119

The notes on pages 9 to 14 form part of these financial statements.

Pentech Fund II Limited Partnership

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

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 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.

2.2 Going concern

The Partnership is due to terminate on 27 November 2021 unless consent to extend the fund term can be obtained from all Limited Partners. The General Partner is confident that this consent will be obtained and therefore adopts the going concern basis when preparing the financial statements.

2.3 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; the share price of listed shares; 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.

2.4 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.

Pentech Fund II Limited Partnership

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

2. Accounting policies (continued)

2.4 Other financial instruments (continued)

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.

2.5 General Partner's share

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

2.6 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.

2.7 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.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

Pentech Fund II Limited Partnership**NOTES TO THE FINANCIAL STATEMENTS**
For the Year Ended 31 December 2020**2. Accounting policies (continued)****2.9 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.

2.10 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. This amount is treated as an expense of the Partnership. The corresponding liability is calculated by determining what Carry payments would be due to the Founder Partner and Limited Partners if all assets were realised at their balance sheet value.

3. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Partnership's auditor for the audit of the Partnership's annual financial statements	<u>11,100</u>	<u>9,600</u>
Other services relating to taxation	<u>6,180</u>	<u>6,000</u>

Pentech Fund II Limited Partnership**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020****4. Fixed asset investments**

	Unlisted investments £
Valuation	
At 1 January 2020	32,882,425
Disposals	(33,544,359)
Revaluations	59,118,020
At 31 December 2020	<u>58,456,086</u>

The historical cost of the unlisted investments held at the year end was £11,159,820 (2019 - £14,308,045).

Included in the revaluations figure above is a loss of £333,700 (2019 - loss of £422,476) 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 2019, unless otherwise stated).

	Type of shares held	Proportion of voting rights and shares held	Aggregated capital and reserves £'000,000	Profit/(Loss) for the year £'000,000
Fastball Holdings LLC*	Ordinary	2.4%	\$Not known	\$Not known
Outplay Entertainment Limited	Preferred Ordinary	22.4%	2.0	1.7

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

5. Debtors

	2020 £	2019 £
Other debtors	<u>85</u>	<u>-</u>

Pentech Fund II Limited Partnership**NOTES TO THE FINANCIAL STATEMENTS**
For the Year Ended 31 December 2020**6. Creditors: Amounts falling due within one year**

	2020	<i>As restated</i> 2019
	£	£
Other creditors	18,262,189	6,443,011
Accruals and deferred income	17,280	22,800
	<u>18,279,469</u>	<u>6,465,811</u>

7. Capital contribution accounts

	2020	2019
	£	£
General Partner	13	13
Founder Partner	250	250
Other Limited Partners	4,524	4,524
	<u>4,787</u>	<u>4,787</u>

8. Partner loan accounts due within one year

At the year end Partners' undrawn commitments totalled £739,802 (2019 - £769,802).

9. Profit and loss account

	2020	<i>As restated</i> 2019
	£	£
Realised profits	25,749,206	7,194,249
Fair value movement on investments - unrealised	47,296,266	18,574,380
	<u>73,045,472</u>	<u>25,768,629</u>

Pentech Fund II Limited Partnership

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

10. Prior year adjustment - change in accounting policy

In light of a material disposal that took place during the year, the General Partner has changed the accounting policy of the Partnership in respect to Carried Interest. The previous accounting policy was that carried interest payments to the Founder Partner were recognised in the accounts in the year in which they have been triggered by the required return of cash to the partners. As detailed in accounting policy 2.10, the revised policy is that a Carried Interest liability is recognised in the financial statements. The liability is calculated by determining what carried interest payments would be due to the Founder Partner if all assets were realised at their balance sheet value. This change in accounting policy is considered to make the Financial Statements more relevant to the readers of the accounts in light of the material disposal that took place during the year.

The effects are summarised below:

Profit for the year ended 31 December 2019 as previously reported £1,117,252

Effect of change in Carried Interest policy (£223,450)

Restated profit for the year ended 31 December 2019 £893,802

Net assets as at 31 December 2019 as previously reported £32,864,433

Effect of change in Carried Interest policy (£6,442,157)

Restated net assets as at 31 December 2019 £26,422,276