

# **PENTECH VENTURES LLP**

**Report and Financial Statements**  
**For the year ended**  
**31 May 2015**

MONDAY



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22/02/2016 #242  
COMPANIES HOUSE

Registered in Scotland – LLP Number SO301769

# Pentech Ventures LLP

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## REPORT AND FINANCIAL STATEMENTS 2015

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# Pentech Ventures LLP

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## MEMBERS' REPORT

The members present their report and the audited financial statements for the year ended 31 May 2015.

### REVIEW OF THE BUSINESS

The principal activity of Pentech Ventures LLP (the "LLP") and its subsidiary undertakings (together the "Group") is the provision of venture capital investment management services. As at 31 May 2015, the Group had total committed funds under management of £84.4m (2014 - £68.4m).

In July 2014, the LLP was appointed to manage techstartNI, a new suite of funding and support for seed and early stage technology businesses launched by Invest Northern Ireland. The £23.6m initiative comprises a £13m equity fund, two university funds of £1.5m each, and a proof of concept grant fund of £7.6m. The new suite of funds will operate until July 2024 and will be managed on a wholly commercial basis by the LLP.

### RESULTS AND DIVIDENDS

Profit before tax for the year ended 31 May 2015 was £2,727,840 (2014 - £800,087). The members regard the results and future prospects to be satisfactory.

### DESIGNATED MEMBERS

The designated members of the LLP during the year ended 31 May 2015 were as follows:

C Anderson  
E Anderson  
A McKinnon  
M Moens

On 10 September 2014 Henry Wilson became a member of the LLP.

### MEMBERS' DRAWINGS AND CAPITAL POLICY

Members' drawings are made on a monthly basis, based on the members' profit share as set by the Executive Committee, and from time to time as working capital permits.

The level of members' capital is determined by the members from time to time and there is no entitlement to have capital repaid.

### POLITICAL AND CHARITABLE CONTRIBUTIONS

Neither the LLP nor any of its subsidiary undertakings made any political or charitable donations or incurred any political expenditure during the year or prior year.

### MEMBERS' AND OFFICERS' INSURANCE

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

### DISCLOSURE OF INFORMATION TO AUDITORS

The members who held office at the date of approval of this members' report confirm that, so far as they are each aware, there is no relevant audit information of which the LLP's auditors are unaware; and each member has taken all the steps that he ought to have taken as a member to make himself aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.

By order of the Members



C Anderson  
Designated Member  
18 September 2015

### STATEMENT OF MEMBERS' RESPONSIBILITIES IN RESPECT OF THE MEMBERS' REPORT AND THE FINANCIAL STATEMENTS

The members are responsible for preparing the Members' Report and the Group and LLP financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare Group and LLP financial statements for each financial year. Under that law the members have elected to prepare both the Group and LLP financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and *Republic of Ireland*.

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the LLP and of the profit or loss of the Group and the LLP for that period.

In preparing each of the Group and LLP financial statements, the members are required to:

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

Under Regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that its financial statements comply with those regulations. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the LLP and to prevent and detect fraud and other irregularities.

# REPORT OF THE AUDITORS

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENTECH VENTURES LLP

### Independent auditor's report to the members of Pentech Ventures LLP

We have audited the group and LLP financial statements ("the financial statements") of Pentech Ventures LLP for the year ended 31 May 2015 set out on pages 4 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the members of the limited liability partnership (LLP), as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by Regulation 39 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of members and auditor

As explained more fully in the Members' Responsibilities Statement set out on page two, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

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

### Opinion on financial statements

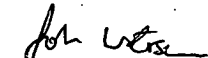
In our opinion the financial statements:

- give a true and fair view of the state of affairs of the group and of the LLP as at 31 May 2015 and of the profit of the group for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008

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

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

- adequate accounting records have not been kept by the LLP, or returns adequate for our audit have not been received from branches not visited by us; or
- the LLP's individual financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



**John Waterson (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EG  
18 September 2015

# Pentech Ventures LLP

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 May 2015

			<i>Restated under new UK GAAP</i>	
	<b>Note</b>	<b>2015 £</b>	<b>2014 £</b>	<b>2014 £</b>
<b>Turnover</b>	2	1,574,243	961,521	961,521
Administrative expenses		(516,468)	(267,140)	(267,140)
<b>Operating profit</b>	3	1,057,775	694,381	694,381
Other interest receivable and similar income	4	1,670,065	105,706	19,141
<b>Profit before tax</b>		2,727,840	800,087	713,522
Tax on profit on ordinary activities	5	(370,070)	155,864	169,231
<b>Profit for the year before members' remuneration and profit shares</b>		2,357,770	955,951	882,753
Members' remuneration charged as an expense		(727,500)	(570,000)	(570,000)
<b>Profit for the year available for discretionary division among members</b>		1,630,270	385,951	312,753

All results relate to continuing operations.

There were no recognised gains or losses in the year ended 31 May 2015 other than the profit for the year of £1,630,270 (2014 - £385,951).


The notes on pages 10 to 18 together with the accounting policies on pages 10 to 13 form part of these financial statements.

# Pentech Ventures LLP – SO301769

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION at 31 May 2015

		2015	Restated under new UK GAAP 2014	2014
	Note	£	£	£
<b>FIXED ASSETS</b>				
Tangible assets	7	28,040	1,521	1,521
Investments	8	2,907,447	360,060	296,404
		-----	-----	-----
		2,935,487	361,581	297,925
		-----	-----	-----
<b>CURRENT ASSETS</b>				
Debtors	9	42,634	45,412	45,412
Cash at bank and in hand	10	1,141,713	2,337,440	2,337,440
		-----	-----	-----
		1,184,347	2,382,852	2,382,852
		-----	-----	-----
<b>CREDITORS: Amounts falling due within one year</b>	11	(1,204,802)	(186,402)	(186,402)
		-----	-----	-----
<b>NET CURRENT (LIABILITIES) ASSETS</b>		(20,455)	2,196,450	2,196,450
		-----	-----	-----
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,915,032	2,558,031	2,494,375
		-----	-----	-----
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>				
Deferred taxation	12	(803,226)	(405,005)	(391,637)
		-----	-----	-----
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		2,111,806	2,153,026	2,102,738
		=====	=====	=====
<b>REPRESENTED BY:</b>				
Members' capital classified as equity under FRS 102		180,000	140,000	140,000
Other reserves		1,931,806	2,013,026	1,962,738
		-----	-----	-----
<b>TOTAL MEMBERS' INTERESTS</b>		2,111,806	2,153,026	2,102,738
		=====	=====	=====

The financial statements were approved and authorised for issue by the Members on 18 September 2015 and signed on its behalf by:



**C Anderson      Designated Member**

The notes on pages 10 to 18 together with the accounting policies on pages 10 to 13 form part of these financial statements.

# Pentech Ventures LLP – SO301769

## LLP STATEMENT OF FINANCIAL POSITION at 31 May 2015

	Note	2015 £	2014 £
<b>FIXED ASSETS</b>			
Tangible assets	7	28,040	1,521
Investments	8	430,001	430,000
		-----	-----
		458,041	431,521
		-----	-----
<b>CURRENT ASSETS</b>			
Debtors	9	98,439	44,455
Cash at bank and in hand	10	668,241	3,287
		-----	-----
		766,680	47,742
		-----	-----
<b>CREDITORS: Amounts falling due within one year</b>	11	(1,044,721)	(339,263)
		-----	-----
<b>NET CURRENT LIABILITIES</b>		(278,041)	(291,521)
		-----	-----
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		180,000	140,000
		-----	-----
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		180,000	140,000
		=====	=====
<b>REPRESENTED BY:</b>			
Members' capital classified as equity under FRS 102		180,000	140,000
Other reserves		-	-
		-----	-----
<b>TOTAL MEMBERS' INTERESTS</b>		180,000	140,000
		=====	=====

The financial statements were approved and authorised for issue by the Members on 18 September 2015 and signed on its behalf by:



**C Anderson      Designated Member**

The notes on pages 10 to 18 together with the accounting policies on pages 10 to 13 form part of these financial statements.



**CONSOLIDATED RECONCILIATION OF MEMBERS' INTERESTS**  
for the year ended 31 May 2015

	Members' capital (classified as equity)	Other amounts	Total Members' interests
	£	£	£
Balance as at 1 June 2013	340,000	1,714,752	2,054,752
Effect of change in accounting policy	-	(22,910)	(22,910)
Balance as at 1 June 2013 (restated)	340,000	1,691,842	2,031,842
Members' remuneration charged as an expense	-	570,000	570,000
Profit for the year available for discretionary division among members	-	385,951	385,951
Members' interests after profit for the year	340,000	2,647,793	2,987,793
Capital repaid to resigning member	(200,000)	-	(200,000)
Drawings	-	(634,767)	(634,767)
Balance as at 31 May 2014	140,000	2,013,026	2,153,026
Balance as at 1 June 2014	140,000	2,013,026	2,153,026
Members' remuneration charged as an expense	-	727,500	727,500
Profit for the year available for discretionary division among members	-	1,630,270	1,630,270
Introduced by members	140,000	4,370,796	4,510,796
Drawings	40,000	-	40,000
	-	(2,438,990)	(2,438,990)
Balance as at 31 May 2015	180,000	1,931,806	2,111,806

Profit available for discretionary division among members also includes unrealised gains on investment amounting to £1,667,298 (2014 - £86,565).

The average number of members during the year to 31 May 2015 was 5 (2014 - 4). The total profit share of the highest paid member in the year was £1,019,411 (2014 - £197,333).

The notes on pages 10 to 18 together with the accounting policies on pages 10 to 13 form part of these financial statements.

## Pentech Ventures LLP – SO301769

### LLP RECONCILIATION OF MEMBERS' INTERESTS for the year ended 31 May 2015

	Members' capital (classified as equity) £	Other amounts £	Total Members' interests £
Balance as at 1 June 2013	340,000	-	340,000
Members' remuneration charged as an expense	-	570,000	570,000
Profit for the year available for discretionary division among members	-	64,767	64,767
	-----	-----	-----
Members' interests after profit for the year	340,000	634,767	974,767
Capital repaid to resigning member	(200,000)	-	(200,000)
Drawings	-	(634,767)	(634,767)
	-----	-----	-----
Balance at 31 May 2014	140,000	-	140,000
	=====	=====	=====
Balance as at 1 June 2014	140,000	-	140,000
Members' remuneration charged as an expense	-	727,500	727,500
Profit for the year available for discretionary division among members	-	1,711,490	1,711,490
	-----	-----	-----
Members' interests after profit for the year	140,000	2,438,990	2,578,990
Introduced by members	40,000	-	40,000
Drawings	-	(2,438,990)	(2,438,990)
	-----	-----	-----
Balance at 31 May 2015	180,000	-	180,000
	=====	=====	=====

The notes on pages 10 to 18 together with the accounting policies on pages 10 to 13 form part of these financial statements.

# Pentech Ventures LLP

## CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 May 2015

	2015 £	2014 £
<b>Cash flows from operating activities</b>		
Profit before tax	2,727,840	800,087
Adjustments for:		
Depreciation of tangible assets	5,923	4,236
Unrealised gain on investments	(1,667,298)	(86,565)
Reduction in tax due from previous parent company	-	(86,755)
Corporation tax paid	(45,521)	-
Decrease in debtors	2,778	90,296
Increase in creditors	112,901	8,586
<b>Net cash generated from operating activities</b>	<b>1,136,623</b>	<b>729,885</b>
<b>Cash flows from investing activities</b>		
Purchases of tangible assets	(32,442)	(1,107)
Investment additions	(673,810)	(41,750)
Investment disposals	135,343	64,765
<b>Net cash from investing activities</b>	<b>(570,909)</b>	<b>21,908</b>
<b>Cash flows from financing activities</b>		
Payments to and on behalf of members	(2,438,990)	(634,767)
Capital received from (repaid to) members	40,000	(200,000)
<b>Net cash used in financing activities</b>	<b>(2,398,990)</b>	<b>(834,767)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(1,833,276)</b>	<b>(82,974)</b>
<b>Cash at the beginning of the year</b>	<b>2,337,440</b>	<b>2,420,414</b>
<b>Cash at end of year</b>	<b>504,164</b>	<b>2,337,440</b>

The notes on pages 10 to 18 together with the accounting policies on pages 10 to 13 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2015

### 1. PENTECH VENTURES LLP INFORMATION

Pentech Ventures LLP was incorporated on 21 February 2008 and is registered as a limited liability partnership in Scotland with a registered office at 39 Melville Street Edinburgh. The principal activity of Pentech Ventures LLP (the "LLP") and its subsidiary undertakings (together the "Group") is the provision of venture capital investment management services.

### 2. ACCOUNTING POLICIES

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

#### **Basis of preparation**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards and the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships'. The particular accounting policies adopted by the members are described below.

#### **Accounting convention**

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102, – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below. These are the Group and LLP's first set of financial statements prepared in accordance with FRS 102 and the Members have decided to adopt the new standard early. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

In the years to 31 May 2014 the Group and LLP's financial statements were prepared in accordance with the Companies Act 2006 and applicable standards. In the transition to FRS 102 from old UK GAAP, the Group has made measurement or recognition adjustments. An explanation of how the transition to FRS 102 has affected the financial position and financial performance of the Group is provided in note 16.

In the transition to FRS 102 from old UK GAAP, the LLP has made no measurement and recognition adjustments.

Some of the subsidiary undertakings act as the general partners of a number of venture capital investment limited partnerships (the Funds) and hold small minority interests in the Funds in the form of capital contributions amounting to £241 (2014: £85). The attributable proportions of the assets and income of the Funds are consolidated. The Funds are subsidiary undertakings and under the terms of the Companies Act 2006 should be consolidated in full. However, the Members consider the accounts would not give a true and fair view if the assets and income as a whole were to be consolidated since the subsidiary undertakings interest in these assets is, except to the extent that they are proportionally consolidated, merely that of an investment manager.

The effect of this departure is to reduce both profit after tax and the minority interest in the profit for the year by £34,082,230 (2014: £7,992,037), and to increase fixed asset investments by £241 (2014: £85), reduce other net assets by £68,304,455 (2014: £36,025,119), and the minority interest in the balance sheet by £68,304,455 (2014: £36,025,119).

In addition to above, one of the subsidiary undertakings holds a direct investment in the one of the Funds amounting to £1,176,252 (2014 - £296,319). This has been accounted for at fair value through the Statement of Comprehensive Income under the requirements of FRS 102.

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

No tax is recorded in the financial statements of the LLP as all tax liabilities are liabilities of the members, not the limited liability partnership.

UK corporation tax on the profits of the corporate members of the Group is provided at amounts expected to be paid using the tax rates relevant at the accounting date.

Deferred taxation is provided in full on timing differences which represent a liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on un-remitted earnings of subsidiaries where there is no commitment to remit these earnings.

The cost of tangible fixed assets is depreciated by equal instalments over their expected useful lives as follows:

Office equipment - 2 to 5 years

## Investments in subsidiaries are valued at the lower of cost or cost less impairment.

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2015

### 2. ACCOUNTING POLICIES (CONTINUED)

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

#### **Fixed Asset Investments**

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

In the years to 31 May 2014 investments were valued at cost less any provision for diminution in value.

#### **Leasing commitments**

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

#### **Basis of consolidation**

The consolidated financial statements include the financial statements of the LLP and its subsidiary undertakings made up to 31 May 2015. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated Statement of Comprehensive income from the date of acquisition or up to the date of disposal.

Under section 408 of the Companies Act 2006 the LLP is exempt from the requirement to present its own profit and loss account.

#### **Members' interest**

Members' capital is classified as equity in the balance sheet. Non-discretionary profit allocations are included in 'members' remuneration charged as an expense' in the Statement of Comprehensive Income, whilst discretionary profit allocations are classified as a division of profits within members' interests.

#### **Allocation of profits**

A members' share in the profit or loss for the period is accounted for as an allocation of profits. Unallocated profits and losses are included within 'Other Reserves'.

#### **Going Concern**

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

The members have a reasonable expectation that the LLP 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.

# Pentech Ventures LLP

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2015

### 2. ACCOUNTING POLICIES (CONTINUED)

#### Gains and losses on sale of investments

As required by sections 5,6 and 10 of FRS 102 "Reporting financial performance", gains and losses arising on the disposal of investments, being the difference between the carrying value and net proceeds, are taken to the Statement of Comprehensive Income.

### 3. OPERATING PROFIT

	2015 £	2014 £
Operating profit is stated after charging:		
Depreciation	5,923	4,236
Operating lease rentals – premises	42,054	25,500
Auditor's remuneration – audit of Pentech Ventures LLP	2,250	2,070
Auditor's remuneration – audit of subsidiary companies	5,560	2,260
Auditor's remuneration – regulatory audit	3,100	2,070
Auditor's remuneration – other services relating to taxation	17,070	13,856
	=====	=====

### 4. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2015 £	Restated under new UK GAAP 2014 £	2014 £
Interest income	2,767	19,141	19,141
Unrealised gain on investments	1,667,298	86,565	-
	-----	-----	-----
	1,670,065	105,706	19,141
	=====	=====	=====

### 5. TAXATION

(a) Provision for UK corporation tax based on the profit for the year:

	2015 £	Restated under new UK GAAP 2014 £	2014 £
<b>Current tax</b>			
Corporation tax credit (charge)	28,151	(73,672)	(73,672)
Reduction in tax due from previous parent company	-	(86,755)	(86,755)
	-----	-----	-----
Total current tax credit (charge)	28,151	(160,427)	(160,427)
	-----	-----	-----
<b>Deferred tax</b>			
Short term timing differences	(47,602)	280,654	280,654
Capital gains and losses	(332,824)	(13,367)	-
Tax losses carried forward and other deductions	(17,795)	49,004	49,004
	-----	-----	-----
Total deferred tax (charge) credit	(398,221)	316,291	329,658
	-----	-----	-----
Total taxation (charge) credit for the year	(370,070)	155,864	169,231
	=====	=====	=====

# Pentech Ventures LLP

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2015

### 5. TAXATION (CONTINUED)

(b) The current taxation for the year is lower than the standard rate of UK corporation tax and the differences can be reconciled to the profit for the year as follows:

	2015	Restated under new UK GAAP 2014	2014
	£	£	£
Profit on ordinary activities before taxation	2,727,840	800,087	713,522
Corporation tax at standard rate of 20.83% (2014 – 22.67%)	568,208	181,361	161,732
Effects of:			
Income not taxable for tax purposes	(347,636)	(6,262)	-
Income not subject to tax	(151,538)	(129,200)	(129,200)
Deferred tax timing differences	(125,914)	(191,252)	(191,252)
Losses and other deductions	38,557	156,325	156,325
Chargeable gains	378,931	2,395	2,395
Timing differences – chargeable gains	(360,608)	(13,367)	-
Tax on Participator Loan	(28,151)	73,672	73,672
Reduction in tax due from previous parent company	-	86,755	86,755
Total current taxation for the year	(28,151)	160,427	160,427

### 6. STAFF COSTS

The LLP and the Group had six employees during the year ended 31 May 2015 (2014 – one employee). Total staff costs including employers' national insurance in the year ended 31 May 2015 amounted to £203,879 (2014 - £45,428).

### 7. TANGIBLE FIXED ASSETS

Group and LLP:	Office equipment £
Cost:	
Beginning of year	39,569
Additions	32,442
End of year	72,011
Depreciation:	
Beginning of year	38,048
Charge for the year	5,923
End of year	43,971
Net Book Value:	
Beginning of year	1,521
End of year	28,040



# Pentech Ventures LLP

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2015

### 8. INVESTMENTS

(a) Group:	<i>Restated under new UK GAAP</i>		
	2015 £	2014 £	2014 £
Cost:			
Beginning of year	296,404	319,419	319,419
Additions in year	1,015,432	41,750	41,750
Disposals in year	(135,343)	(64,765)	(64,765)
	-----	-----	-----
End of year	1,176,493	296,404	296,404
	-----	-----	-----
Investment uplifts and (provisions):			
Beginning of year	63,656	(22,909)	-
Uplifts in year	1,667,298	86,565	-
	-----	-----	-----
End of year	1,730,954	63,656	-
	-----	-----	-----
Net Book Value:			
Beginning of year	360,060	296,510	319,419
	=====	=====	=====
End of year	2,907,447	360,060	296,404
	=====	=====	=====

Investments at cost represent capital contributions made by the subsidiary undertakings in the Funds amounting to £241 (2014 - £85) and direct investments made by one of the subsidiary undertakings amounting to £1,176,252 (2014 - £296,319). These have been accounted for as explained in note 2 of these financial statements.

<b>(b) LLP – cost and valuation:</b>	2015 £
Subsidiary undertakings:	
Beginning of year	430,000
Additions in year	1
	-----
End of year	430,001
	=====

The addition to investments of £1 relates to the purchase of the total issued share capital of Techstart NI Holdings Limited by Pentech Ventures LLP.

# Pentech Ventures LLP

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2015

### 8. INVESTMENTS (CONTINUED)

The subsidiary undertakings at 31 May 2015 were as follows:

<i>Subsidiary</i>	<i>Country of registration</i>	<i>Nature of business</i>	<i>Proportion of ordinary shares held</i>
Pentech GP Holdings Limited	Scotland	Intermediate Holding Company	100%
Techstart NI Holdings Limited	Scotland	Intermediate Holding Company	100%
Pentech Fund IA GP Limited	Scotland	Investment Management	100%
Pentech Fund IB GP Limited	Scotland	Investment Management	100%
Pentech Fund II GP Limited	Scotland	Investment Management	100%
Pentech Capital Limited	Scotland	Investment Management	100%
Techstart NI SME Equity GP Limited	Scotland	Investment Management	100%
Techstart NI GP 2 Limited	Scotland	Investment Management	100%
Techstart NI GP 3 Limited	Scotland	Investment Management	100%
Techstart NI Capital Limited	Scotland	Investment Management	100%

Pentech Fund IA GP Limited, Pentech Fund IB GP Limited, Pentech Fund II GP Limited and Pentech Capital Limited are wholly owned subsidiary undertakings of Pentech GP Holdings Limited and Techstart NI SME Equity GP Limited, Techstart GP 2 Limited, Techstart GP 3 Limited and Techstart NI Capital Limited are wholly owned subsidiaries of Techstart NI Holdings Limited. The ultimate parent of all companies is Pentech Ventures LLP.

### 9. DEBTORS

	Group 2015 £	Group 2014 £	LLP 2015 £	LLP 2014 £
Trade debtors	30,177	38,900	30,177	38,900
Prepayments and accrued income	12,457	6,512	12,463	5,555
Amounts due from subsidiaries	-	-	55,799	-
	-----	-----	-----	-----
	42,634	45,412	98,439	44,455
	=====	=====	=====	=====

### 10. CASH AT BANK AND IN HAND

	Group 2015 £	Group 2014 £	LLP 2015 £	LLP 2014 £
Cash at bank and in hand	504,164	2,337,440	30,692	3,287
Proof of concept grant funds	637,549	-	637,549	-
	-----	-----	-----	-----
	1,141,713	2,337,440	668,241	3,287
	=====	=====	=====	=====

Proof of concept grant funds relate to funds held under an agreement between Pentech Ventures LLP and Invest Northern Ireland dated 9 July 2014. These funds are not available for distribution to the designated members of Pentech Ventures LLP and will be distributed to claimants under the techstart NI Proof of Concept grant scheme.

# Pentech Ventures LLP

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2015

### 11. CREDITORS: Amounts falling due within one year

	Group 2015 £	Group 2014 £	LLP 2015 £	LLP 2014 £
Accruals and deferred income	203,471	102,774	97,861	34,618
Amounts due to subsidiaries	-	-	287,150	294,689
Other taxes and social security costs	13,889	6,267	13,889	6,267
Corporation tax	-	73,672	-	-
Proof of Concept Grant funds	637,549	-	637,549	-
Other creditors	349,893	3,689	8,272	3,689
	1,204,802	186,402	1,044,721	339,263
	=====	=====	=====	=====

### 12. DEFERRED TAXATION

	Group 2015 £	<i>Restated under new UK GAAP</i> Group 2014 £	Group 2014 £
Short term timing difference	1,590,279	1,542,678	1,542,678
Chargeable gains	346,191	13,368	-
Tax losses carried forward and other deductions	(1,133,244)	(1,151,041)	(1,151,041)
	803,226	405,005	391,637
	=====	=====	=====
Beginning of year	405,005	721,295	721,295
Charge (Credit) for the year at closing rate of 20% (2014 - 21%)	416,871	(253,565)	(266,933)
Effect of change of tax rate on opening balances	(18,650)	(62,725)	(62,725)
End of year	803,226	405,005	391,637
	=====	=====	=====

### 13. OPERATING LEASE COMMITMENTS

The annual commitments under non-cancellable operating leases for premises are as follows

	2015 £	2014 £
Operating leases which expire within one year	-	-
Operating leases which expire within two to five years	41,500	22,000
	=====	=====

### 14. PENSIONS

Neither the LLP nor the Group operated a pension scheme during the year or prior year.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2015

**15. SUBSEQUENT EVENTS**

The value of investments increased subsequent to the year-end after firm acquisition interest was received for the purchase of an investment in June 2015. In September 2015 the investment was sold and the change in valuation will be reflected in the accounts for the year to 31 May 2016.

**16. TRANSITION TO FRS 102**

**Explanation of transition to FRS 102 from old UK GAAP**

In preparing its FRS 102 balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from old UK GAAP to FRS 102 has affected the Group's financial position and financial performance is set out in the following table.

**Reconciliation of profit and equity from old GAAP to FRS 102**

	<i>Profit for the year ended 31 May 2014</i>	<i>Members' Interests as at 31 May 2014</i>	<i>Members' Interests as at 31 May 2015</i>
	£	£	£
Amount under old GAAP	312,753	2,102,738	713,676
Effect of recording investments at fair value through statement of comprehensive income	86,565	63,655	1,730,954
Increase in deferred tax charge	(13,367)	(13,367)	(332,824)
	-----	-----	-----
Amount under FRS 102	385,951	2,153,026	2,111,806
	=====	=====	=====