

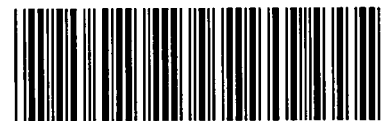
PENTECH VENTURES LLP

Report and Financial Statements

For the year ended

31 May 2014

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COMPANIES HOUSE

Registered in Scotland – LLP Number SO301769

Pentech Ventures LLP

REPORT AND FINANCIAL STATEMENTS 2014

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Pentech Ventures LLP

MEMBERS' REPORT

The members present their report and the audited financial statements for the year ended 31 May 2014.

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 2014, the Group had total committed funds under management of £68.4m (2013 - £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 for 10 years and will be managed on a wholly commercial basis by the LLP.

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

RESULTS AND DIVIDENDS

Profit before tax for the year ended 31 May 2014 was £713,522 (2013 - £1,914,575). 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 2014 were as follows:

C Anderson
E Anderson
A McKinnon
M Moens

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.

MEMBERS' REPORT (CONTINUED)

AUDITORS

Our auditor, KPMG Audit Plc, has instigated an orderly wind down of business. The Designated Members have decided to put KPMG LLP forward to be appointed as auditor and a resolution concerning their appointment will be put to a forthcoming meeting of the Designated Members.

By order of the Members



C Anderson
Designated Member

16 September 2014

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 the LLP financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (LLP) Regulations made under the Limited Liability Partnerships Act 2000 require the members to prepare Group and LLP financial statements for each financial year. Under that law the members have elected to prepare the Group and LLP financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The Group and LLP financial statements are required by law to 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 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.

The members are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that its financial statements comply with the Limited Liability Partnership Regulations 2001. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

REPORT OF THE AUDITORS

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

Independent auditor's report to the members of Pentech Venture LLP

We have audited the Group and LLP financial statements ("the financial statements") of Pentech Ventures LLP for the year ended 31 May 2014 set out on pages 5 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 3, 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.

Opinion on financial statements

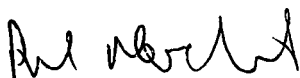
In our opinion the financial statements:

- give a true and fair view of the state of affairs of the Group and of the LLP as at 31 May 2014 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.



Philip Merchant (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
16 September 2014

Pentech Ventures LLP

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31 May 2014

	Note	2014 £	2013 £
Turnover	1	961,521	2,237,792
Administrative expenses		(267,140)	(249,095)
Operating profit	2	694,381	1,988,697
Amortisation of goodwill		-	(84,740)
Net bank interest received		19,141	10,618
Profit before tax		713,522	1,914,575
Taxation credit (charge)	3	169,231	(314,571)
Profit for the year before members' remuneration and profit shares		882,753	1,600,004
Members' remuneration charged as an expense	10	(570,000)	(570,000)
Profit for the year available for discretionary division among members	10	312,753	1,030,004

All results relate to continuing operations.

There were no recognised gains or losses in the year ended 31 May 2014 other than the profit for the year of £312,753 (2013 - £1,030,004).

The notes on pages 9 to 16 together with the accounting policies on page 9 and 10 form part of these financial statements.

Pentech Ventures LLP – SO301769

CONSOLIDATED BALANCE SHEET at 31 May 2014

	Note	2014 £	2013 £
FIXED ASSETS			
Tangible assets	5	1,521	4,650
Investments	6	296,404	319,419
		-----	-----
		297,925	324,069
		-----	-----
CURRENT ASSETS			
Debtors	7	45,412	135,708
Cash	11	2,337,440	2,420,414
		-----	-----
		2,382,852	2,556,122
		-----	-----
CREDITORS: Amounts falling due within one year	8	(186,402)	(104,144)
		-----	-----
NET CURRENT ASSETS		2,196,450	2,451,978
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		2,494,375	2,776,047
		-----	-----
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	9	(391,637)	(721,295)
		-----	-----
NET ASSETS ATTRIBUTABLE TO MEMBERS		2,102,738	2,054,752
		=====	=====
REPRESENTED BY:			
Members' capital classified as equity under FRS 25	10	140,000	340,000
Other reserves	10	1,962,738	1,714,752
		-----	-----
TOTAL MEMBERS' INTERESTS	10	2,102,738	2,054,752
		=====	=====

The financial statements were approved and authorised for issue by the Members on 16 September 2014 and signed on its behalf by:



C Anderson

Designated Member

The notes on pages 9 to 16 together with the accounting policies on page 9 and 10 form part of these financial statements.

Pentech Ventures LLP – SO301769

LLP BALANCE SHEET at 31 May 2014

	Note	2014 £	2013 £
FIXED ASSETS			
Tangible assets	5	1,521	4,650
Investments	6	430,000	430,000
		-----	-----
		431,521	434,650
		-----	-----
CURRENT ASSETS			
Debtors	7	44,455	47,756
Cash		3,287	13,076
		-----	-----
		47,742	60,832
		-----	-----
CREDITORS: Amounts falling due within one year	8	(339,263)	(155,482)
		-----	-----
NET CURRENT LIABILITIES		(291,521)	(94,650)
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		140,000	340,000
		-----	-----
NET ASSETS ATTRIBUTABLE TO MEMBERS		140,000	340,000
		=====	=====
REPRESENTED BY:			
Members' capital classified as equity under FRS 25	10	140,000	340,000
Other reserves	10	-	-
		-----	-----
TOTAL MEMBERS' INTERESTS	10	140,000	340,000
		=====	=====

The financial statements were approved and authorised for issue by the Members on 16 September 2014 and signed on its behalf by:



C Anderson Designated Member

The notes on pages 9 to 16 together with the accounting policies on page 9 and 10 form part of these financial statements.

Pentech Ventures LLP

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 May 2014

		2014 £	2013 £
Net cash inflow from operating activities	11	710,744	1,916,767
Returns on investments and servicing of finance			
Bank charges paid		(965)	(872)
Bank interest received		20,106	11,490
		19,141	10,618
Capital expenditure and financial investment			
Purchases of tangible fixed assets		(1,107)	(685)
Disposal of tangible fixed assets		-	162
Investment additions		(41,750)	(67,547)
Investment disposals		64,765	22,214
		21,908	(45,856)
Transactions with members			
Payments to and on behalf of members		(634,767)	(570,000)
Capital repaid to members		(200,000)	-
		(834,767)	(570,000)
(Decrease) increase in cash	11	(82,974)	1,311,529

The notes on pages 9 to 16 together with the accounting policies on page 9 and 10 form part of these financial statements.

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

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.

Turnover

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 are held at cost less any provision for diminution in value.

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition. Goodwill is stated at cost less amortisation. Goodwill is amortised over the remaining commitment period of the funds managed by the subsidiary acquired. Goodwill is reviewed for impairment at least every six months and any impairment is recognised immediately in the consolidated profit and loss account and cannot be subsequently reversed.

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

Pentech Ventures LLP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2014

1. ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

The consolidated financial statements include the financial statements of the LLP and its subsidiary undertakings made up to 31 May 2014. 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 profit and loss account 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 profit and loss account, 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.

2. OPERATING PROFIT

	2014	2013
	£	£
Operating profit is stated after charging:		
Depreciation	4,236	7,345
Operating lease rentals – premises	25,500	26,738
Auditor's remuneration – audit of Pentech Ventures LLP	2,070	2,000
Auditor's remuneration – audit of subsidiary companies	2,260	2,200
Auditor's remuneration – regulatory audit	2,070	1,950
Auditor's remuneration – other services relating to taxation	13,856	14,298
	=====	=====

Pentech Ventures LLP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2014

3. TAXATION

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

	2014 £	2013 £
Current tax		
Corporation Tax	(73,672)	-
Reduction in tax due from previous parent company	(86,755)	-
	-----	-----
Total current tax (charge) credit	(160,427)	-
	-----	-----
Deferred tax		
Short term timing differences	280,654	(445,562)
Tax losses carried forward and other deductions	49,004	130,991
	-----	-----
Total deferred tax credit (charge)	329,658	(314,571)
	-----	-----
Total taxation for the year	169,231	(314,571)
	=====	=====

(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:

	2014 £	2013 £
Profit on ordinary activities before taxation	713,522	1,914,575
	-----	-----
Corporation tax at standard rate of 22.67% (2013 – 23.83%)	161,732	456,243
Effects of:		
Income not subject to tax	(129,200)	(115,636)
Deferred tax timing differences	(191,252)	(515,401)
Losses and other deductions	156,325	174,794
Chargeable Gains	2,395	-
Tax on Participator Loan	73,672	-
Reduction in tax due from previous parent company	86,755	-
	-----	-----
Total current taxation for the year	160,427	-
	=====	=====

Pentech Ventures LLP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2014

4. STAFF COSTS

The LLP and the Group had one employee during the year ended 31 May 2014 (2013 – two employees).

Total staff costs including employers' national insurance in the year ended 31 May 2014 amounted to £45,428 (2013 - £61,194).

5. TANGIBLE FIXED ASSETS

Group and LLP:

	Office equipment £
Cost:	
Beginning of year	38,462
Additions	1,107

End of year	39,569

Depreciation:	
Beginning of year	33,812
Charge for the year	4,236

End of year	38,048

Net Book Value:	
Beginning of year	4,650
	=====
End of year	1,521
	=====

6. INVESTMENTS

(a) Group:

	2014 £
Cost:	
Beginning of year	319,419
Additions in year	41,750
Disposals in year	(64,765)

End of year	296,404

Provisions:	

Beginning and End of year	-

Net Book Value:	
Beginning of year	319,419
	=====
End of year	296,404
	=====

Pentech Ventures LLP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2014

6. INVESTMENTS (CONTINUED)

(b) LLP – cost and valuation:

2014

£

Subsidiary undertakings – beginning and end of year

430,000

=====

The subsidiary undertakings at 31 May 2014 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%
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%

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. The ultimate parent of all companies is Pentech Ventures LLP.

7. DEBTORS

	Group 2014 £	Group 2013 £	LLP 2014 £	LLP 2013 £
Trade debtors	38,900	36,800	38,900	36,800
Prepayments and accrued income	6,512	12,153	5,555	10,956
Tax due from previous parent company	-	86,755	-	-
	-----	-----	-----	-----
	45,412	135,708	44,455	47,756
	=====	=====	=====	=====

8. CREDITORS: Amounts falling due within one year

	Group 2014 £	Group 2013 £	LLP 2014 £	LLP 2013 £
Accruals and deferred income	102,774	94,891	34,618	26,734
Amounts due to subsidiaries	-	-	294,689	119,464
Other taxes and social security costs	6,267	2,647	6,267	2,678
Corporation Tax	73,672	-	-	-
Other creditors	3,689	6,606	3,689	6,606
	-----	-----	-----	-----
	186,402	104,144	339,263	155,482
	=====	=====	=====	=====

Pentech Ventures LLP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2014

9. DEFERRED TAXATION

	Group 2014 £	Group 2013 £
Short term timing difference	1,542,678	1,834,790
Tax losses carried forward and other deductions	(1,151,041)	(1,113,495)
	-----	-----
	391,637	721,295
	=====	=====
Beginning of year	721,295	409,619
(Credit) Charge for the year at closing rate of 21% (2013 - 23%)	(266,933)	328,744
Effect of change of tax rate on opening balances	(62,725)	(17,068)
	-----	-----
End of year	391,637	721,295
	=====	=====

10. RECONCILIATION OF MEMBERS' INTEREST

Group:

	Members' capital (classified as equity) £	Other amounts £	Total Members' interests £
Beginning of year	340,000	1,714,752	2,054,752
Members' remuneration charged as an expense	-	570,000	570,000
Profit for the year available for discretionary division among members	-	312,753	312,753
Capital repaid to resigning Member	(200,000)	-	(200,000)
	-----	-----	-----
Members' interests after profit for the year	140,000	2,597,505	2,737,505
Drawings	-	(634,767)	(634,767)
	-----	-----	-----
End of year	140,000	1,962,738	2,102,738
	=====	=====	=====

Pentech Ventures LLP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2014

10. RECONCILIATION OF MEMBERS' INTEREST (CONTINUED)

LLP:

	Members' capital (classified as equity) £	Other amounts £	Total Members' interests £
Beginning of year	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
Capital repaid to resigning Member	(200,000)	-	(200,000)
	-----	-----	-----
Members' interests after profit for the year	140,000	634,767	774,767
Drawings	-	(634,767)	(634,767)
	-----	-----	-----
End of year	140,000	-	140,000
	=====	=====	=====

The average number of members during the year to 31 May 2014 was 4 (2013 - 4). The total profit share of the highest paid member in the year was £197,333 (2013 - £165,000).

11. NOTES TO THE STATEMENT OF CASHFLOWS

(a) Reconciliation of operating profit to net cash flow from operating activities

	2014 £	2013 £
Operating profit	694,381	1,988,697
Add back non-cash items:		
Depreciation	4,236	7,345
	-----	-----
	698,617	1,996,042
Decrease (increase) in debtors	3,541	(11,524)
Increase (decrease) in creditors	8,586	(67,751)
	-----	-----
Net cash flow from operating activities	710,744	1,916,767
	=====	=====

Pentech Ventures LLP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2014

11. NOTES TO THE STATEMENT OF CASHFLOWS (CONTINUED)

(b) Reconciliation of changes in cash

	2014 £	2013 £
Cash at beginning of year	2,420,414	1,108,885
Cash movement in the year	(82,974)	1,311,529
	-----	-----
Cash at end of year	2,337,440	2,420,414
	=====	=====

12. OPERATING LEASE COMMITMENTS

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

	2014 £	2013 £
Operating leases which expire within one year	-	-
Operating leases which expire within two to five years	22,000	22,000
	=====	=====

13. PENSIONS

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