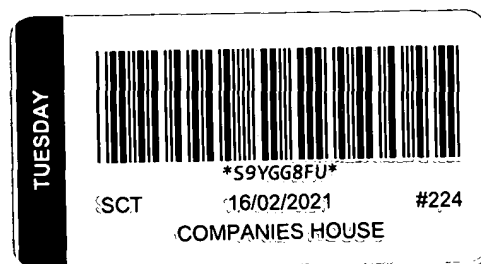


Registered number: SO301769

Pentech Ventures LLP
Report And Financial Statements
31 May 2020



COMPANIES HOUSE

16 FEB 2021

EDINBURGH MAILBOX

Rees Pollock
Chartered Accountants

Pentech Ventures LLP

INFORMATION

Designated Members C Anderson
E Anderson
A McKinnon
M Moens

LLP registered number SO301769

Registered office 112 George Street
Edinburgh
EH2 4LH

Independent auditors Rees Pollock
35 New Bridge Street
London
EC4V 6BW

Pentech Ventures LLP

MEMBERS' REPORT For the Year Ended 31 May 2020

The members present their annual report together with the audited financial statements of Pentech Ventures LLP (the "LLP") for the year ended 31 May 2020.

Principal activities

The principal activity of the LLP during the year was the provision of venture capital investment management services. The LLP is authorised by the Financial Conduct Authority (the "FCA").

As at 31 May 2020, the Group had total committed funds under management of £136m (2019 - £136m).

Designated Members

C Anderson, E Anderson, A McKinnon and M Moens were designated members of the LLP throughout the period.

Policy with respect to members' drawings and subscription and repayment of members' capital

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. Details of changes in members' capital in the year ended 31 May 2020 are set out in the reconciliation of members' interests. Members' capital and drawings are determined by the regulatory capital requirements of the FCA and any trading needs of the LLP. Members' capital is not repayable except where allowed under FCA rules.

Members' responsibilities statement

The members are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law, (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, (as applied by 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 LLP and of the profit or loss of the LLP for that period.

In preparing these financial statements, the members are required to:

- select suitable accounting policies 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 LLP will continue in business.

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 to enable them to ensure that the financial statements comply with the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008). They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Pentech Ventures LLP

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

Disclosure of information to auditors

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

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

Auditors

The auditors, Rees Pollock, have indicated their willingness to continue in office.

This report was approved by the members on 27 August 2020 and signed on their behalf by:

DocuSigned by:

Craig Anderson

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C Anderson
Designated Member

Pentech Ventures LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PENTECH VENTURES LLP

Opinion

We have audited the financial statements of Pentech Ventures LLP (the 'LLP') for the year ended 31 May 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Reconciliation of Members' Interests 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 LLP's affairs as at 31 May 2020 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, as applied to limited liability partnerships by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

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 LLP in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The members are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and 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.

Pentech Ventures LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PENTECH VENTURES LLP (CONTINUED)

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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, 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
- we have not received all the information and explanations we require for our audit.

Responsibilities of members

As explained more fully in the Members' Responsibilities Statement on page 1, the members 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 members 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 members are responsible for assessing the LLP'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 members either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

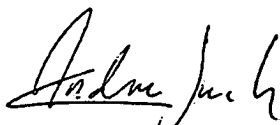
Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied by Part 12 of The Limited Liability Partnerships (Accounts and Audit) (Applications 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 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 LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed.



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

35 New Bridge Street
London
EC4V 6BW
Date: 27 August 2020

Pentech Ventures LLP**STATEMENT OF COMPREHENSIVE INCOME**
For the Year Ended 31 May 2020

| | Note | 2020 £ | 2019 £ |
|---|-------------|-------------------|-------------------|
| Turnover | 3 | 1,853,735 | 2,205,756 |
| Administrative expenses | | (462,935) | (565,378) |
| Operating profit | 4 | 1,390,800 | 1,640,378 |
| Profit for the year before members' remuneration and profit shares | | 1,390,800 | 1,640,378 |
| Profit for the year before members' remuneration and profit shares | | 1,390,800 | 1,640,378 |
| Members' remuneration charged as an expense | | (864,000) | (864,000) |
| Profit for the financial year available for discretionary division among members | | 526,800 | 776,378 |

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

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

Pentech Ventures LLP
Registered number:SO301769

STATEMENT OF FINANCIAL POSITION
As at 31 May 2020

| | Note | 2020 £ | 2019 £ |
|---|------|-----------------------|-----------------------|
| Fixed assets | | | |
| Tangible assets | 7 | 6,217 | 10,665 |
| Investments | 8 | 430,003 | 430,003 |
| | | <u>436,220</u> | <u>440,668</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 9 | 56,863 | 30,642 |
| Bank and cash balances | | 273,770 | 393,709 |
| | | <u>330,633</u> | <u>424,351</u> |
| Creditors: amounts falling due within one year | 10 | (380,134) | (343,631) |
| Net current (liabilities)/assets | | <u>(49,501)</u> | <u>80,720</u> |
| Net assets | | <u><u>386,719</u></u> | <u><u>521,388</u></u> |
| Represented by: | | | |
| Loans and other debts due to members within one year | | | |
| Other amounts | | 251,709 | 386,378 |
| Members' other interests | | | |
| Members' capital classified as equity | | 135,010 | 135,010 |
| | | <u>386,719</u> | <u>521,388</u> |
| Total members' interests | | | |
| Loans and other debts due to members | | 251,709 | 386,378 |
| Members' other interests | | 135,010 | 135,010 |
| | | <u>386,719</u> | <u>521,388</u> |

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

DocuSigned by:

Craig Anderson

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C Anderson
Designated member

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

Pentech Ventures LLP

RECONCILIATION OF MEMBERS' INTERESTS
For the Year Ended 31 May 2020

| | EQUITY Members' other interests | | | DEBT Loans and other debts due to members less any amounts due from members in debtors | | Total members' interests |
|--|--|-------------------------|----------------|---|------------------|---------------------------------|
| | Members' capital (classified as equity) £ | Other reserves £ | Total £ | Other amounts £ | Total £ | Total £ |
| Balance at 1 June 2018 | 135,010 | - | 135,010 | - | - | 135,010 |
| Members' remuneration charged as an expense | - | - | - | 864,000 | 864,000 | 864,000 |
| Profit for the year available for discretionary division among members | - | 776,378 | 776,378 | - | - | 776,378 |
| Members' interests after profit for the year | 135,010 | 776,378 | 911,388 | 864,000 | 864,000 | 1,775,388 |
| Other division of profits | - | (776,378) | (776,378) | 776,378 | 776,378 | - |
| Drawings | - | - | - | (1,254,000) | (1,254,000) | (1,254,000) |
| Amounts due to members | | | | 386,378 | 386,378 | |
| Balance at 31 May 2019 | 135,010 | - | 135,010 | 386,378 | 386,378 | 521,388 |
| Members' remuneration charged as an expense | - | - | - | 864,000 | 864,000 | 864,000 |
| Profit for the year available for discretionary division among members | - | 526,800 | 526,800 | - | - | 526,800 |
| Members' interests after profit for the year | 135,010 | 526,800 | 661,810 | 1,250,378 | 1,250,378 | 1,912,188 |
| Other division of profits | - | (526,800) | (526,800) | 526,800 | 526,800 | - |
| Drawings | - | - | - | (1,525,469) | (1,525,469) | (1,525,469) |
| Amounts due to members | | | | 251,709 | 251,709 | |
| Balance at 31 May 2020 | 135,010 | - | 135,010 | 251,709 | 251,709 | 386,719 |

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

There are no existing restrictions or limitations which impact the ability of the members of the LLP to reduce the amount of Members' other interests, apart from FCA capital requirements.

Pentech Ventures LLP**STATEMENT OF CASH FLOWS**
For the Year Ended 31 May 2020

| | 2020 £ | 2019 £ |
|--|-----------------------|-----------------------|
| Cash flows from operating activities | | |
| Profit for the financial year | 526,800 | 776,378 |
| Adjustments for: | | |
| Members' remuneration charged as an expense | 864,000 | 864,000 |
| Depreciation of tangible assets | 6,601 | 6,181 |
| (Increase) decrease in debtors | (26,221) | 718 |
| Increase (decrease) in creditors | 36,503 | (2,089) |
| Net cash generated from operating activities before transactions with members | <u>1,407,683</u> | <u>1,645,188</u> |
| Members' remuneration charged as an expense | (1,525,469) | (1,254,000) |
| Net cash generated from operating activities | <u>(117,786)</u> | <u>391,188</u> |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (2,153) | (4,422) |
| Net cash from investing activities | <u>(2,153)</u> | <u>(4,422)</u> |
| Net (decrease) increase in cash and cash equivalents | <u>(119,939)</u> | <u>386,766</u> |
| Cash and cash equivalents at beginning of year | 393,709 | 6,943 |
| Cash and cash equivalents at the end of year | <u><u>273,770</u></u> | <u><u>393,709</u></u> |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 273,770 | 393,709 |
| | <u><u>273,770</u></u> | <u><u>393,709</u></u> |

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

Pentech Ventures LLP

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

1. General information

Pentech Ventures LLP is a limited liability partnership incorporated in the UK and registered in Scotland. The LLP's registered address is 112 George Street, Edinburgh, EH2 4LH.

The principal activities are documented in the Members' 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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the entity's accounting policies. The designated members do not consider there to be any key accounting estimates or judgements that materially effect the financial statements.

2.2 Turnover

Turnover represents the amount (excluding value added tax) derived from the management of venture capital funds and the provision of directors' services. Turnover is recognised over the period in which the services are provided.

2.3 Operating leases: the LLP as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | |
|------------------|----------------|
| Office equipment | - 2 to 5 years |
|------------------|----------------|

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Pentech Ventures LLP**NOTES TO THE FINANCIAL STATEMENTS**
For the Year Ended 31 May 2020**2. Accounting policies (continued)****2.6 Financial instruments**

The LLP's policy for accounting for investments is disclosed elsewhere. The LLP does not trade in other financial instruments and all other such instruments arise directly from operations.

All trade and other debtors are initially recognised at transaction value, as none contain in substance a financing transaction. Thereafter trade and other debtors are reviewed for impairment where there is objective evidence based on observable data that the balance may be impaired. The LLP 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 LLP's cash holdings comprise on demand balances only. All cash is held with banks with strong external credit ratings.

Trade and other creditors and accruals are initially recognised at transaction value as none represent a financing transaction. They are only derecognised when they are extinguished. As the LLP only has short term receivables and payables, its net current asset position is a reasonable measure of its liquidity at any given time.

2.7 Taxation

No provision for tax has been made as each member will be responsible for their own tax liability.

2.8 Members' profit allocations

A member's non-discretionary profit allocation is accounted for as remuneration charged as an expense in the profit and loss account after arriving at "profit for the year before members' remuneration and profit shares".

A member's discretionary share in the profit or the loss for the period is accounted for as an allocation of profits. Unallocated profits and losses are included within "other reserves".

3. Turnover

The whole of the turnover for the year was derived from the LLP's principal continuing activity which was carried out wholly in the UK.

4. Operating profit

The operating profit is stated after charging:

| | 2020 | 2019 |
|--|-------------------|-------------------|
| | £ | £ |
| Operating lease rentals - land & buildings | 74,033 | 68,688 |
| Auditor's remuneration – audit of Pentech Ventures LLP | 7,250 | 7,000 |
| Auditor's remuneration – regulatory audit | 1,050 | 1,000 |
| | <u> </u> | <u> </u> |

Pentech Ventures LLP**NOTES TO THE FINANCIAL STATEMENTS**
For the Year Ended 31 May 2020**5. Employees**

Staff costs were as follows:

| | 2020 | 2019 |
|-------------------------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 163,091 | 135,503 |
| Social security costs | 12,177 | 13,374 |
| Cost of defined contribution scheme | 8,562 | 16,581 |
| | 183,830 | 165,458 |

The average monthly number of persons (including members with contracts of employment) employed during the year was as follows:

| | 2020 | 2019 |
|-----------|-------------|-------------|
| | No. | No. |
| Employees | 2 | 2 |

6. Information in relation to members

| | 2020 | 2019 |
|---|---------------|---------------|
| | Number | Number |
| The average number of members during the year was | 4 | 4 |

Pentech Ventures LLP**NOTES TO THE FINANCIAL STATEMENTS**
For the Year Ended 31 May 2020**7. Tangible fixed assets**

| | Office equipment £ |
|-------------------------------------|--------------------------|
| Cost | |
| At 1 June 2019 | 61,298 |
| Additions | 2,153 |
| At 31 May 2020 | <u>63,451</u> |
| Depreciation | |
| At 1 June 2019 | 50,633 |
| Charge for the year on owned assets | 6,601 |
| At 31 May 2020 | <u>57,234</u> |
| Net book value | |
| At 31 May 2020 | <u>6,217</u> |
| At 31 May 2019 | <u>10,665</u> |

8. Fixed asset investments

| | Investments in subsidiary companies £ |
|----------------|---|
| Cost | |
| At 1 June 2019 | 430,003 |
| At 31 May 2020 | <u>430,003</u> |

Pentech Ventures LLP**NOTES TO THE FINANCIAL STATEMENTS**
For the Year Ended 31 May 2020**8. Fixed asset investments (continued)****Subsidiary undertakings**

The following were subsidiary undertakings of the LLP:

| Name | Registered office | Class of shares | Holding |
|--------------------------------|--------------------------|------------------------|----------------|
| Pentech GP Holdings Limited | Scotland | Ordinary | 100% |
| Pentech Fund II GP Limited | Scotland | Ordinary | 100% |
| Pentech Fund III GP Limited | Scotland | Ordinary | 100% |
| Pentech Fund III SP GP Limited | Scotland | Ordinary | 100% |
| Pentech Capital Limited | Scotland | Ordinary | 100% |

The aggregate of the share capital and reserves as at 31 May 2020 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

| Name | Aggregate of share capital and reserves £ | Profit (Loss) £ |
|--------------------------------|--|----------------------------|
| Pentech GP Holdings Limited | 1 | - |
| Pentech Fund II GP Limited | 784,842 | (95,906) |
| Pentech Fund III GP Limited | 10 | - |
| Pentech Fund III SP GP Limited | 1 | - |
| Pentech Capital Limited | 1 | - |

The LLP has taken advantage of sections 402 and 405 of the Companies Act 2006 to exclude the results of its subsidiary undertakings from consolidation. The subsidiary undertakings are excluded from consolidation under section 405(2).

9. Debtors

| | 2020 £ | 2019 £ |
|--------------------------------|-------------------|-------------------|
| Other debtors | 11,599 | 10,184 |
| Prepayments and accrued income | 45,264 | 20,458 |
| | 56,863 | 30,642 |

Pentech Ventures LLP**NOTES TO THE FINANCIAL STATEMENTS**
For the Year Ended 31 May 2020**10. Creditors: Amounts falling due within one year**

| | 2020 £ | 2019 £ |
|------------------------------------|----------------|----------------|
| Trade creditors | 20,808 | - |
| Amounts owed to group undertakings | 280,152 | 262,121 |
| Accruals and deferred income | 79,174 | 81,510 |
| | <u>380,134</u> | <u>343,631</u> |

11. Analysis of Net Debt

| | At 1 June 2019 £ | Arising from cash flows £ | At 31 May 2020 £ |
|---|------------------------|------------------------------------|------------------------|
| Cash at bank and in hand | 393,709 | (119,939) | 273,770 |
| Net debt (before members' debt) | <u>393,709</u> | <u>(119,939)</u> | <u>273,770</u> |
| <i>Loans and other debts due to members</i> | | | |
| Other amounts due to members | (386,378) | 134,669 | (251,709) |
| | <u>7,331</u> | <u>14,730</u> | <u>22,061</u> |

12. Commitments under operating leases

At 31 May 2020 the LLP had future minimum lease payments under non-cancellable operating leases as follows:

| | 2020 £ | 2019 £ |
|--|----------------|---------------|
| Not later than 1 year | 68,749 | 30,349 |
| Later than 1 year and not later than 5 years | 32,095 | 62,444 |
| | <u>100,844</u> | <u>92,793</u> |

13. Related party transactions

Included within turnover is £1,838,735 (2019: £2,190,756) of management fees receivable from subsidiary undertakings. At the year end £280,152 (2019: £262,121) was due to these entities.