Company Registration No. 09013664 (England and Wales)

ANGELLIST LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

ANGELLIST LIMITED

COMPANY INFORMATION

Directors	A Chung P Moehring
Company number	09013664
Registered office	2nd Floor White Bear Yard Clerkenwell Road London EC1R 5DF
Auditor	Citroen Wells Chartered Accountants Devonshire House 1 Devonshire Street London W1W 5DR
Bankers	Silicon Valley Bank 14-18 Finsbury Square London EC2A 1BR

ANGELLIST LIMITED

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The following pages do not form part of the statutory financial statements

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The directors present the strategic report for the year ended 31 December 2016.

Fair review of the business
The principal activity of the company is that of an online platform for investing in early-stage business. The company's activities are regulated by the Financial Conduct Authority.

The company's key performance indicators are considered to be revenue and operating profit. Revenues earned under service agreements totalled £540,711 (2015: £426,445) and the company made an operating loss for the year of £208,162 (2015: £94,124). The performance for the year, and the position at 31 December 2016, are as expected in the early stage of the business strategy and the directors are optimistic about the future as the business grows.

Principal risks and uncertainties
The directors are responsible for managing the risks to the company's business and they take reasonable steps to identify any risks whilst ensuring that adequate and effective internal controls are in place to mitigate those risks, which are continually reviewed and monitored.

The company's principal financial instruments comprise bank deposits held at its bankers, amounts due from its sole customer and creditors, which fund the company's operations. The company's approach to managing risks applicable to the company are set out below.

Dependence on key technical personnel
The company's success is driven by its key technical staff in providing services to its parent in the financial sector and their experience in the UK and European markets. Therefore the directors consider a key risk to be the loss of its key staff and the retention of these individuals is a key objective of the company through having competitive remuneration policies.

Interest rate risk
The company has no material exposure to interest rate risk.

Credit risk
The company's directors consider the primary credit risk to arise from the non-payment of fees due from its sole customer, as well as default of material debtors and cash balances held on deposit. The directors attempt to minimise this risk by monitoring its cash flow of fees due and the directors consider risk of default to be low. Cash deposits are held at an international banking group with substantial strength, therefore not exposing itself to material credit risk exposure.

Capital risk
The company is capitalised at a level in excess of the minimum regulatory capital required by the Financial Conduct Authority and the directors monitor management accounts on a frequent basis to ensure that an appropriate level of capital and cash resources are maintained to meet regulatory requirements.

Liquidity risk
Cash flow risk arises from the inability of the company to meet liabilities as they fall due. The directors work closely with its customer to ensure that sufficient liquidity is maintained at all times to meet the operational needs of the company.

Foreign currency risk
The company does not have any material exposure to foreign exchange risk.

Pillar 3 and Remuneration Code disclosures
The directors have prepared the Pillar 3 and Remuneration Code disclosures required under the Capital Requirements Directive. These disclosures are available on page 22 - 26 within the management information at the end of these financial statements.

On behalf of the board

....
A Chung
Director
25/4/17..........

ANGELLIST LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and financial statements for the year ended 31 December 2016.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A Chung
P Moehring

Results and dividends
The results for the year are set out on page 6.

The directors did not declare any dividends during the year.

Auditor
The auditor, Citroen Wells, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities
The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- 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 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.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

....
A Chung
Director
25/4/17

ANGELLIST LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ANGELLIST LIMITED

We have audited the financial statements of Angellist Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement Of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 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.

Respective responsibilities of directors and auditor
As explained more fully in the Statement of directors' responsibilities on page 2, the directors 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
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

ANGELLIST LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF ANGELLIST LIMITED

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 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.

Citroen Wells

Kim Youle FCA (Senior Statutory Auditor)
for and on behalf of Citroen Wells

26/4/2017

Chartered Accountants
Statutory Auditor

Devonshire House
1 Devonshire Street
London
W1W 5DR

ANGELLIST LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	31 December 2016 £	31 December 2015 £
Revenue	3	540,711	426,445
Administrative expenses		(748,873)	(520,569)
Loss before taxation		(208,162)	(94,124)
Taxation	7	(4,391)	(2,490)
Loss for the financial year	15	(212,553)	(96,614)
Other comprehensive income		-	-
Total comprehensive deficit for the year		(212,553)	(96,614)

The income statement has been prepared on the basis that all operations are continuing operations.

ANGELLIST LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Property, plant and equipment	8		2,734		1,242
Current assets					
Trade and other receivables	10	36,396		105,426	
Cash at bank and in hand		100,671		35,314	
		137,067		140,740	
Current liabilities	11	(37,127)		(50,666)	
Net current assets			99,940		90,074
Total assets less current liabilities			102,674		91,316
Equity					
Called up share capital	13		80,100		80,100
Other reserves	14		341,362		117,451
Retained earnings	15		(318,788)		(106,235)
Total equity			102,674		91,316

The financial statements were approved by the board of directors and authorised for issue on 25/4/17 and are signed on its behalf by:

....
A Chung
Director

Company Registration No. 09013664

ANGELLIST LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Other reserves £	Retained earnings £	Total £
Balance at 1 January 2015		5,100	10,907	(9,621)	6,386
Year ended 31 December 2015:					
Loss and total comprehensive deficit for the year		-	-	(96,614)	(96,614)
Issue of share capital	**13**	75,000	-	-	75,000
Share-based payments		-	106,544	-	106,544
Balance at 31 December 2015		80,100	117,451	(106,235)	91,316
Year ended 31 December 2016:					
Loss and total comprehensive deficit for the year		-	-	(212,553)	(212,553)
Share-based payments		-	223,911	-	223,911
Balance at 31 December 2016		80,100	341,362	(318,788)	102,674

ANGELLIST LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	18		69,758		(57,825)
Income taxes paid			(2,487)		(320)
Net cash inflow/(outflow) from operating activities			67,271		(58,145)
Investing activities					
Purchase of property, plant and equipment		(1,914)		(1,265)	
Net cash used in investing activities			(1,914)		(1,265)
Financing activities					
Proceeds from issue of shares		-		75,000	
Repayment of borrowings		-		2,767	
Net cash generated from financing activities			-		77,767
Net increase in cash and cash equivalents			65,357		18,357
Cash and cash equivalents at beginning of year			35,314		16,957
Cash and cash equivalents at end of year			100,671		35,314

1 Accounting policies

Company information
Angellist Limited is a company limited by shares incorporated in England and Wales. The registered office is 2nd Floor, White Bear Yard, Clerkenwell Road, London, EC1R 5DF.

1.1 Accounting convention
These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern
At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company is reliant on the continued support from its US parent undertaking, and this has been pledged. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Revenue
Revenue is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT.

Fees are calculated under a service agreement with the company's US parent undertaking and are fully derived from the USA. Revenue is recognised when the firm obtains the right to the consideration under its contracts.

There also exists the potential for carry fees to be generated on investments that are arranged, which are contingent on the success of those businesses. The company is not due any carry fees to date.

1.4 Property, plant and equipment
Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computer equipment	3 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of non-current assets
At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1 Accounting policies **(Continued)**

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1 Accounting policies **(Continued)**

Basic financial liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.11 Share-based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments granted at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by the directors using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions) and non vesting conditions. No expense is recognised for awards that do not ultimately vest.

1 Accounting policies **(Continued)**

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the statement of comprehensive income, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the statement of comprehensive income for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value expensed in the statement of comprehensive income.

Where an equity-settled award is forfeited or partially forfeited as a service condition is not met in the vesting period, the expense is revised to reflect the best estimate of the number of equity instruments expected to vest.

1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Revenue

An analysis of the company's revenue is as follows:

	2016	2015
	£	£
Turnover		
Service agreement fees	540,711	426,445

3 Revenue **(Continued)**

Revenue analysed by geographical market

	2016	2015
	£	£
USA	540,711	426,445

4 Operating loss

	2016	2015
Operating loss for the year is stated after charging/(crediting):	£	£
Exchange gains	(1,573)	(827)
Fees payable to the company's auditor for the audit of the company's financial statements	7,500	6,500
Non audit remuneration paid to auditors	(5,580)	-
Depreciation of owned property, plant and equipment	(422)	(23)
Profit on disposal of investment property	-	-
Share-based payments	223,911	106,544

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016	2015
	Number	Number
Administrative and operations	3	3

Their aggregate remuneration comprised:

	2016	2015
	£	£
Wages and salaries	527,082	331,610
Social security costs	32,737	14,688
	559,819	346,298

6 Directors' remuneration

	2016	2015
	£	£
Remuneration for qualifying services	219,537	174,375
Amounts receivable under long term incentive schemes	209,839	79,363
	429,376	253,738

The number of directors who are entitled to receive shares under long term incentive schemes during the year was 2 (2015 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2016	2015
	£	£
Remuneration for qualifying services	121,637	91,591
Amounts receivable under long term incentive schemes	144,716	32,495

The highest paid director has been entitled to receive shares under a long term incentive scheme during the year.

7 Taxation

	2016	2015
	£	£
Current tax		
UK corporation tax on profits for the current period	4,394	2,490
Adjustments in respect of prior periods	(3)	-
Total current tax	4,391	2,490

7 Taxation (Continued)

The charge for the year can be reconciled to the loss per the income statement as follows:

	2016	2015
	£	£
Loss before taxation	(208,162)	(94,124)
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	(41,632)	(18,825)
Tax effect of expenses that are not deductible in determining taxable profit	1,541	254
Share based payment charge	44,781	21,309
Depreciation add back	84	5
Capital allowances	(383)	(253)
Tax expense for the year	4,391	2,490

8 Property, plant and equipment

	Computer equipment
	£
Cost	
At 1 January 2016	1,265
Additions	1,914
At 31 December 2016	3,179
Depreciation and impairment	
At 1 January 2016	23
Depreciation charged in the year	422
At 31 December 2016	445
Carrying amount	
At 31 December 2016	2,734
At 31 December 2015	1,242

9 Financial instruments

	2016	2015
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	31,672	136,103
Carrying amount of financial liabilities		
Measured at amortised cost	27,581	34,145

10 Trade and other receivables

	2016	2015
Amounts falling due within one year:	**£**	**£**
Amount due from parent undertaking	31,672	100,789
Other receivables	3,625	3,960
Prepayments and accrued income	1,099	677
	36,396	105,426

11 Current liabilities

	2016	2015
	£	**£**
Trade payables	11,581	2,350
Corporation tax	4,394	2,490
Other taxation and social security	5,152	14,031
Other payables	-	4,914
Accruals and deferred income	16,000	26,881
	37,127	50,666

12 Share-based payment transactions

	Number of share options	
	2016	**2015**
	Number	**Number**
Outstanding at 1 January 2016	620,833	520,833
Granted	1,201,667	300,000
Forfeited	(790,228)	(175,000)
Exercised	(11,439)	(25,000)
Outstanding at 31 December 2016	1,020,833	620,833
Exercisable at 31 December 2016	256,942	95,833

Certain employees are entitled to a grant of a holding in the company's US ultimate parent, Angellist LLC.

The weighted average share price at the date of exercise for share options exercised during the year was $nil (2015: $nil).

The options outstanding at 31 December 2016 had an exercise price ranging from $nil to $0.005 per unit, and a remaining contractual life of up to 5 years.

Total expenses of £223,911 related to equity settled share based payment transactions were recognised in the year (2015: £106,544).

13 Share capital

	2016	2015
	£	£
Ordinary share capital		
Issued and fully paid		
80,100 Ordinary shares of £1 each	80,100	80,100

14 Other reserves

	Share-based payment reserve
	£
At 1 January 2015	10,907
Additions	106,544
At 31 December 2015	117,451
Additions	223,911
At 31 December 2016	341,362

15 Retained earnings

	2016	2015
	£	£
At the beginning of the year	(106,235)	(9,621)
Loss for the year	(212,553)	(96,614)
At the end of the year	(318,788)	(106,235)

16 Related party transactions

Remuneration of key management personnel
The remuneration of key management personnel, who are also directors, is disclosed in note 6.

Transactions with related parties
During the year the company earned revenues of £540,711 (2015: £426,445) under a service agreement with its immediate parent company, Venture Hacks, Inc.

At 31 December 2016, Venture Hacks, Inc. owed the company £31,672 (2015: 100,789). This represents amounts due in relation to services provided, net of expenses paid on behalf of the company. The balance is interest free, unsecured and repayable on demand.

17 Controlling party

The company is a wholly owned subsidiary of Venture Hacks, Inc. and the ultimate parent company is Angellist LLC, companies incorporated in USA.

As at 31 December 2016 there was no ultimate controlling party.

18 Cash generated from operations

	2016	2015
	£	£
Loss for the year after tax	(212,553)	(96,614)
Adjustments for:		
Taxation charged	4,391	2,490
Depreciation and impairment of property, plant and equipment	422	23
Equity settled share based payment expense	223,911	106,544
Movements in working capital:		
Decrease/(increase) in trade and other receivables	69,030	(105,666)
(Decrease)/increase in trade and other payables	(15,443)	35,398
Cash generated from/(absorbed by) operations	69,758	(57,825)

1. Introduction

This report is made in accordance with Directive 2010/76/EU on capital requirements for the trading book and for re-securitisations and the supervisory review of remuneration policies (the "CRD"); the directive introduced consistent capital adequacy requirements for authorised credit institutions and investment firms across the European Union. For UK firms, these rules are laid out in the Financial Conduct Authority (the "FCA") Handbook of Rules and Guidance (the "FCA Rules"). The relevant section of the FCA Rules is the Prudential Sourcebook for Banks, Building Societies and Investment Firms (the "BIPRU").

The capital adequacy framework as set out by the directive consists of three "pillars" as follows:

Pillar 1 - these are the minimum capital adequacy standards to which firms must adhere.
Pillar 2 - firms are required to undertake an internal capital adequacy assessment process (an "ICAAP") in order to determine whether additional capital is required in relation to the risks the firm faces.
Pillar 3 - these are the disclosure requirements required by all firms subject to the CRD.

AngelList Limited (the "Firm") makes these disclosures on an annual basis; however, the directors will consider whether it may be necessary to make more frequent publication where appropriate.

2. Background to the Firm and Scope of the Directive

The Firm is a limited company wholly-owned by Venture Hacks, Inc. (the "Parent Company"). Its principal activity is to provide the European arm of the AngelList online fundraising platform, bringing together start-up tech companies and angel investors.

For the purposes of the prudential requirements, the Firm is categorised as a BIPRU firm.

3. Corporate Structure

The Firm is making this disclosure on an individual basis.

4. Capital Resources

During the period 1 January 2016 to 31 December 2016, the Firm complied with all relevant FCA capital requirements.

Pillar 1 Capital

As the Firm is a BIPRU firm, its capital requirement is the higher of:

a) the Base Capital Resources Requirement of €50k;
b) the sum of its Credit Risk Capital Requirement and Market Risk Capital Requirement; and
c) the Fixed Overheads Requirement.

<u>Credit Risk Capital Requirement</u>

The Credit Risk Capital Requirement is the sum of:

a) credit risk capital component;
b) counterparty risk capital component; and
c) concentration risk capital component.

The Firm does not hold any trading book position so does not have a counterparty or concentration risk capital component.

The Firm calculated its credit risk capital component as approximately £5,000 based on its audited accounts as at 31 December 2016.

Market Risk Capital Requirement

The Firm does not hold any principal positions or any assets for clients and does not hold any foreign exchange positions in either trading or non-trading book. Therefore, it does not have a Market Risk Capital Requirement.

Fixed Overheads Requirement

The Firm's Fixed Overheads Requirement is calculated in accordance with GENPRU 2.1.53 to GENPRU 2.1.59. This requirement is currently £94,000 based on its audited accounts for 31 December 2016.

The FCA Pillar 1 requirement is £94,000 based on the Fixed Overheads Requirement which is higher than the Base Capital Requirement and the Credit Risk Capital Requirement.

The table below shows the breakdown of the Firm's total available capital as at 31 December 2016.

	As at 31 December 2016 (£'000s)
Tier One capital	103
Deductions from Tier One Capital	-
Tier Two capital	-
Deductions from Tier Two Capital	-
Total Tier One and Tier Two Capital	103
Deductions from Tier One and Tier Two Capital	-
Tier Three Capital	-
Deductions from Tier Three Capital	-
Deductions from total capital	-
Total Capital Resources	103
Capital Resource Requirement	94
Percentage of capital resources against requirement	109.57
Total Capital excess	9

5. Capital Adequacy - Compliance with BIPRU rules

For the purposes of the prudential requirements the Firm is a BIPRU firm.

The Firm's approach to assessing the adequacy of its capital adequacy has been to base it on its current and future objectives, ensuring that the business can continue through a period of prolonged market downturn and ties in closely with the Firm's strategic aims of:

controlling risks associated with expanding the business;
minimising the offering of new activities and services;
having capital resources which consist of tier one capital only; and
regularly monitoring both the Firm's capital resources and capital resources requirement.

BIPRU 3 – Standardised Credit risk

The Firm has adopted the simplified approach to credit risk calculations and calculates 8% of the risk weighted exposure amounts.

BIPRU 6 - Operational risk

The Operational Risk Capital Requirement is not applicable to the Firm under Pillar 1 as it is a Limited Licence firm. However, the Firm does have operational risks which have been considered as part of its Pillar 2 assessment.

BIPRU 7 – Market risk

The Firm does not hold any positions (either trading book positions or foreign exchange/commodity positions) and, therefore, does not have a market risk capital requirement.

BIPRU 10 – Concentration risk

The Firm does not have a trading book and, therefore, is not required to calculate a concentration risk capital component.

Pillar 2 – ICAAP

The Firm is required to carry out an ICAAP in order to ensure that the Firm continually has enough minimum and, if and where necessary, additional capital in order to meet its regulatory capital requirements. The ICAAP is reviewed at least annually, but the directors will consider whether it may be appropriate to make more frequent assessments where appropriate.

6. Risk Measurement and Management

The directors of the Firm determine its business strategy and risk appetite. They are also responsible for establishing and maintaining the Firm's governance arrangements along with the design and implementation of a risk management framework that recognises and mitigates the risks that the business faces.

The directors manage the Firm's business risks through a framework of policy and procedures having regard to relevant laws, standards, principles and rules (including FCA principles and rules) with the aim of operating a defined and transparent risk management framework. These policies and procedures are updated as required.

6. Risk Measurement and Management (continued)

The directors have identified that the following are the main areas of risk to which the Firm is exposed:

6.1 Operational Risk

6.1.1 Legal and Regulatory Risk:

Regulatory and Legal risk is defined as risk arising from a failure to comply with relevant laws, rules, regulatory guidance and principles. Regulatory risk, Regulatory change and Legal Risk are the responsibility of the Firm's UK director, Mr. Chung, who is also the Firm's Compliance Officer and Money Laundering Reporting Officer. The Firm also obtains external regulatory and legal advice where necessary.

The Firm does appreciate that, given the FCA's focus on the crowdfunding sector (into which the Firm would fall), the Firm understands the importance of its compliance with the FCA's regime.

The Firm also understands the importance of consumer protection and specifically aims its platform only at individuals who would qualify as accredited investors under the U.S Securities Act of 1933 – which is a higher threshold than under the definition of a high-net worth individual under the UK's Financial Services and Markets Act 2000.

6.1.2 Key person risk:

The Firm is wholly dependent on the services of Mr. Chung and its other, European-based director, Mr. Philipp Moehring. If Mr. Chung and Mr. Moehring were unable to continue working at the Firm, the Parent Company would consider putting into effect an orderly wind-down.

However, the Firm and the Parent Company consider that there is a significant talent pool in the industry from which replacements for both Mr. Chung and Mr. Moehring could be found. Moreover, whilst the Parent Company search for Mr. Chung and Mr. Moehring's replacements, the Parent Company could use its employees to staff the Firm.

6.1.3 Breach of Data Protection ("DP") Legislation

This refers to the failure to adhere to DP legislation which results in unauthorised disclosure of sensitive client and employee data leading to reputational damage, sanctions and potential fines from the Information Commissioner and Regulator, damages and loss of clients/associates, and revocation of DPA licences. However, the Firm does not, as a matter of course, hold sensitive client, investor or employee data.

6.2 Default of the Parent Company

The Firm is entirely dependent upon the Parent Company financing its business activities. Therefore, if the Parent Company were to default, the Firm would put into effect an orderly wind down. The Firm ensures it maintains sufficient cash at bank for this.

7 Remuneration Disclosures

The aim of the Remuneration Code is to ensure that firms have risk-focused remuneration policies, which are consistent with and promote effective risk management and do not expose them to excessive risk.

The remuneration policy takes into the account the long-term interests of the Firm's stakeholders, namely its: directors; shareholder and clients.

The below table discloses a breakdown of remuneration for remuneration code staff as defined in SYSC 19C.3.4R of the FCA handbook.

Aggregate quantitative information on remuneration, broken down by senior management and other members of staff whose actions have a material impact on the risk profile of the Firm:

	Senior Management £	Other staff members £	Total £
Fixed Remuneration	219,537	-	219,537
Variable Remuneration	209,839	-	209,839
Number of Staff	2	-	2

As at 31 December 2016, all variable remuneration was paid in the form of cash, none of which has been deferred.