

# SIGNED

**NVM PRIVATE EQUITY LLP**

**FINANCIAL STATEMENTS**

**31 March 2016**



**NVM PRIVATE EQUITY LLP (registered number OC392261)**

**MEMBERS' REPORT FOR THE YEAR ENDED 31 MARCH 2016**

The members have pleasure in presenting their annual report and the audited financial statements for the year ended 31 March 2016.

**Members**

The members of the partnership during the year and up to the date of this report were as follows:

J V Arrowsmith  
M A Biagioni  
A M Conn\*  
M I Green\*  
P S Hodson  
A W Leach  
T R Levett  
C D Mellor\*  
D M Rolfe  
Project NVM Limited

\*denotes designated member for the purposes of the relevant legislation

**Statement of members' responsibilities**

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

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

Under Regulation 8 of the Regulations, 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 partnership and of its profit or loss for the year.

In preparing these 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 partnership will continue in business.

Under Regulation 6 of the Regulations, the members are responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the partnership and enable them to ensure that its financial statements comply with those regulations. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities.

**NVM PRIVATE EQUITY LLP**

**MEMBERS' REPORT FOR THE YEAR ENDED 31 MARCH 2016 (continued)**

**Profit for the year**

The group profit on ordinary activities available for discretionary division among members for the year, after providing for members' remuneration charged as an expense, was £3,095,244 (2015 £224,028).

**Members' drawings and capital**

Drawings are made on a monthly basis and from time to time as working capital allows. Such drawings are based on the members' entitlements as set out in the Members' Agreement.

Members' capital is subscribed in accordance with the current Members' Agreement and there is no entitlement to have capital repaid.

**Provision of information to auditor**

The members 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 partnership's auditor is 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 partnership's auditor is aware of that information.

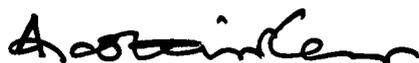
**Fixed assets**

Movements in tangible fixed assets during the year are set out in Note 6 to the financial statements.

**Auditor**

KPMG LLP have expressed their willingness to continue in office as auditor and are deemed to be reappointed in accordance with the Members' Agreement and Section 487 of the Companies Act 2006.

On behalf of the members



**A M Conn**  
**Designated Member**

16 June 2016

## **NVM PRIVATE EQUITY LLP**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2016**

This strategic report is presented by the members in accordance with the requirements of Section 414 of the Companies Act 2006.

#### **Review of the business**

The partnership's principal activity during the year was the management of venture capital funds, comprising three listed VCTs (Northern Venture Trust PLC, Northern 2 VCT PLC and Northern 3 VCT PLC), a listed investment trust (Northern Investors Company PLC) and two private limited partnerships (NV1 LP and NV2 LP).

The members have a policy of maintaining a high level of free cash reserves and consider that the financial position of the group and the partnership is satisfactory.

NVM Private Equity LLP is an authorised person for the purposes of the Financial Services and Markets Act 2000 and is regulated by the Financial Conduct Authority.

#### **Going concern**

After making the necessary enquiries, the members believe that it is appropriate to continue to apply the going concern basis in preparing the financial statements.

#### **Principal risks and uncertainties**

The group finances its activities entirely from members' funds and had no debt funding during the year. Surplus funds are held on bank deposit and earn interest at market rates. The group's revenues and expenses are all denominated in sterling and consequently there is no exposure to currency risk.

The majority of the group's revenue is derived from investment management contracts with its client funds, which are subject to up to 12 months' notice of termination. The loss of one or more of these contracts could have a significant effect on the group's profitability and financial position. The group is responsible for the day-to-day monitoring of its listed fund clients' compliance with the qualifying conditions laid down by HM Revenue & Customs for the maintenance of VCT or investment trust approved status; the loss of such status could lead to its appointment as investment manager being terminated without notice. As a regulated investment management firm, the group maintains a strong compliance culture and operates a closely monitored system of internal controls in relation to its own and its clients' business.

On behalf of the members



**A M Conn**  
**Designated Member**

16 June 2016

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NVM PRIVATE EQUITY LLP**

We have audited the group and LLP financial statements ("the financial statements") of NVM Private Equity LLP for the year ended 31 March 2016 set out on pages 5 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the members of the limited liability partnership (LLP), as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by Regulation 39 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of members and auditor**

As explained more fully in the Members' Responsibilities Statement set out on page 1, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the group and of the LLP as at 31 March 2016 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 LLP, Statutory Auditor**

*Chartered Accountants*  
191 West George Street  
Glasgow G2 2LJ

16 June 2016

**NVM PRIVATE EQUITY LLP****CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2016**

	<u>Notes</u>	<u>Year ended 31 March 2016</u>	<u>Period ended 31 March 2015</u>
TURNOVER		10,769,728	1,316,397
Administrative expenses	2	(2,660,520)	(636,945)
OPERATING PROFIT		8,109,208	679,452
Interest receivable		3,377	–
Interest payable		–	(366)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		8,112,585	679,086
Tax on profit on ordinary activities	5	2,182	–
PROFIT FOR THE YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES		8,114,767	679,086
Members' remuneration charged as an expense	4	(5,019,523)	(455,058)
PROFIT FOR THE YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS		£3,095,244	£224,028

The results of the year are derived wholly from continuing operations.

The group has no recognised gains and losses other than those included in the income statement above and therefore no separate statement of comprehensive income has been presented.

The notes on pages 10 to 17 form part of these financial statements.

**NVM PRIVATE EQUITY LLP****CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2016**

	Notes	31 March 2016	31 March 2015
<b>FIXED ASSETS</b>			
Tangible assets	6	126,464	149,228
<b>CURRENT ASSETS</b>			
Debtors	8	4,042,619	790,735
Cash at bank and in hand		4,100,959	1,454,722
		<u>8,143,578</u>	<u>2,245,457</u>
CREDITORS (amounts falling due within one year)	9	<u>(4,862,372)</u>	<u>(1,670,656)</u>
<b>NET CURRENT ASSETS</b>		<b>3,281,206</b>	<b>574,801</b>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<b><u>£3,407,670</u></b>	<b><u>£724,029</u></b>
<b>Represented by:</b>			
Regulatory capital	10	5,000	5,000
Ordinary capital	10	495,001	495,001
Members' current accounts	10	2,907,669	224,028
<b>MEMBERS' INTERESTS</b>		<b><u>£3,407,670</u></b>	<b><u>£724,029</u></b>

The notes on pages 10 to 17 form part of these financial statements.

**NVM PRIVATE EQUITY LLP**

**PARTNERSHIP BALANCE SHEET AS AT 31 MARCH 2016**

	Notes	31 March 2016	31 March 2015
<b>FIXED ASSETS</b>			
Tangible assets	6	126,464	149,228
Investments	7	114	114
		<u>126,578</u>	<u>149,342</u>
<b>CURRENT ASSETS</b>			
Debtors	8	4,042,620	790,735
Cash at bank and in hand		4,093,823	1,446,375
		<u>8,136,443</u>	<u>2,237,110</u>
<b>CREDITORS (amounts falling due within one year)</b>	9	<u>(4,857,533)</u>	<u>(1,662,423)</u>
<b>NET CURRENT ASSETS</b>		<b>3,278,910</b>	<b>574,687</b>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<u><b>£3,405,488</b></u>	<u><b>£724,029</b></u>
<b>Represented by:</b>			
Regulatory capital	10	5,000	5,000
Ordinary capital	10	495,001	495,001
Members' current accounts	10	2,905,487	224,028
<b>MEMBERS' INTERESTS</b>		<u><b>£3,405,488</b></u>	<u><b>£724,029</b></u>

The notes on pages 10 to 17 form part of these financial statements.

The financial statements on pages 5 to 17 were approved by the members on 16 June 2016 and are signed on their behalf by:



**A M CONN**  
Designated Member

**NVM PRIVATE EQUITY LLP****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2016**

<u>Group</u>	<u>Year ended 31 March 2016</u>	<u>Period ended 31 March 2015</u>
Members' interests at 1 April 2015	724,029	–
Members' capital contributions	–	500,001
Profit for the year before members' remuneration and profit shares	8,114,767	679,086
Members' drawings	(5,431,126)	(455,058)
Members' interests at 31 March 2016	<u>£3,407,670</u>	<u>£724,029</u>

<u>Partnership</u>	<u>Year ended 31 March 2016</u>	<u>Period ended 31 March 2015</u>
Members' interests at 1 April 2015	724,029	–
Members' capital contributions	–	500,001
Profit for the year before members' remuneration and profit shares	8,112,585	679,086
Members' drawings	(5,431,126)	(455,058)
Members' interests at 31 March 2016	<u>£3,405,488</u>	<u>£724,029</u>

**NVM PRIVATE EQUITY LLP**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2016**

	Year ended 31 March 2016	Period ended 31 March 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year before members' remuneration and profit shares	8,114,767	679,086
Adjustments:		
Depreciation	39,888	7,103
Interest paid	-	366
Interest received	(3,377)	-
Tax	(2,182)	-
Increase in debtors	(3,251,884)	(790,735)
Increase in creditors	91,998	1,670,656
Net non-cash liabilities received on group re-organisation	-	(915,006)
Income taxes refunded	2,182	-
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>4,991,392</b>	<b>651,470</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	3,377	-
Fixed asset additions	(17,124)	(844)
Sale of fixed assets	-	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(13,747)</b>	<b>(844)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	-	(366)
Cash received on group reorganisation	-	759,519
Members' drawings	(2,331,408)	(455,058)
Members' capital contributions	-	500,001
<b>NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>	<b>(2,331,408)</b>	<b>804,096</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2,646,237</b>	<b>1,454,722</b>
Cash and cash equivalents at the beginning of the year	1,454,722	-
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>£4,100,959</b>	<b>£1,454,722</b>

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2016**

**1 Accounting policies**

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

**(a) Basis of accounting**

The financial statements have been prepared under FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The members have sought to prepare the financial statements so as to comply with the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

FRS 102 came into effect for accounting periods beginning on or after 1 January 2015. An assessment of the impact of adopting FRS 102 has been carried out and no restatement of balances as at the transition date, 27 March 2014, or of comparative figures in the balance sheet or the income statement is considered necessary.

The financial statements are prepared in £ sterling, which is the functional currency of the group.

The financial statement have been prepared on a going concern basis.

**(b) Basis of consolidation**

The consolidated financial statements include the financial statements of the partnership and its subsidiary undertakings made up to 31 March 2016. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated income statement from the date of acquisition or up to the date of disposal.

Under Section 408 of the Companies Act 2006 the partnership is exempt from the requirement to present its own income statement.

**(c) Investments**

In the partnership's financial statements, investments in subsidiary undertakings are stated at cost less provision for impairment.

**(d) Tangible fixed assets and depreciation**

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets on a straight line basis over their estimated useful economic lives, as follows:

Office furniture and equipment	3–7 years
--------------------------------	-----------

**(e) Turnover**

Turnover represents income from investment management and related services rendered, excluding value added tax. Performance fees are recognised when the relevant performance criteria are met.

**(f) Interest receivable**

Interest on short-term bank deposits is dealt with on an accruals basis.

**(g) Interest payable**

Interest payable on borrowings is accounted for on the basis of the effective interest rate for the relevant financial instrument.

## NVM PRIVATE EQUITY LLP

### NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2016 (continued)

#### 1 Accounting policies (continued)

(h) Leases

Operating lease payments are charged in the income statement on a straight line basis over the period of the lease.

(i) Taxation

No provision for income tax is made in the financial statements of the partnership as all income tax liabilities are liabilities of the members, not the partnership.

UK corporation tax on the profits of the corporate subsidiaries of the consolidated group is provided at amounts expected to be paid using applicable tax rates. The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more tax in future, or a right to pay less tax in future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain.

(j) Financial instruments

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including members' contributions) are equivalent to a similar debt instrument, those financial instruments are classified as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the income statement. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of members' contributions do not have any terms meeting the definition of a financial liability then this is classified as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to reserves.

All financial instruments are classed as basic financial instruments under FRS 102.

(k) Retirement benefits

The group operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting year.

(l) Members' remuneration

Members are remunerated by way of profit shares. Where profit share is non-discretionary it is included as an expense within the income statement. Where profit share is discretionary it is debited to equity in the year in which the division of profit occurs.

## NVM PRIVATE EQUITY LLP

### NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2016 (continued)

#### 2 Administrative expenses

Administrative expenses for the group include the following charges:

	Year ended 31 March 2016	Period ended 31 March 2015
	£	£
Depreciation	46,909	7,103
Operating lease rentals	114,551	20,000
Auditor's remuneration:		
Audit of these financial statements	13,000	15,000
Audit of subsidiary financial statements	6,500	–
Other audit related assurance services	1,510	1,500
Taxation services	10,000	–
Other	10,852	8,500

#### 3 Staff numbers and costs

	Year ended 31 March 2016	Period ended 31 March 2015
	£	£
Staff costs:		
Salaries	841,502	122,875
Social security costs	116,904	18,502
Contributions to defined contribution pension scheme	116,520	17,264

The average number of persons employed by the group during the year was 12 (2015 12).

#### 4 Members' numbers and remuneration

The average number of members in the year was 10 (2015 3). The number of members at 31 March 2016 and 31 March 2015 was 10.

The remuneration of members for the year to 31 March 2016 was:

	Year ended 31 March 2016	Period ended 31 March 2015
	£	£
Non-discretionary profit shares charged as an expense	5,019,523	455,058

The remuneration of the highest paid member for the year to 31 March 2016 was £1,044,302 (2015 £79,999). Subsequent to the year end the partnership profit of £3,093,062 (2015 £224,028) available for discretionary division among members was allocated in accordance with the Members' Agreement.

**NVM PRIVATE EQUITY LLP**

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2016 (continued)**

**5 Taxation**

	<u>Year ended 31 March 2016</u>	<u>Period ended 31 March 2015</u>
<b>(a) <u>Analysis of charge for the period</u></b>		
Corporation tax on income for the current period	–	–
Adjustment in respect of prior periods	(2,182)	–
	<hr/>	<hr/>
Tax on profit on ordinary activities	£(2,182)	£–
<b>(b) <u>Tax reconciliation</u></b>		
Profit on ordinary activities before taxation	8,112,585	679,086
Current tax at UK standard rate of 20.0% (2015 21.0%)	1,622,517	142,608
Factors affecting charge for the year:		
LLP profits not liable to corporation tax	(1,622,517)	(142,608)
Adjustment in respect of prior periods	(2,182)	–
	<hr/>	<hr/>
Tax (credit)/charge on profit on ordinary activities	£(2,182)	£–

**6 Tangible fixed assets**

	<u>Office furniture and equipment</u>
<b><u>Cost</u></b>	
At 1 April 2015	156,331
Additions	17,124
Disposals	(82)
	<hr/>
At 31 March 2016	173,373
<b><u>Depreciation</u></b>	
At 1 April 2015	7,103
Charge for the year	39,888
On disposals	(82)
	<hr/>
At 31 March 2016	46,909
<b><u>Net book value</u></b>	
At 31 March 2016	£126,464
	<hr/>
At 1 April 2015	£149,228
	<hr/>

## NVM PRIVATE EQUITY LLP

### NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2016 (continued)

#### 7 Fixed asset investments

<u>Partnership</u>	<u>Shares in group undertakings</u>
Cost at 31 March 2016 and 31 March 2015	£114

Details of subsidiary undertakings owned directly or indirectly by the partnership, all of which are registered in England and Wales, are as follows:

<u>Name</u>	<u>Share capital</u>	<u>Ownership</u>	<u>Activity</u>
NVM Nominees Limited	£1 ordinary	100%	Dormant company
Northern Venture Managers Limited	£1 ordinary	100%	Dormant company
Northern VCT Managers Limited	£1 ordinary	100%	Dormant company
NV1 GP Limited	£1 ordinary	100%	Dormant company
NV1 CP Limited	£1 ordinary	100%	Carried interest partner in NV1 LP
NVM GP LLP	£1 ordinary	100%	General partner in NV1 LP and NV2 LP
NV2 CP Limited	£1 ordinary	100%	Carried interest partner in NV2 LP
NV2 Nominee Limited	£1 ordinary	100%	Partner in NVM GP LLP

#### 8 Debtors

	<u>Group</u>	<u>Group</u>	<u>Partnership</u>	<u>Partnership</u>
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
Trade debtors	33,286	140,000	33,286	140,000
Other debtors and prepayments	4,009,333	650,735	4,009,334	650,735
	<u>£4,042,619</u>	<u>£790,735</u>	<u>£4,042,620</u>	<u>£790,735</u>

Other debtors and prepayments include £20,000 (2015 £20,000) in respect of receivables due after more than one year.

**NVM PRIVATE EQUITY LLP**

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2016 (continued)**

**9 Creditors (amounts falling due within one year)**

	<u>Group</u>	<u>Group</u>	<u>Partnership</u>	<u>Partnership</u>
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Trade creditors	226,439	148,965	226,439	148,965
Corporation tax	–	3,389	–	–
Other tax and social security	67,308	73,134	67,308	73,134
Accruals and deferred income	1,410,518	1,386,779	1,405,204	1,381,465
Remuneration due to partners	3,158,107	58,389	3,158,107	58,389
Amounts due to other group undertakings	–	–	475	470
	<u>£4,862,372</u>	<u>£1,670,656</u>	<u>£4,857,533</u>	<u>£1,662,423</u>

**10 Reconciliation of members' interests**

<u>Group</u>	<u>Regulatory capital</u>	<u>Ordinary capital</u>	<u>Members' current accounts</u>	<u>Total</u>
At 1 April 2015	5,000	495,001	224,028	724,029
Members' remuneration charged as an expense	–	–	5,019,523	5,019,523
Profit for the year available for discretionary division among members	–	–	3,095,244	3,095,244
Members' interests after profit for the year	5,000	495,001	8,338,795	8,838,796
Members' drawings	–	–	(5,431,126)	(5,431,126)
At 31 March 2016	<u>£5,000</u>	<u>£495,001</u>	<u>£2,907,669</u>	<u>£3,407,670</u>

**NVM PRIVATE EQUITY LLP**

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2016 (continued)**

**10 Reconciliation of members' interests (continued)**

<u>Partnership</u>	<u>Regulatory capital</u>	<u>Ordinary capital</u>	<u>Members' current accounts</u>	<u>Total</u>
At 1 April 2015	5,000	495,001	224,028	724,029
Members' remuneration charged as an expense	–	–	5,019,523	5,019,523
Profit for the year available for discretionary division among members	–	–	3,093,062	3,093,062
Members' interests after profit for the year	5,000	495,001	8,336,613	8,836,614
Members' drawings	–	–	(5,431,126)	(5,431,126)
At 31 March 2016	£5,000	£495,001	£2,905,487	£3,405,488

**11 Pension commitments**

During the year the group operated a defined contribution pension scheme for its employees, the assets of the scheme being held separately from those of the group under independent administration. Contributions by the group were charged to the income statement as they fell due. Contributions amounting to £7,483 (2015 nil) were payable to the scheme at 31 March 2016.

**12 Operating lease rentals**

At the balance sheet date the group was committed to making the following operating lease rental payments within the next year in respect of leasehold office premises:

	<u>31 March 2016</u>	<u>31 March 2015</u>
Lease commitments expiring:		
Within one year	–	11,666
In between one and five years	446,120	–
After five years	–	44,375
	<u>£127,687</u>	<u>£56,041</u>

**13 Financial instruments**

A financial instrument is a contract that gives rise to a financial asset or financial liability. The group's financial instruments comprise cash and cash equivalents, trade receivables, trade payables and accruals which arise directly from operations. The group's policy is to finance its operations through retained earnings. The group has a policy of not holding financial instruments for speculative purposes.

The group's activities expose it to a variety of financial risks: market risk (including cash flow risk, interest rate risk and price risk), credit risk and liquidity risk. The group's management strategy is to minimise the potential impact of these risks on its financial performance.

*Market risk*

Market risk is the risk of changes to the group's financial condition caused by variables such as changes in the net asset values of its funds under management and interest rates.

The group does not operate outside the UK and therefore there is no foreign exchange risk for the partnership.

*Credit risk*

Credit risk represents the loss which the group would suffer from the failure of a debtor to meet its contractual obligations. At 31 March 2016 the group's main exposure to credit risk was the £4,100,359 (2015 £1,454,122) held on deposit by a major UK clearing bank of which £4,093,823 (2015 £1,446,375) was held in accounts of the partnership itself.

*Liquidity risk*

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group has adequate short term deposits to ensure that it has sufficient funds to carry on its principal activity, the management of venture capital funds.