

**NVM PRIVATE EQUITY LLP**  
**(registered in England)**

**FINANCIAL STATEMENTS**

**31 March 2022**

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COMPANIES HOUSE

**NVM PRIVATE EQUITY LLP (registered number: OC392261, address: Time Central, 32 Gallowgate, Newcastle upon Tyne, NE1 4SN)**

## **MEMBERS' REPORT FOR THE YEAR ENDED 31 MARCH 2022**

The members have pleasure in presenting their annual report and the audited financial statements for the year ended 31 March 2022.

### **Members**

The members of the partnership during the year were as follows:

J V Arrowsmith\*  
M A Biagioni\*  
J K Bryce  
M I Green\*  
P S Hodson  
S D John  
A W Leach  
C W Pidgeon  
D M Rolfe

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

### **Statement of members' responsibilities in respect of the Members' Report, the Strategic Report and the financial statements**

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the LLP or to cease operations, or have no realistic alternative but to do so.

## **NVM PRIVATE EQUITY LLP**

### **MEMBERS' REPORT FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

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

#### **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 £2,032,514 (2021: £1,676,629).

#### **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 drawings for the year were £3,441,827 (2021: £5,554,605).

Members' capital is subscribed in accordance with the members' agreement.

#### **Provision of information to the 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.


#### **Tangible assets**

Movements in tangible fixed assets during the year are set out in note 8 to the financial statements.

#### **Auditor**

Mazars 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



**M A Biagioni**  
**Designated Member**

**8 July 2022**

## **NVM PRIVATE EQUITY LLP**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022**

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 is to carry out investment management and advisory services. The partnership's business is the investment management of private limited investment partnerships. During the year the partnership was investment manager of:

- NV1 LP;
- NV2 LP;
- NVM Private Equity Vintage III L.P.

The members have a policy of maintaining a high level of 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**

The financial statements have been prepared on a going concern basis. The members, having no intention to voluntarily wind up the partnership, have performed an assessment of the partnership's ability to meet its liabilities as they fall due. In performing this assessment, the members took into consideration the uncertain economic outlook in the wake of the COVID-19 pandemic and the on-going conflict in Ukraine. This assessment covered many factors, including:

- the cash balances held by the partnership;
- the fact that the partnership has no debt or capital commitments;
- revenue and operating cost forecasts for the forthcoming year;
- the ability of third-party service providers to continue to provide services; and
- potential downside scenarios including a fall in revenue.

Based on this assessment, the members are confident that the partnership will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements, and therefore determine the going concern basis to be appropriate.

#### **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. The loss of one or more of these contracts could have a significant effect on the group's profitability and financial position. 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.

The portfolios of the funds which the partnership manages are diversified, with no particular concentration on any one end-market sector.

On behalf of the members

A handwritten signature in black ink, appearing to read "Mauro Biagioni". The signature is written in a cursive, flowing style.

**M A Biagioni**  
**Designated Member**

**8 July 2022**

# Independent auditor's report to the members of NVM Private Equity LLP

## Opinion

We have audited the financial statements of NVM Private Equity LLP (the 'Limited Liability Partnership' or the 'LLP') and its subsidiaries (the 'Group') for the year ended 31 March 2022 which comprise the Consolidated Income Statement, the Consolidated and Partnership Balance Sheets, the Consolidated and Partnership Statements of Changes in Equity, the Consolidated Statement of Cash Flows and 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 FRS 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 Group's and of the Limited Partnership's affairs as at 31 March 2022 and of Group's 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 the 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 "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Group and the LLP in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC) 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

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the LLP's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

## **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 auditor's 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

We have nothing to report in this regard.

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## **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 set out on pages 1 and 2, 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 Group's and 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 Group or the LLP or to cease operations, or have no realistic alternative but to do so.

## **Auditor's 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 auditor's 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Group and the LLP and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: data protection act, bribery act and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

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- Inquiring of the members as to whether the Group and the LLP are in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Group and the LLP which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the Companies Act 2006, as applied to limited liability partnerships.

In addition, we evaluated the members' incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to deferred consideration, revenue recognition (which we pinpointed to the accuracy, completeness and cut-off assertions), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the members on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;



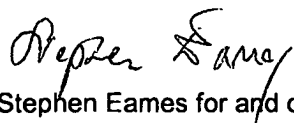
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of the audit report**

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



Stephen Eames for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor

The Pinnacle  
160 Midsummer Boulevard  
Milton Keynes  
MK9 1FF

27<sup>th</sup> January 2023

**NVM PRIVATE EQUITY LLP****CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2022**

	<u>Notes</u>	<u>Year ended 31 March 2022</u>	<u>Year ended 31 March 2021</u>
TURNOVER		3,487,740	3,742,200
Administrative expenses	3	(1,896,826)	(2,765,350)
OPERATING PROFIT		1,590,914	976,850
Interest receivable		1,673	7,121
Other income	5	1,387,792	1,371,604
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,980,379	2,355,575
Tax on profit on ordinary activities	6	–	–
PROFIT FOR THE YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES		2,980,379	2,355,575
Members' remuneration charged as an expense	7	(947,865)	(678,946)
PROFIT FOR THE YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS		£2,032,514	£1,676,629

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 Partnership has taken advantage of the provision of section 408 (4) of the Companies Act 2006 (as applied to Limited Liability Partnerships) not to present its own income statement.

The notes on pages 14 to 24 form part of these financial statements.

**NVM PRIVATE EQUITY LLP****CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2022**

	Notes	31 March 2022	31 March 2021
<b>FIXED ASSETS</b>			
Tangible assets	8	59,522	101,079
<b>CURRENT ASSETS</b>			
Debtors	10	4,510,187	5,419,107
Cash at bank and in hand		2,227,449	1,812,274
		6,737,636	7,231,380
<b>CREDITORS (amounts falling due within one year)</b>	11	(1,932,406)	(2,006,259)
<b>NET CURRENT ASSETS</b>		4,805,230	5,225,121
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		£4,864,752	£5,326,200
<b>Represented by:</b>			
Regulatory capital	12	5,000	5,000
Ordinary capital	12	558,241	558,241
Members' current accounts	12	4,301,511	4,762,959
<b>MEMBERS' INTERESTS</b>		£4,864,752	£5,326,200

The Partnership has taken advantage of the provision of section 408 (4) of the Companies Act 2006 (as applied to Limited Liability Partnerships) not to present its own income statement.

Debtors includes £nil due after more than one year (31 March 2021: £2,670,284).

The notes on pages 14 to 24 form part of these financial statements.

**NVM PRIVATE EQUITY LLP**

**PARTNERSHIP BALANCE SHEET AS AT 31 MARCH 2022**

	Notes	31 March 2022	31 March 2021
<b>FIXED ASSETS</b>			
Tangible assets	8	59,522	101,079
Investments	9	9	110
		<u>59,531</u>	<u>101,189</u>
<b>CURRENT ASSETS</b>			
Debtors	10	4,510,187	5,419,107
Cash at bank and in hand		2,151,484	1,812,253
		<u>6,661,671</u>	<u>7,231,360</u>
CREDITORS (amounts falling due within one year)	11	<u>(1,856,450)</u>	<u>(2,006,349)</u>
NET CURRENT ASSETS		4,805,221	5,225,011
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>			
		<u>£4,864,752</u>	<u>£5,326,200</u>
<b>Represented by:</b>			
Regulatory capital	12	5,000	5,000
Ordinary capital	12	558,241	558,241
Members' current accounts	12	4,301,511	4,762,959
MEMBERS' INTERESTS		<u>£4,864,752</u>	<u>£5,326,200</u>

Debtors includes £nil due after more than one year (31 March 2021: £2,670,284).

The notes on pages 14 to 24 form part of these financial statements.

The financial statements on pages 9 to 24 were approved by the members on 8 July 2022 and are signed on their behalf by:



**M A Biagioni**  
**Designated Member**

# NVM PRIVATE EQUITY LLP

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

<u>Group</u>	<u>Year ended 31 March 2022</u>	<u>Year ended 31 March 2021</u>
Members' interests at 1 April 2021	5,326,200	8,461,990
Members' capital contributions	–	63,240
Profit for the year before members' remuneration and profit shares	2,980,379	2,355,575
Members' drawings	(3,441,827)	(5,554,605)
Members' interests at 31 March 2022	<u>£4,864,752</u>	<u>£5,326,200</u>

<u>Partnership</u>	<u>Year ended 31 March 2022</u>	<u>Year ended 31 March 2021</u>
Members' interests at 1 April 2021	5,326,200	8,461,990
Members' capital contributions	–	63,240
Profit for the year before members' remuneration and profit shares	2,980,379	2,355,575
Members' drawings	(3,441,827)	(5,554,605)
Members' interests at 31 March 2022	<u>£4,864,752</u>	<u>£5,326,200</u>

**NVM PRIVATE EQUITY LLP**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2022**

	Year ended 31 March 2022	Year ended 31 March 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year before members' remuneration and profit shares	2,980,379	2,355,575
Adjustments:		
Other income	(1,387,792)	(1,371,604)
Depreciation	41,557	62,777
Interest received	(1,673)	(7,121)
Decrease/(increase) in debtors	196,712	(360,495)
Decrease in creditors	(73,854)	(714,996)
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>1,755,329</b>	<b>(35,864)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	1,673	7,121
Net fixed asset additions	–	(4,094)
Other income	2,100,000	2,100,000
<b>NET CASH INFLOW FROM INVESTING ACTIVITIES</b>	<b>2,101,673</b>	<b>2,103,027</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Members' capital contributions	–	117,190
Members' capital withdrawals	–	(53,950)
Members' drawings	(3,441,827)	(5,554,605)
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>	<b>(3,441,827)</b>	<b>(5,491,365)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>415,175</b>	<b>(3,424,202)</b>
Cash and cash equivalents at the beginning of the year	1,812,274	5,236,476
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>£2,227,449</b>	<b>£1,812,274</b>

## NVM PRIVATE EQUITY LLP

### NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

#### 1 Partnership

The “partnership” refers to NVM Private Equity LLP, whose registered address is Time Central, 32 Gallowgate, Newcastle upon Tyne, NE1 4SN.

The “group” refers to NVM Private Equity LLP as the ultimate parent, together with its various subsidiaries.

The partnership’s principal activity is to carry out investment management and advisory services. The partnership’s business is the investment management of private limited investment partnerships.

#### 2 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”*.

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

The financial statements have been prepared on a going concern basis. The members, having no intention to voluntarily wind up the partnership, have performed an assessment of the partnership’s ability to meet its liabilities as they fall due. In performing this assessment, the members took into consideration the uncertain economic outlook in the wake of the COVID-19 pandemic and the on-going conflict in Ukraine. This assessment covered many factors, including:

- the cash balances held by the partnership;
- the fact that the partnership has no debt or capital commitments;
- revenue and operating cost forecasts for the forthcoming year;
- the ability of third-party service providers to continue to provide services; and
- potential downside scenarios including a fall in revenue.

Based on this assessment, the members are confident that the partnership will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements, and therefore determine the going concern basis to be appropriate.

##### (b) Basis of consolidation

The consolidated financial statements include the financial statements of the partnership and its subsidiary undertakings made up to 31 March 2022. 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.

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022**

**2 Accounting policies (continued)**

Under Section 408 of the Companies Act 2006 the partnership is exempt from the requirement to present its own income statement. The partnership recorded a profit for the year before members' remuneration of £2,980,379 (2021: £2,355,575).

(c) Investments

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

(d) Tangible assets and depreciation

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

Office furniture and equipment	3–7 years
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(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. Revenue is derived wholly from operations within the UK.

(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.

(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.



NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022 (continued)

2 Accounting policies (continued)

(j) Financial instruments

Short term financial assets are measured at cost. Future potential deferred consideration receivable relating to the sale of the VCT fund management business are measured at net present value using the effective interest method and are assessed for impairment at the balance sheet date.

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 directly 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 members' interests in the year in which the division of profit occurs.

(m) Accounting estimates and judgements

The fair value of the deferred consideration due to NVM in respect of the sale of the VCT management contracts, which is contingent on certain conditions being met, has been estimated at the point of sale and discounted to present value. At the end of each period the fair value is reassessed and adjusted as necessary, as described in note 5.

The discount rate applied is reflective of the risk profile of the conditions being met and is considered a significant assumption.

## NVM PRIVATE EQUITY LLP

### NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022 (continued)

#### 3 Administrative expenses

Administrative expenses for the group include the following charges:

	Year ended 31 March 2022	Year ended 31 March 2021
	£	£
Depreciation	41,557	62,777
Operating lease rentals	202,231	203,827
Auditor's remuneration:		
Audit of these financial statements	25,000	17,500
Other audit related assurance services	4,000	7,500

#### 4 Staff numbers and costs

	Year ended 31 March 2022	Year ended 31 March 2021
	£	£
Staff costs:		
Salaries	609,176	1,214,672
Social security costs	77,235	182,704
Contributions to defined contribution pension scheme	66,555	111,752

The average number of persons employed by the group during the year was 8 (2021: 13).

#### 5 Other income

Other income comprises:

- The unwinding of the discount to present value of the deferred consideration due on sale of the management contracts relating to the Northern VCTs, which completed on 23 December 2019, which was recognised as at 31 March 2020.
- Recognition of a further tranche of contingent deferred consideration relating to the transaction for which the performance target now seems likely to be met.

Other income recognised in the income statement for the year to 31 March 2022 totalled £1,387,792 (2021: £1,371,604) comprising the unwinding of the discount of previously recognised consideration not yet received at the balance sheet date and the recognition of a final element of deferred consideration for which the conditions now appear likely of being met.

Contingent deferred consideration is measured at fair value at the point of recognition and then reassessed and adjusted if necessary to present value at the end of each period. The present value of the recognised future consideration is £3,917,154 (2021: £4,629,359), and is included in debtors (see note 10).

## NVM PRIVATE EQUITY LLP

### NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022 (continued)

#### 6 Taxation

	Year ended 31 March 2022	Year ended 31 March 2021
(a) <u>Analysis of charge for the year</u>		
Corporation tax on income for the current year	–	–
Tax on profit on ordinary activities	£–	£–
(b) <u>Tax reconciliation</u>		
Profit on ordinary activities before taxation	2,980,379	2,355,575
Current tax at UK standard rate of 19.0% (2021: 19.0%)	566,272	447,559
Factors affecting charge for the year:		
LLP profits not liable to corporation tax	(566,272)	(447,559)
Tax on profit on ordinary activities	£–	£–

During the year to 31 March 2022 none of the subsidiary companies of NVM Private Equity LLP made either a profit or a loss, nor incurred either a tax charge or credit.

#### 7 Members' numbers and remuneration

The average number of members during the year was 9 (2021: 8). The number of members at 31 March 2022 was 9 (2021: 9).

The remuneration of members charged as an expense for the year to 31 March 2022 was:

	Year ended 31 March 2022	Year ended 31 March 2021
	£	£
Non-discretionary profit shares charged as an expense	947,865	678,946

The non-discretionary profit share of the highest paid member for the year to 31 March 2022 was £161,985 (2021: £105,895). Subsequent to the year end the partnership profit of £2,032,514 (2021: £1,676,629) 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 2022 (continued)**

**8 Tangible assets**

	<u>Office furniture and equipment</u>
<u>Cost</u>	
At 1 April 2021	393,988
Additions	–
Disposals	–
At 31 March 2022	<u>393,988</u>
<u>Depreciation</u>	
At 1 April 2021	292,909
Charge for the year	41,557
Disposals	–
At 31 March 2022	<u>334,466</u>
<u>Net book value</u>	
At 1 April 2021	<u>£101,079</u>
At 31 March 2022	<u>£59,522</u>

All tangible assets held by the group are held by the partnership itself.

# NVM PRIVATE EQUITY LLP

## NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022 (continued)

### 9 Investments

<u>Partnership</u>	<u>31 March 2022</u>
	£
Cost of shares in group undertakings as at 1 April 2021	110
Disposal of investments during the year	(101)
Cost of shares in group undertakings as at 31 March 2022	<u>£9</u>

Details of subsidiary undertakings owned directly or indirectly by the partnership, all of which are registered in England and Wales (except where indicated), 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
NV1 GP Limited	£1 ordinary	100%	Partner in NVM GP LLP
NV1 CP Limited	£1 ordinary	100%	Carried interest partner in NV1 LP
NV2 CP Limited	£1 ordinary	100%	Carried interest partner in NV2 LP
NV2 Nominee Limited	£1 ordinary	100%	Partner in NVM GP LLP
NVM Member 1 Limited	£1 ordinary	100%	Partner in NVM III GP LLP
NVM Member 2 Limited	£1 ordinary	100%	Partner in NVM III GP LLP
NVM Private Equity Limited	£1 ordinary	100%	Security trustee

The registered address for all subsidiaries listed above is Time Central, 32 Gallowgate, Newcastle upon Tyne, NE1 4SN.

### 10 Debtors

	<u>Group</u>	<u>Group</u>	<u>Partnership</u>	<u>Partnership</u>
	<u>31 March</u>	<u>31 March</u>	<u>31 March</u>	<u>31 March</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Trade debtors	96,001	569,135	96,001	569,135
Other debtors and prepayments	4,414,186	4,849,972	4,414,186	4,849,972
	<u>£4,510,187</u>	<u>£5,419,107</u>	<u>£4,510,187</u>	<u>£5,419,107</u>

Other debtors and prepayments include £nil of receivables due after more than one year (2021: £2,670,284) relating to other income (see note 5 above).

**NVM PRIVATE EQUITY LLP**

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022 (continued)**

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

	Group	Group	Partnership	Partnership
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
Trade creditors	121,180	35,209	121,180	35,209
Corporation tax	–	–	–	–
Other tax and social security	168,527	225,346	132,563	225,346
Accruals and deferred income	1,642,699	1,643,229	1,602,699	1,633,468
Remuneration due to partners	–	–	–	–
Amounts due to other group undertakings	–	–	8	9,851
Other creditors	–	102,475	–	102,475
	<b>£1,932,406</b>	<b>£2,006,259</b>	<b>£1,856,450</b>	<b>£2,006,349</b>

**12 Reconciliation of members' interests**

<u>Group</u>	Regulatory capital	Ordinary capital	Members' current accounts	Total
At 1 April 2021	£5,000	£558,241	£4,762,959	£5,326,200
Members' remuneration charged as an expense	–	–	947,865	947,865
Profit for the year available for discretionary division among members	–	–	2,032,514	2,032,514
Members' interests after profit for the year	5,000	558,241	7,743,338	8,306,579
Members' drawings	–	–	(3,441,827)	(3,441,827)
At 31 March 2022	£5,000	£558,241	£4,301,511	£4,864,752

**NVM PRIVATE EQUITY LLP**

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022 (continued)**

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

	Regulatory capital	Ordinary capital	Members' current accounts	Total
At 1 April 2020	£5,000	£495,001	£7,961,989	£8,461,990
Members' contributions	–	63,240	–	63,240
Members' remuneration charged as an expense	–	–	678,946	678,946
Profit for the year available for discretionary division among members	–	–	1,676,629	1,676,629
Members' interests after profit for the year	5,000	558,241	10,317,564	10,880,805
Members' drawings	–	–	(5,554,605)	(5,554,605)
At 31 March 2021	£5,000	£558,241	£4,762,959	£5,326,200
<u>Partnership</u>				
	Regulatory capital	Ordinary capital	Members' current accounts	Total
At 1 April 2021	£5,000	£558,241	£4,762,959	£5,326,200
Members' remuneration charged as an expense	–	–	947,865	947,865
Profit for the year available for discretionary division among members	–	–	2,032,514	2,032,514
Members' interests after profit for the year	5,000	558,241	7,743,338	8,306,579
Members' drawings	–	–	(3,441,827)	(3,441,827)
At 31 March 2022	£5,000	£558,241	£4,301,511	£4,864,752

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022 (continued)

12 Reconciliation of members' interests (continued)

	Regulatory capital	Ordinary capital	Members' current accounts	Total
At 1 April 2020	£5,000	£495,001	£7,961,989	£8,461,990
Members' contributions	–	63,240	–	63,240
Members' remuneration charged as an expense	–	–	678,946	678,946
Profit for the year available for discretionary division among members	–	–	1,676,629	1,676,629
Members' interests after profit for the year	5,000	558,241	10,317,564	10,880,805
Members' drawings	–	–	(5,554,605)	(5,554,605)
At 31 March 2021	£5,000	£558,241	£4,762,959	£5,326,200

13 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. There were contributions of £6,464 payable to the scheme at 31 March 2022 (2021 contributions payable: none).

14 Operating lease rentals

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

	31 March 2022	31 March 2021
Lease commitments expiring:		
Within one year	212,187	207,387
In between one and five years	80,098	282,304
After five years	–	–
	£292,285	£489,691

15 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.



**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022 (continued)**

**15 Financial instruments (continued)**

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 2022 the group's main exposure to credit risk was the £2,225,750 (2021: £1,812,274) cash held on deposit by a major UK clearing bank of which £2,149,785 (2021: £1,812,253) was held in accounts of the partnership itself and £4,399,758 (2021: £5,553,253) of debtors, the majority of which relates to other income (see note 5 above).

*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 investment funds.

**16 Related Parties**

The Limited Liability Partnership has taken advantage of the exemption in Section 33.1A of FRS 102 "Related Party Disclosures" from disclosing transactions with other members of the group.