

# SIGNED ACCOUNTS

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

**FINANCIAL STATEMENTS**

**31 March 2021**

THURSDAY



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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 2021**

The members have pleasure in presenting their annual report and the audited financial statements for the year ended 31 March 2021.

### **Members**

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

J V Arrowsmith\*  
M A Biagioni\*  
J K Bryce (appointed 1 November 2020)  
M I Green\*  
P S Hodson  
S D John (appointed 1 November 2020)  
A W Leach  
T R Levett (retired 30 October 2020)  
C W Pidgeon (appointed 1 November 2020)  
D M Rolfe  
Project NVM Limited (retired 30 October 2020)

\*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 2021 (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 £1,676,629 (2020: £21,498,979).

#### **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 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 7 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



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

**29 July 2021**

## **NVM PRIVATE EQUITY LLP**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021**

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. During the year the partnership was investment manager and invested on behalf of:

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

The partnership's business is the investment management of private limited investment partnerships.

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 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, 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. 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. The potential effects of the ongoing coronavirus pandemic on client fund portfolio companies differ between cases, however as manager, the partnership typically has a representative on the board of each unquoted investment and continues to work with investee management teams to react to the situation as required.

On behalf of the members

A handwritten signature in black ink, appearing to read "M A Biagioni".

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

**29 July 2021**

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

### **Opinion**

We have audited the group and LLP financial statements of NVM Private Equity LLP ("the LLP") for the year ended 31 March 2021, 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 the accounting policies in note 1.

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 2021 and of the profit of the group for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The members have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the LLP or to cease their operations, and as they have concluded that the group and the LLP's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the members' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and LLP's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the members' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group's and LLP's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the LLP will continue in operation.

## **Fraud and breaches of laws and regulations – ability to detect**

### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of members and management as to the group and LLP’s high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud; and
- Reading members’ board minutes of those charged with governance to assess for any discussion of fraud;

We remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. We also performed procedures including identifying journal entries to test based on high risk criteria and comparing the identified entries to supporting documentation. These included all material post year end closing journals.

On this audit we have rebutted the fraud risk related to revenue recognition because the revenue is simple in nature with respect to accounting policy choice, and are easily verifiable with little estimation from management. We did not identify any additional fraud risks.

### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the members and other management (as required by auditing standards), and from inspection of the group and LLP’s regulatory and legal correspondence, and discussed with the members and other management the policies and procedures regarding compliance with laws and regulations.

As the group and LLP are regulated, our assessment of risks involved gaining an understanding of the control environment including the entity’s procedures for complying with regulatory requirements, how they analyse identified breaches and assessing whether or not there were any implications of identified breaches on our audit.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The group and LLP are subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including the requirements of the Companies Act 2006 as applied to limited liability partnerships) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the group and LLP are subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Auditing standards limit the required audit procedures to identify non-compliance with these laws

and regulations to enquiry of the members and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

#### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations

#### **Other information**

The members are responsible for the other information, which comprises the members' report and the strategic report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 as applied to limited liability partnerships we are required 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.

We have nothing to report in these respects.

#### **Members' responsibilities**

As explained more fully in their 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; 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; 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 they 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**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the members of the 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.



**Eilidh McGowan (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
***Chartered Accountants***

Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EG

29 July 2021

**NVM PRIVATE EQUITY LLP****CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2021**

	<u>Notes</u>	<u>Year ended 31 March 2021</u>	<u>Year ended 31 March 2020</u>
TURNOVER		3,742,200	9,107,734
Administrative expenses	2	(2,765,350)	(7,144,251)
OPERATING PROFIT		976,850	1,963,483
Interest receivable		7,121	15,638
Other income	4	1,371,604	21,498,979
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,355,575	23,478,100
Tax on profit on ordinary activities	5	–	–
PROFIT FOR THE YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES		2,355,575	23,478,100
Members' remuneration charged as an expense	6	(678,946)	(1,979,121)
PROFIT FOR THE YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS		£1,676,629	£21,498,979

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 14 to 24 form part of these financial statements.

**NVM PRIVATE EQUITY LLP**

**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2021**

	Notes	31 March 2021	31 March 2020
<b>FIXED ASSETS</b>			
Tangible assets	7	101,079	159,762
<b>CURRENT ASSETS</b>			
Debtors	9	5,419,107	5,787,008
Cash at bank and in hand		1,812,274	5,236,476
		7,231,380	11,023,484
CREDITORS (amounts falling due within one year)	10	(2,006,259)	(2,721,256)
NET CURRENT ASSETS		5,225,121	8,302,228
NET ASSETS ATTRIBUTABLE TO MEMBERS		£5,326,200	£8,461,990
Represented by:			
Regulatory capital	11	5,000	5,000
Ordinary capital	11	558,241	495,001
Members' current accounts	11	4,762,959	7,961,989
MEMBERS' INTERESTS		£5,326,200	£8,461,990

Debtors includes £2,670,284 due after more than one year (31 March 2020: £3,399,180).

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

**NVM PRIVATE EQUITY LLP**

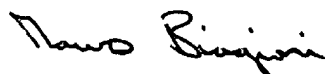
**PARTNERSHIP BALANCE SHEET AS AT 31 MARCH 2021**

	Notes	31 March 2021	31 March 2020
<b>FIXED ASSETS</b>			
Tangible assets	7	101,079	159,762
Investments	8	110	108
		<u>101,189</u>	<u>159,870</u>
<b>CURRENT ASSETS</b>			
Debtors	9	5,419,107	5,787,008
Cash at bank and in hand		1,812,253	5,236,475
		<u>7,231,360</u>	<u>11,023,483</u>
CREDITORS (amounts falling due within one year)	10	(2,006,349)	(2,721,363)
<b>NET CURRENT ASSETS</b>		<b>5,225,011</b>	<b>8,302,120</b>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>			
		<u>£5,326,200</u>	<u>£8,461,990</u>
Represented by:			
Regulatory capital	11	5,000	5,000
Ordinary capital	11	558,241	495,001
Members' current accounts	11	4,762,959	7,961,989
<b>MEMBERS' INTERESTS</b>		<u>£5,326,200</u>	<u>£8,461,990</u>

Debtors includes £2,670,284 due after more than one year (31 March 2020: £3,399,180).

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 29 July 2021 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 2021**

<u>Group</u>	<u>Year ended 31 March 2021</u>	<u>Year ended 31 March 2020</u>
Members' interests at 1 April 2020	8,461,990	2,599,283
Members' capital contributions	63,240	-
Profit for the year before members' remuneration and profit shares	2,355,575	23,478,100
Members' drawings	(5,554,605)	(17,615,393)
Members' interests at 31 March 2021	<u>£5,326,200</u>	<u>£8,461,990</u>

<u>Partnership</u>	<u>Year ended 31 March 2021</u>	<u>Year ended 31 March 2020</u>
Members' interests at 1 April 2020	8,461,990	2,599,283
Members' capital contributions	63,240	-
Profit for the year before members' remuneration and profit shares	2,355,575	23,478,100
Members' drawings	(5,554,605)	(17,615,393)
Members' interests at 31 March 2021	<u>£5,326,200</u>	<u>£8,461,990</u>

**NVM PRIVATE EQUITY LLP**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2021**

	Year ended 31 March 2021	Year ended 31 March 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year before members' remuneration and profit shares	2,355,575	23,478,100
Adjustments:		
Other income	(1,371,604)	(21,498,979)
Depreciation	62,777	60,281
Interest received	(7,121)	(15,638)
(Increase)/decrease in debtors	(360,495)	1,194,088
(Decrease)/increase in creditors	(714,996)	417,891
<b>NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b>	<b>(35,864)</b>	<b>3,635,743</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	7,121	15,638
Net fixed asset additions	(4,094)	(135,117)
Other income	2,100,000	12,011,169
<b>NET CASH INFLOW FROM INVESTING ACTIVITIES</b>	<b>2,103,027</b>	<b>11,891,690</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Members' capital contributions	117,190	-
Members' capital withdrawals	(53,950)	-
Members' drawings	(5,554,605)	(13,290,787)
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>	<b>(5,491,365)</b>	<b>(13,290,787)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,424,202)</b>	<b>2,236,646</b>
Cash and cash equivalents at the beginning of the year	5,236,476	2,999,830
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>£1,812,274</b>	<b>£5,236,476</b>

## NVM PRIVATE EQUITY LLP

### NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021

#### 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"*.

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 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 2021. 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. The partnership recorded a profit for the year before members' remuneration of £2,355,575 (2020: £23,478,100).

##### (c) Investments

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

## NVM PRIVATE EQUITY LLP

### NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021

#### 1 Accounting policies (continued)

(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.

(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.

(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.



## NVM PRIVATE EQUITY LLP

### NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021 (continued)

#### 1 Accounting policies (continued)

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.

#### 2 Administrative expenses

Administrative expenses for the group include the following charges:

	Year ended 31 March 2021	Year ended 31 March 2020
	£	£
Depreciation	62,777	60,281
Operating lease rentals	203,827	400,490
Auditor's remuneration:		
Audit of these financial statements	17,500	14,300
Audit of subsidiary financial statements	-	3,300
Other audit related assurance services	7,500	6,500

#### 3 Staff numbers and costs

	Year ended 31 March 2021	Year ended 31 March 2020
	£	£
Staff costs:		
Salaries	1,214,672	3,897,898
Social security costs	182,704	525,315
Contributions to defined contribution pension scheme	111,752	181,774

The average number of persons employed by the group during the year was 13 (2020: 23).

## NVM PRIVATE EQUITY LLP

### NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021 (continued)

#### 4 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.

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 £4,629,359 (2020: £5,357,755), and is included in debtors (see note 9).

A final element of consideration is potentially receivable on the third anniversary of completion of the transaction, being £1,050,000 to be satisfied by shares in Mercia. This element of consideration is contingent upon a fundraising target being met by the acquirer of the management contracts and is not deemed sufficiently probable to recognise as at 31 March 2021.

#### 5 Taxation

	Year ended 31 March 2021	Year ended 31 March 2020
(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	2,355,575	23,478,100
Current tax at UK standard rate of 19.0% (2020 19.0%)	447,559	4,460,839
Factors affecting charge for the year:		
LLP profits not liable to corporation tax	(447,559)	(4,460,839)
Tax on profit on ordinary activities	£–	£–

During the year to 31 March 2021 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.

## NVM PRIVATE EQUITY LLP

### NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021 (continued)

#### 6 Members' numbers and remuneration

The average number of members during the year was 8 (2020: 9). The number of members at 31 March 2021 was 9 (2020: 8).

The remuneration of members charged as an expense for the year to 31 March 2021 was:

	Year ended 31 March 2021	Year ended 31 March 2020
	£	£
Non-discretionary profit shares charged as an expense	678,946	1,979,121

The non-discretionary profit share of the highest paid member for the year to 31 March 2021 was £105,895 (2020: £304,349). Subsequent to the year end the partnership profit of £1,676,629 (2020: £21,498,979) available for discretionary division among members was allocated in accordance with the members' agreement.

#### 7 Tangible assets

	Office furniture and equipment
<u>Cost</u>	
At 1 April 2020	389,894
Additions	4,094
Disposals	–
At 31 March 2021	393,988
<u>Depreciation</u>	
At 1 April 2020	230,132
Charge for the year	62,777
Disposals	–
At 31 March 2021	292,909
<u>Net book value</u>	
At 1 April 2020	£159,762
At 31 March 2021	£101,079

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

## NVM PRIVATE EQUITY LLP

### NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021 (continued)

#### 8 Investments

<u>Partnership</u>	<u>31 March 2021</u>
	£
Cost of shares in group undertakings as at 1 April 2020	108
Additions of investments during the year	2
Cost of shares in group undertakings as at 31 March 2021	<u>£110</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
Northern VCT Managers Limited	£100 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
NVM GP LLP	£10 ordinary	100%	General partner in NV1 LP and 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 III GP LLP	£1 ordinary	100%	General partner of NVM Private Equity Vintage III LP
NVM III FP GP LLP (incorporated in Scotland)	£100 ordinary	100%	General partner of NVM III FP LP
NVM Private Equity Limited	£4,400 ordinary	100%	Security trustee
NVM Group Limited	£9,763 ordinary	100%	Dormant company

The registered address for all subsidiaries listed above is Time Central, 32 Gallowgate, Newcastle upon Tyne, NE1 4SN, apart from NVM III FP GP LLP whose registered address is 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ.

**NVM PRIVATE EQUITY LLP**

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021 (continued)**

**9 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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Trade debtors	569,135	146,185	569,135	146,185
Other debtors and prepayments	4,849,972	5,640,823	4,849,972	5,640,823
	<u>£5,419,107</u>	<u>£5,787,008</u>	<u>£5,419,107</u>	<u>£5,787,008</u>

Other debtors and prepayments include £2,670,284 of receivables due after more than one year (2020: £3,399,180) relating to other income (see note 4 above).

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

	<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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Trade creditors	35,209	212,162	35,209	212,162
Corporation tax	–	–	–	–
Other tax and social security	225,346	186,967	225,346	186,967
Accruals and deferred income	1,643,230	2,067,112	1,633,468	2,067,112
Remuneration due to partners	–	124,606	–	124,606
Amounts due to other group undertakings	–	–	9,851	107
Other creditors	102,475	130,409	102,475	130,409
	<u>£2,006,260</u>	<u>£2,721,256</u>	<u>£2,006,349</u>	<u>£2,721,363</u>

**NVM PRIVATE EQUITY LLP**

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021 (continued)**

**11 Reconciliation of members' interests**

<u>Group</u>	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
	Regulatory capital	Ordinary capital	Members' current accounts	Total
At 1 April 2019	£5,000	£495,001	£2,099,282	£2,599,283
Members' remuneration charged as an expense	–	–	1,979,121	1,979,121
Profit for the year available for discretionary division among members	–	–	21,498,979	21,498,979
Members' interests after profit for the year	5,000	495,001	25,577,382	26,077,383
Members' drawings	–	–	(17,615,393)	(17,615,393)
At 31 March 2020	£5,000	£495,001	£7,961,989	£8,461,990

# NVM PRIVATE EQUITY LLP

## NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021 (continued)

### 11 Reconciliation of members' interests (continued)

#### Partnership

	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

	Regulatory capital	Ordinary capital	Members' current accounts	Total
At 1 April 2019	£5,000	£495,001	£2,099,282	£2,599,283
Members' remuneration charged as an expense	-	-	1,979,121	1,979,121
Profit for the year available for discretionary division among members	-	-	21,498,979	21,498,979
Members' interests after profit for the year	5,000	495,001	25,577,382	26,077,383
Members' drawings	-	-	(17,615,393)	(17,615,393)
At 31 March 2020	£5,000	£495,001	£7,961,989	£8,461,990

### 12 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 no contributions payable to the scheme at 31 March 2021 (2020 contributions payable of £13,393).

## NVM PRIVATE EQUITY LLP

### NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021 (continued)

#### 13 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 2021	31 March 2020
Lease commitments expiring:		
Within one year	207,387	251,820
In between one and five years	282,304	378,422
After five years	–	–
	<u>£489,691</u>	<u>£630,242</u>

#### 14 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 2021 the group's main exposure to credit risk was the £1,812,274 (2020: £5,236,476) cash held on deposit by a major UK clearing bank of which £1,812,253 (2020: £5,236,475) was held in accounts of the partnership itself and £5,553,253 (2020: £5,787,008) of debtors, the majority of which relates to other income (see note 4 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.



## **NVM PRIVATE EQUITY LLP**

### **NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021 (continued)**

#### **15 Related Parties**

The Limited Liability Partnership has taken advantage of the exemption in FRS 102 *“Related Party Disclosures”* from disclosing transactions with other members of the group.

#### **16 Post balance sheet events**

On 19 July 2021, certain funds managed by Mercia announced an intention to fundraise in the 2021-22 tax year. Should the intended fundraise be fully subscribed, then the third and final tranche of deferred consideration described in note 4 will become payable on 23 December 2022.