

NORTHERN ENTERPRISE (LP) LIMITED

Report and Financial Statements

31 March 2011

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REPORT AND FINANCIAL STATEMENTS 2011

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

B S Hensby

SECRETARY

K S Charlton

REGISTERED OFFICE

Akenside Studios
3 Akenside Hill
Newcastle upon Tyne
NE1 3UF

BANKERS

Barclays Bank plc
Regional Large Corporate Banking Centre
Newcastle upon Tyne

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Newcastle upon Tyne
United Kingdom

DIRECTOR'S REPORT

The director presents his annual report on the affairs of the company together with the financial statements and auditor's report for the year ended 31 March 2011

The director's report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company acts as a limited partner to The First and Second HSBC Enterprise Funds for the North East, The North East Seed Capital Fund, Capital North East and The NEL Growth Fund

FUTURE PROSPECTS

It is intended that the First and Second HSBC Enterprise Funds for the North East are wound up within the next 12 months. It is expected that the company will continue to act as the limited partner to the remaining funds for the foreseeable future

Based on the company's forecast and projections, and taking into account reasonable possible changes in trading performance, the director is confident that the company has sufficient funding in place for the next twelve months and beyond to continue in operation

PROPOSED DIVIDEND

The director does not recommend the payment of a dividend (2010 £Nil)

DIRECTOR

The director who held office during the year was as follows

B S Hensby

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made no political or charitable contributions during the year (2010 £Nil)

AUDITOR

The person who is a director at the date of approval of this report confirms that

- as far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Director

and signed on his behalf



K S Charlton
Secretary

Date 22 July 2011

DIRECTOR'S RESPONSIBILITIES STATEMENT

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to

- (a) select suitable accounting policies and then apply them consistently,
- (b) make judgements and estimates that are reasonable and prudent, and
- (c) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable the director to ensure that the financial statements comply with the Companies Act 2006. The director is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHERN ENTERPRISE (LP) LIMITED

We have audited the financial statements of Northern Enterprise (LP) Limited for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 6. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of the director and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

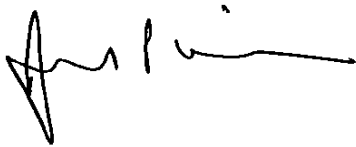
In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHERN ENTERPRISE (LP) LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the director's report, or
- we have not received all the information and explanations we require for our audit, or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the director's report



David Wilkinson FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Newcastle upon Tyne
Date 29 JULY 2011

NORTHERN ENTERPRISE (LP) LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 March 2011

	Note	2011 £	2010 £
TURNOVER	1	35,380	-
Administrative expenses		<u>(35,380)</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>-</u>	<u>-</u>
Tax on profit on ordinary activities		<u>-</u>	<u>-</u>
RESULT FOR THE FINANCIAL YEAR		<u>-</u>	<u>-</u>

All activities are derived from continuing operations

There are no recognised gains or losses for the current or preceding financial year other than as stated in the profit and loss account. Accordingly no separate statement of total recognised gains and losses is presented.

NORTHERN ENTERPRISE (LP) LIMITED

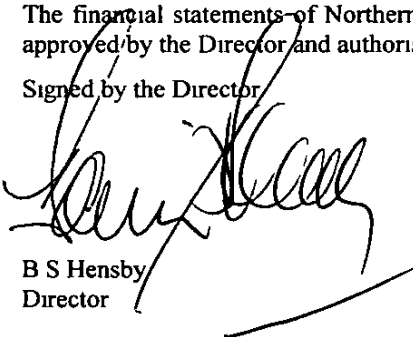
BALANCE SHEET 31 March 2011

	Note	2011 £	2010 £
FIXED ASSETS			
Investments	3	2,113	2,113
CURRENT ASSETS			
Trade debtors		-	63,457
Cash at bank and in hand		2	2
CREDITORS: amounts falling due within one year	4	(2,113)	(65,570)
NET CURRENT LIABILITIES		(2,111)	(2,111)
NET ASSETS		<u>2</u>	<u>2</u>
CAPITAL AND RESERVES			
Called up share capital	5	<u>2</u>	<u>2</u>
SHAREHOLDERS' FUNDS		<u>2</u>	<u>2</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime

The financial statements of Northern Enterprise (LP) Limited, registered number 2808521, on pages 6 to 10 were approved by the Director and authorised for issue on **22 JULY 2011**

Signed by the Director


B S Hensby
Director

NOTES TO THE ACCOUNTS

Year ended 31 March 2011

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding year.

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of NF Holdings Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of NF Holdings Limited, within which this company is included, can be obtained from the address given in note 6.

Going concern

As a limited partner of investment funds the key risk and uncertainties of the company are those of the associated funds. Distributions to partners can only be made to the extent realisations are generated from the investments, however, due to the nature of the investments there is a risk that they may not be fully realised. Based on latest forecasts it is expected that the funds will generate sufficient returns to repay the capital.

As highlighted in the profit and loss account the company made neither a profit or loss during the year. This is in line with the business plan and this is forecast to continue to be the position for the foreseeable future. Although the company has net current liabilities it has received confirmation from its intermediate parent company, NEL Fund Managers Limited, that it will not seek repayment of the amounts due to them for a period of at least 12 months from the date of approval of these financial statements.

After making enquiries, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the director continues to adopt the going concern basis in preparing the annual report and accounts.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Turnover

Turnover represents amounts receivable in the ordinary course of business from operating as the limited partner of the First and Second HSBC Enterprise Funds for the North East, The North East Seed Capital Fund, Capital North East Fund and The NEL Growth Fund. Turnover is recognised as the related service is performed.

Fixed Asset Investments

Investments held as fixed assets are stated at cost less any provision for impairment.

NOTES TO THE ACCOUNTS

Year ended 31 March 2011

2. DIRECTORS, EMPLOYEES AND AUDIT FEE

During the current or preceding financial year there were no employees, other than the director. The director received no remuneration during the current or preceding financial year.

The fee for the audit of the financial statements was borne by a fellow group company in both the current and prior year.

The director is also a director of the immediate parent company, NEL Fund Managers Limited, and the majority of his activities relate to services carried out in relation to NEL Fund Managers Limited and other group companies. Therefore the director deems it inappropriate to directly allocate any of his costs to the profit and loss account of this company.

3. INVESTMENTS

	Participating interest £
Cost	
At 31 March 2010 and 31 March 2011	2,113

The undertakings in which the company has an interest is as follows:

Participating interests	Country of incorporation	Principal activity	Class and percentage of shares held
The First HSBC Enterprise Fund for the North East	England and Wales	Venture capital investment fund	15% partnership capital
The Second HSBC Enterprise Fund for the North East	England and Wales	Venture capital investment fund	14.5% partnership capital
The North East Seed Capital Fund	England and Wales	Venture capital investment fund	14% partnership capital
The Capital North East Fund	England and Wales	Venture capital investment fund	19% partnership capital
The NEL Growth Fund	England and Wales	Venture capital investment fund	19.55% partnership capital

4. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Amounts owed to group undertakings	2,113	65,570

NOTES TO THE ACCOUNTS
Year ended 31 March 2011

5. CALLED UP SHARE CAPITAL

	2011	2010
	£	£
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

6. ULTIMATE PARENT COMPANY AND PARENT UNDERTAKING OF LARGER GROUP OF WHICH THE COMPANY IS A MEMBER

At 31 March 2011, the parent company was NEL Fund Managers Limited. The ultimate parent company is NF Holdings Limited. The financial statements of these companies can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

At 31 March 2011 and in the opinion of the directors, the ultimate controlling parties are the members of NF Holdings Limited. These are Mr R H Maudslay CBE, Mr N Mundy, Mr H R V Morgan Williams OBE and Mr M J Stephenson MBE.