

AFM Merseyside Mezzanine Limited

Registered No. 4274732

Annual report and financial statements

for the year ended 31 March 2016



A21 *A5BRRT96* 22/07/2016 #124
COMPANIES HOUSE

AFM Merseyside Mezzanine Limited
Annual report and financial statements
Registered No. 4274732
31 March 2016

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AFM Merseyside Mezzanine Limited
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31 March 2016

Directors and company information

Directors

Mrs L Greenhalgh
Mr R Swanson
Mr A Rigby

Secretary

Mrs L Greenhalgh

Bankers

Natwest Bank
22 Castle Street
Liverpool
L2 0UP

Solicitors

Davies Wallis Foyster
5 Castle Street
Liverpool
L69 2RU

Registered Office

2nd Floor
Exchange Court
1 Dale Street
Liverpool
L2 2PP

**Report of the directors
for the year ended 31 March 2016**

The directors present their report and accounts for the year ended 31 March 2016

This report has been prepared in accordance with the special provisions of Part XV of the Companies Act 2006 relating to small companies

Principal activities

The Company is the General Partner of the Merseyside Special Investment Mezzanine Fund No 2 Limited Partnership and manages a portfolio of loans throughout Merseyside

The Company was incorporated on 22 August 2001

The principal activity of the parent company Merseyside Special Investment Fund Limited is to facilitate the investment of venture and loan capital investment funds in small and medium sized enterprises (SMEs) and provide support and monitoring of those investments, thereby assisting to regenerate business in the Merseyside area

Financial results

The company had no income or expenditure during the year and as such no profit and loss account is presented

Dividends

The directors do not recommend payment of a dividend (2015 £Nil)

Going Concern

The directors believe that preparing the accounts on a going concern basis is appropriate due to the continued financial support of the ultimate parent company Merseyside Special Investment Fund Limited. The directors have received confirmation that Merseyside Special Investment Fund Limited intend to support the company for at least one year after these financial statements are signed

Directors

The directors who served during the year ended 31 March 2016 and upto the date of signing the financial statements, were as follows

Mrs L Greenhalgh
Mr R Swainson
Mr A Rigby

No director of the Company has any interest in the Company or the group within the meaning of the Companies Act 2006. The ultimate parent company, Merseyside Special Investment Fund Limited is limited by guarantee

Report of the directors
(continued)

Statement of directors' responsibilities

The directors are responsible for preparing the report of the directors and the financial statements in accordance with applicable law and regulations

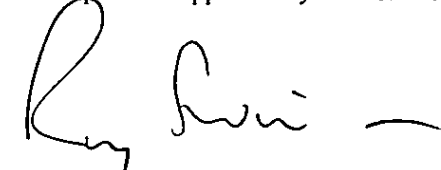
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Board on 21 July 2016 and signed on its behalf



R Swainson
Director

AFM Merseyside Mezzanine Limited
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Balance Sheet
as at 31 March 2016

	Notes	2016 £	2015 £
Current assets			
Debtors	3	21,001	21,001
Net assets		<u>21,001</u>	<u>21,001</u>
Capital and reserves			
Called up share capital	4	1	1
Reserves		21,000	21,000
Equity Shareholders' funds		<u>21,001</u>	<u>21,001</u>

The financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

Advantage has been taken of the audit exemption available for small companies conferred by section 479a of the Companies Act 2006 on the grounds

a that for the year ended 31 March 2016 the company was entitled to the exemption from a statutory audit under section 479a of the Companies Act 2006 relating to small companies, and

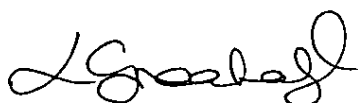
b that no notice has been deposited under section 476 of the Companies Act 2006 in relation to the financial statements for the financial year

The directors acknowledge their responsibilities for

a ensuring that the company keeps adequate accounting records which comply with section 386 of the Companies Act 2006, and

b preparing financial statements which give a true and fair view of the state of the affairs of the company at 31 March 2016 and of its profit or loss for the year then ended in accordance with the requirement of section 394 of the Companies Act 2006, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements so far as applicable to the company

The financial statements on pages 4 to 8 were approved by the board of directors on 21 July 2016 and were signed on its behalf by



L Greenhalgh
Director

AFM Merseyside Mezzanine Limited
Annual report and financial statements
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Statement of Changes in Equity

	Called up Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 April 2014	1	21,000	21,001
Total comprehensive income for the period			
Profit for the period	-	-	-
Balance at 31 March 2015	<u>1</u>	<u>21,000</u>	<u>21,001</u>

	Called up Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 April 2015	1	21,000	21,001
Total comprehensive income for the period			
Loss for the period	-	-	-
Balance at 31 March 2016	<u>1</u>	<u>21,000</u>	<u>21,001</u>

Notes to the financial statements

1 Accounting policies

AFM Merseyside Mezzanine Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK

1.1 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments.

The Company's ultimate parent undertaking Merseyside Special Investment Fund Ltd includes the Company in its consolidated financial statements. The consolidated financial statements of Merseyside Special Investment Fund Ltd are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from MSIF Ltd, 2nd Floor, 1 Dale Street, Liverpool L2 2PP. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period,
- Cash Flow Statement and related notes, and
- Key Management Personnel compensation

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.2 Measurement convention

The financial statements are prepared on the historical cost basis.

1.3 Going concern

The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt the going concern basis in preparing the annual financial statements.

**Notes to the financial statements
(continued)**

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

1.5 Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1.6 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

2 Profit and loss account

The company did not trade in the year and, consequently, no profit and loss account is presented.

3 Debtors	2016	2015
	£	£
Amounts owed by group undertakings	<u>21,001</u>	<u>21,001</u>

The amounts owed by group undertakings are unsecured, repayable on demand and at a nil rate of interest.

4 Share capital	2016	2015
	£	£
Authorised	<u>1,000</u>	<u>1,000</u>
Issued Ordinary shares of £1 each	<u>1</u>	<u>1</u>

Notes to the financial statements
(continued)

5 Related party transactions

The Company, being a wholly owned subsidiary, has taken advantage of the exemption available under Section 33 of FRS 102 to not disclose transactions with other companies in the group headed by Merseyside Special Investment Fund Limited

6 Ultimate parent company

The Company's immediate parent undertaking is Alliance Fund Managers Limited

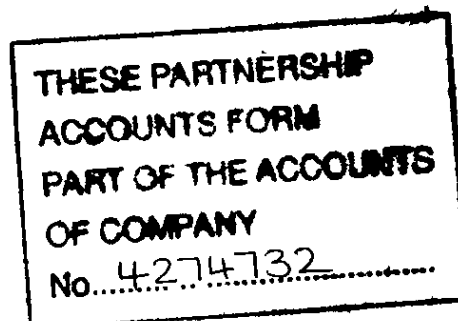
The ultimate parent company, the controlling party and the only company to consolidate the results of AFM Merseyside Mezzanine Limited, is Merseyside Special Investment Fund Limited which is registered in England and Wales. A copy of the consolidated financial statements can be obtained from 2nd Floor, Exchange Court, 1 Dale Street, Liverpool, L2 2PP

Merseyside Special Investment Mezzanine Fund No. 2

Annual report and financial statements

Registered No. LP7899

for the year ended 31 March 2016



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COMPANIES HOUSE

Merseyside Special Investment Mezzanine Fund No. 2
Annual report and financial statements
Registered No. LP7899
31 March 2016

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Merseyside Special Investment Mezzanine Fund No. 2
Annual report and financial statements
Registered No. LP7899
31 March 2016

Partnership information

Registered Office

2nd Floor
Exchange Court
1 Dale Street
Liverpool
L2 2PP

General Partner

AFM Merseyside Mezzanine Limited

Independent Auditors

KPMG LLP
Chartered Accountants and Statutory Auditors
8 Princes Parade
Liverpool
L3 1QH

Bankers

Natwest Bank
22 Castle Street
Liverpool
L2 0UP

Solicitors

Davies Wallis Foyster
5 Castle Street
Liverpool
L2 4XE

General Partner's report

The General partner presents its report and the audited financial statements for the year ended 31 March

Principal activities

Merseyside Special Investment Mezzanine Fund No 2 ("the fund") was established as a limited partnership on 28 November 2001 by Merseyside Special Investment Fund Limited

The fund's aim is to establish, support and monitor investment funds which will provide loan capital to small and medium sized enterprises (SMEs) operating in the county of Merseyside, thereby assisting to regenerate business in the region. The Partnership is supported and part-financed in this project by European Regional Development Funding via the European Community's Objective 1 Programme, administered by the Government Office for the North West

Financial results

The fund incurred a loss of £42,649 (2015 £526,496 profit) for the financial year ended 31 March 2016

Going Concern

The General Partners believes that preparing the financial statements on a going concern basis is appropriate due to the continued financial support of the ultimate parent company Merseyside Special Investment Fund Limited. The members have received confirmation that Merseyside Special Investment Fund Limited intend to support the company for at least one year after these financial statements are signed

Partners

AFM Merseyside Mezzanine Limited, with a 0% interest in the capital of the Partnership, acts as a General Partner to the Limited Partnership and the Limited Partner with interests in the capital of the fund to the extent shown below -

Merseyside Special Investment Mezzanine Fund Two Limited (100%)

Directors of the general partner

The directors who held office during the year were as follows

Mr A Rigby

Mr R Swanson

Mrs L Greenhalgh

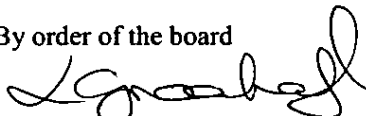
Disclosure of information to auditor

The general partner confirms that, so far as it is aware, there is no relevant audit information of which the partnership's auditor is unaware, and it has taken all the steps that it ought to have taken as a general partner to make itself aware of any relevant audit information and to establish that the partnership's auditor is aware of that information

Auditor

KPMG LLP were appointed as auditor to the LLP during the year, and pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board



L Greenhalgh

AFM Merseyside Mezzanine Limited

2nd Floor Exchange Court
1 Dale Street
Liverpool
L2 2PP
21 July 2016

Statement of General Partner's responsibilities in respect of the General Partner's Report and the financial statements

The General Partner is responsible for preparing the General Partner's Report and the financial statements in accordance with applicable law and regulations

The Partnerships (Accounts) Regulations 2008 require the General Partner to prepare financial statements for each financial year in accordance with Part 15 and Chapter 1 of Part 16 of the Companies Act 2006. Under that law the General Partner has elected to prepare the 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 company law the General Partner must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the partnership and of the profit or loss of the partnership for that period. In preparing these financial statements, the General Partner is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with UK Generally Accepted Accounting Practice, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

The General Partner has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities.



Independent auditors' report to the members of Merseyside Special Investment Mezzanine Fund No. 2

We have audited the financial statements of Merseyside Special Investment Mezzanine Fund No. 2 Limited Partnership (the Partnership) for the year ended 31 March 2016 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the Partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by regulation 4 of the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the Partnership'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 Partnership and the Partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the Statement of General Partner's Responsibilities set out on page 3, the General Partner 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

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Partnership's affairs as at 31 March 2016 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to qualifying 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
- certain disclosures of members' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit
- the directors were not entitled to take advantage of the small companies exemption in not preparing a strategic report

Hywel Jones (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Princes Parade
Liverpool
L3 1QH
21 July 2016

Merseyside Special Investment Mezzanine Fund No. 2
Annual report and financial statements
Registered No. LP7899
31 March 2016

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 March 2016

	Note	2016 £	2015 £
Turnover			
Fees and other income	5	4,264	11,782
Investment income	5	103,690	436,758
		<u>107,954</u>	<u>448,540</u>
Administrative expenses		(4,388)	(4,502)
Movement in provision for investment losses	8	(147,465)	82,271
		<u>(151,853)</u>	<u>(4,231)</u>
Operating (loss)/profit before interest and taxation		(43,899)	526,309
Interest receivable and similar income	4	1,250	187
(Loss)/profit on ordinary activities before taxation	2	(42,649)	526,496
Tax on (loss)/profit on ordinary activities	7	-	-
(Loss)/profit for the financial year		<u>(42,649)</u>	<u>526,496</u>

All operations are continuing

The results shown above derive from continuing operations in both the current and preceding year

The Partnership has no other recognised income other than those included in the results above and therefore no separate Other Comprehensive Income statement has been presented

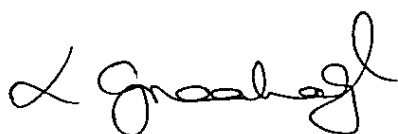
The accounting policies and notes on pages 9 to 13 form part of these financial statements

Merseyside Special Investment Mezzanine Fund No. 2
Annual report and financial statements
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Balance Sheet
as at 31 March 2016

	Notes	2016 £	2015 £
Fixed assets			
Investments	8	53,048	268,082
Current assets			
Debtors	9	1,653	2,823
Cash at bank and in hand		206,396	40,323
		<u>208,049</u>	<u>43,146</u>
Creditors: amounts falling due within one year	10	(2,194)	(9,676)
Net current assets		<u>205,855</u>	<u>33,470</u>
Total assets less current liabilities		<u>258,903</u>	<u>301,552</u>
Net assets		<u><u>258,903</u></u>	<u><u>301,552</u></u>
Partners' capital represented by			
Initial Partners' capital accounts	11	4,397,000	4,397,000
Partners' current accounts	11	(4,138,097)	(4,095,448)
Total equity		<u><u>258,903</u></u>	<u><u>301,552</u></u>

These financial statement were approved by the General Partner on 21 July 2016 and were signed on its behalf by



L Greenhalgh
AFM Merseyside Mezzanine Limited

Merseyside Special Investment Mezzanine Fund No. 2
Annual report and financial statements
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Statement of Changes in partners' capital, loan and income accounts
for the year ended 31 March

	Partners' capital £	Partners' current accounts £	Total equity £
Balance at 1 April 2014	5,730,000	(4,621,944)	1,108,056
Total comprehensive income for the period			
Profit for the period		526,496	526,496
Transactions with owners, recorded directly in equity	(1,333,000)	-	(1,333,000)
Balance at 31 March 2015	<u>4,397,000</u>	<u>(4,095,448)</u>	<u>301,552</u>

	Partners' capital £	Partners' current accounts £	Total equity £
Balance at 1 April 2015	4,397,000	(4,095,448)	301,552
Total comprehensive income for the period			
Loss for the period	<u>-</u>	<u>(42,649)</u>	<u>(42,649)</u>
Balance at 31 March 2016	<u>4,397,000</u>	<u>(4,138,097)</u>	<u>258,903</u>

Merseyside Special Investment Mezzanine Fund No. 2
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Cash Flow Statement
for the year ended 31 March

	Notes	2016 £	2015 £
Net cash inflow from operating activities	12	97,254	1,125,690
Interest received		1,250	187
Net cash inflow		<u>98,504</u>	<u>1,125,877</u>
Capital expenditure and financial investments			
Loan repayments received		<u>67,569</u>	<u>144,542</u>
Net cash inflow/(outflow) before financing		166,073	1,270,419
Cash flows from financing activities			
Partners loans repaid		-	(1,333,000)
Increase/(decrease) in cash for the year		<u>166,073</u>	<u>(62,581)</u>
Cash and cash equivalents at 1 April		<u>40,323</u>	<u>102,904</u>
Cash and cash equivalents at 31 March	13	<u><u>206,396</u></u>	<u><u>40,323</u></u>

Notes

1 Accounting policies

Merseyside Special Investment Mezzanine Fund No 2 Limited Partnership (the "Partnership") is registered in England as a Limited Partnership under the Limited Partnerships Act 1907

1.1 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

The transition to FRS 102 from old UK GAAP, has not resulted in any changes to the financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.2 Measurement convention

The financial statements are prepared on the historical cost basis.

1.3 Going concern

The directors have a reasonable expectation that the partnership has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt the going concern basis in preparing the annual financial statements.

1.4 Basic financial instruments

Other debtors / trade and other creditors

Other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Loan investments

Loan investments are measured at amortised cost using the effective interest rate method, which includes a reduction for impairment or uncollectability where necessary.

Classification of capital called and loans advanced by the Limited Partners to the Partnership

In accordance with FRS 102 22 capital called and loans advanced by the Limited Partners to the Partnership are treated as part of the partners' equity as they include no contractual obligations upon the Partnership to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Partnership.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. There are no bank overdrafts.

Notes
(continued)

1.5 Impairment excluding deferred tax assets

Financial assets (including other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1.6 Turnover - investment income

Investment income represents loan interest receivable on fixed asset investments. Fees and other income include fees received for monitoring investments. Income is recognised as it accrues.

1.7 Expenses

Interest receivable and Interest payable

Interest payable and similar charges includes interest payable.

Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

1.8 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.9 Taxation

The partnership is exempt from paying income taxes with the partners being ultimately responsible for any tax due.

2 Expenses and auditors' remuneration

Included in profit/loss are the following

Auditors' remuneration

Audit of the company

2016	2015
£	£
2,100	2,090
2,100	2,090

The company has no employees (2015 Nil)

Merseyside Special Investment Mezzanine Fund No. 2
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Notes

(continued)

3 Directors' emoluments

Directors' fees were borne by Merseyside Special Investment Fund Limited which make no subsequent recharge to this company as it is not deemed possible to make an accurate apportionment of the director's services. Total directors' emoluments are shown in the financial statements of Merseyside Special Investment Fund Limited.

4 Interest receivable and similar income

	2016	2015
	£	£
Bank	1,250	187
	<u>1,250</u>	<u>187</u>

5 Turnover

	2016	2015
	£	£
Turnover consists of:		
Fees and other income	4,264	11,782
Investment income	103,690	436,758
	<u>107,954</u>	<u>448,540</u>

Income arises in the United Kingdom

6 Operating costs

The Partnership has no employees (2015 Nil)

7 Tax on (loss)/profit on ordinary activities

The tax charge in relation to the partners in the Partnership is disclosed within the statutory financial statements for the individual partners.

8 Fixed asset investments

	Loan investments £
Cost	
At 1 April 2015	1,106,574
Loan repayments	(67,569)
At 31 March 2016	<u>1,039,005</u>
Amounts provided for	
At 1 April 2015	838,492
Movement in year	147,465
At 31 March 2016	<u>985,957</u>
Net book value	
At 31 March 2016	<u>53,048</u>
At 31 March 2015	<u>268,082</u>

Merseyside Special Investment Mezzanine Fund No. 2
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31 March 2016

Notes
(continued)

9 Debtors		2016	2015
		£	£
Prepayments and accrued income		<u>1,653</u>	<u>2,823</u>
		<u>1,653</u>	<u>2,823</u>
10 Creditors: amounts falling due within one year		2016	2015
		£	£
Amounts owed to related parties		94	7,636
Accruals and deferred income		<u>2,100</u>	<u>2,040</u>
		<u>2,194</u>	<u>9,676</u>
11 Partners' accounts			
	At 1 April	Movement	At 31 March
Capital and loan accounts	2015		2016
	£	£	£
MSIF Mezzanine Two Limited	<u>4,397,000</u>	-	<u>4,397,000</u>
		Share of loss for	
		the financial	
Current accounts	At 1 April 2015	year	At 31 March 2016
	£	£	£
MSIF Mezzanine Two Limited	<u>4,095,448</u>	<u>42,649</u>	<u>4,138,097</u>
The Partners loans only become payable upon realisation of the investment portfolio			
Any ultimate surpluses would be distributed as follows -			
1)	Full repayment to the Initial Limited Partner		
2)	Thereafter all distributions shall be made in proportion to the respective capital contributions of the Partners		
12 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities		2016	2015
		£	£
(Loss)/profit for the year		(42,649)	526,496
Movement in provision for investment losses		147,465	(82,271)
Interest receivable		(1,250)	(187)
Decrease in debtors		1,170	679,854
(Decrease)/increase in creditors		(7,482)	1,798
Net cash inflow from operating activities		<u>97,254</u>	<u>1,125,690</u>

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Notes
(continued)

13 Cash and cash equivalents

	2016	2015
	£	£
Cash at bank and in hand	<u>206,396</u>	<u>40,323</u>
Cash and cash equivalents per cash flow statement	<u>206,396</u>	<u>40,323</u>

14 Capital commitments

The Partnership had capital commitments of £Nil at the year end (2015 £Nil)

15 Related party transactions

The partnership owes £93 (2015 £7,635) to Merseyside Loan and Equity Fund LLP, in respect of interest and fees collected on their behalf

The partnership owes £1 (2015 £1) to MSIF Limited in respect of an investment

All other transactions with the partners are as shown in note 11

16 Ultimate parent company

In their opinion the general partner considers there to be no ultimate parent company