

**NORTH EAST REGIONAL INVESTMENT FUND
THREE LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

Report and Financial Statements

31 March 2008



NORTH EAST REGIONAL INVESTMENT FUND THREE LIMITED
(A COMPANY LIMITED BY GUARANTEE)

REPORT AND FINANCIAL STATEMENTS 2008

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**NORTH EAST REGIONAL INVESTMENT FUND THREE LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

REPORT AND FINANCIAL STATEMENTS 2008

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr H RV Morgan-Williams
Sir D R M Chapman, Bt
Mr A J Fielder
Mr J I Josephs
Mr M A Smith
Mrs K L H Winskell

REGISTERED OFFICE

Stella House
Goldcrest Way
Newburn Riverside
Newcastle upon Tyne
NE15 8NY

BANKERS

Barclays Bank plc
71 Grey Street
Newcastle upon Tyne
NE99 1JP

AUDITORS

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Newcastle upon Tyne

NORTH EAST REGIONAL INVESTMENT FUND THREE LIMITED (A COMPANY LIMITED BY GUARANTEE)

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company together with the financial statements and auditors' report for the year ended 31 March 2008 which has been prepared in accordance with the special provisions relating to small companies under s246(4) Companies Act 1985

PRINCIPAL ACTIVITIES

The principal activity of the company is to provide unsecured loans for small and medium sized businesses based in the North East of England

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

Following the launch of the NEIF 3 Fund in January 2004 to the value £18million, the appointed Fund Manager, NEL Fund Managers Limited continued to build upon the progress made in the earlier years of operations and accordingly, the Board can report that the Fund was fully invested within the timescale permitted under the 2002/6 ERDF Objective 2 Programme with those monies invested into 132 SME Companies across the Region

The NEIF 3 Fund also made good progress in meeting the various Outputs targets as contained within the terms of the ERDF terms and conditions particularly in relation to the number of Companies supported under this Initiative following an agreed re-profiling of the those targets with the Government Office for the North East in July 2005. In the year under review, the Fund continued to perform in a manner considered to be satisfactory by the Board particularly in relation to the number of successful businesses despite the more difficult economic conditions across the Region

As a result of the progress in evidence since the establishment of the NERIF 3 Fund, the NERIF 3 Board, with the support of One NorthEast [ONE] and the Government Office for the North East [GONE], launched a new £12 million Fund in June 2006 under the style 'NERIF 3b Fund' which became operational at the beginning of 2007. This Fund was supported by a further tranche of ERDF Objective 2 Grant monies and additional Loan support by Barclays Bank plc and in accordance with the current ERDF Objective 2 Programme, the new Fund has to be fully committed by 31 December 2008

The Fund Manager has continued to build upon the progress in the first quarter of 2007 when Loans (with conversion rights) were made of £320,000 to two Regional SME Companies with an additional £450,000 committed to a further 3 SME Companies taking the total amount committed to £770,000. In the year under review a further 23 Loans totalling £4,040,000 were made to Regional SME Companies with an additional £1,775,000 committed to another 9 SME's taking total Loans/Commitments to £5,815,000 as at 31st March 2008. On current evidence, the Fund Managers remain confident that the Fund will be fully invested by the end of the ERDF Objective 2 period

The Directors, having reviewed the current situation of the NERIF 3 Investment Portfolio, are satisfied that sufficient provisioning has been made against further losses to the Fund but do keep the position under regular review in consultation with the Fund Manager

As a further enhancement to the Project, an innovative Money with Management Scheme was introduced in Autumn 2004 to provide a Mentoring service to all the supported SME Companies. Entrust, a Company limited by Guarantee, was appointed under OJEU procedures to provide a management service on behalf of this Company and under its direction, the Scheme has continued to make progress in the year under review. Certain enhancements have been made to give additional focus to this Initiative and as a result of its success the Scheme was extended into the new Fund

In addition, the Company also spearheaded the establishment of a new equity vehicle to be styled NEL Growth Fund, to provide equity support to a range of SME businesses in North East England. A new Fund of £5 million was launched in September 2006 with funding from GONE under the ERDF Objective 2 Funding Programme plus substantial support from the Private Sector, Barclays Bank plc and One NorthEast. A new Company styled The North East Regional Investment Partner Limited was formed during 2006 with a similar Board to that of NERIF 3 Limited to act as one of the Limited Partners of the Fund and as custodian of the ERDF and ONE monies. The North East Regional Investment Fund Partner Limited Board does not have responsibility for Investment policy in the same way as with NERIF Funds

**NORTH EAST REGIONAL INVESTMENT FUND THREE LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

DIRECTORS' REPORT (continued)

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS - CONTINUED

As for the future, ONE and the Board is exploring the possibility of a further NERIF Fund styled NERIF 3c to provide support to SME's over the calendar year 2009. It is anticipated that the new fund will total £6 million funded partly from Legacy monies from the existing NERIF 3 Fund and further support from the Private Sector through an OJEC Process. In addition ONE and the Board are also exploring the establishment of follow on Mezzanine Funds under the new ERDF Programme commencing in 2010.

RESULTS AND DIVIDENDS

The results of the company for the year are set out in detail on page 6.

The company made no profit or loss for the year (2007 – profit of £883,449) and no transfers to or from reserves have been made.

The directors do not recommend the payment of a dividend for the year ended 31 March 2008 (2007 £Nil).

DIRECTORS

The director's who served throughout the year were as follows

Mr H R V Morgan-Williams
Sir D R M Chapman, Bt
Mr A J Fielder
Mr J I Josephs
Mr M A Smith
Mrs K L H Winskell

AUDITORS

Each of the directors at the date of approval of this report separately confirms that

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware,
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

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

Approved by the Board of Directors
and signed on behalf of the Board



28 May 2008

NORTH EAST REGIONAL INVESTMENT FUND THREE LIMITED
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare such financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and applicable law). The financial statements are required by law to 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 those financial statements, the directors are required to

- (a) select suitable accounting policies and then apply them consistently,
- (b) make judgements and estimates that are reasonable and prudent,
- (c) state whether applicable accounting standards have been followed,
- (d) 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Approved by the Board of Directors
and signed on behalf of the Board

Director



28 May 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTH EAST REGIONAL INVESTMENT FUND THREE LIMITED (A COMPANY LIMITED BY GUARANTEE)

We have audited the financial statements of North East Regional Investment Fund Three Limited for the year ended 31 March 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we became aware of any apparent misstatements within it.

Basis of audit opinion

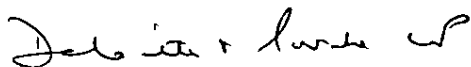
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies,
- the information given in the directors' report is consistent with the financial statements.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Newcastle upon Tyne, United Kingdom

30 May 2008

NORTH EAST REGIONAL INVESTMENT FUND THREE LIMITED
(A COMPANY LIMITED BY GUARANTEE)

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2008

	Note	£	2008 £	£	2007 £
INCOME					
Investment income	2	1,112,470		1,051,610	
Other income	3	<u>725,344</u>		<u>2,669,007</u>	
			1,837,814		3,720,617
Administration expenses					
Other administrative expenses		(1,859,350)		(1,994,863)	
Provision against fixed asset investments		<u>(1,287,201)</u>		<u>(2,584,256)</u>	
			(3,146,551)		(4,579,119)
OPERATING LOSS	5		(1,308,737)		(858,502)
Interest receivable and similar income	6	359,639		237,572	
Interest payable and similar charges	7	<u>(377,008)</u>		<u>(365,916)</u>	
			(17,369)		(128,344)
Other operating recharges	8		<u>1,336,340</u>		<u>1,870,295</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			10,234		883,449
Tax on profit on ordinary activities	9		<u>(10,234)</u>		<u>-</u>
PROFIT FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES	16		<u>-</u>		<u>883,449</u>

All activities are derived from continuing operations

There are no recognised gains and losses for the current and preceding financial years other than as stated in the profit and loss account. Accordingly no statement of total recognised gains and losses has been presented.

NORTH EAST REGIONAL INVESTMENT FUND THREE LIMITED
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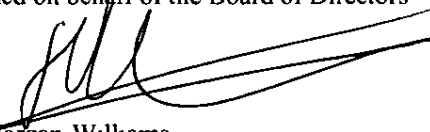
BALANCE SHEET
31 March 2008

	Note	£	2008 £	£	2007 £
FIXED ASSETS					
Investments	10		7,716,832		8,561,349
CURRENT ASSETS					
Debtors	11	856,695		942,639	
Cash at bank and in hand		<u>7,140,175</u>		<u>7,430,087</u>	
		7,996,870		8,372,726	
CREDITORS: amounts falling due within one year	12	<u>(1,105,132)</u>		<u>(1,241,215)</u>	
NET CURRENT ASSETS			<u>6,891,738</u>		<u>7,131,511</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			14,608,570		15,692,860
CREDITORS: amounts falling due after more than one year	13		<u>(14,608,570)</u>		<u>(15,692,860)</u>
TOTAL NET LIABILITIES			<u>-</u>		<u>-</u>
CAPITAL AND RESERVES					
Called up share capital	15		-		-
Profit and loss account	16		-		-
TOTAL DEFICIT	16		<u>-</u>		<u>-</u>

These accounts have been prepared in accordance with the special provisions relating to small companies under Section 246 of the Companies Act 1985

These financial statements were approved by the Board of Directors on 28 May 2008

Signed on behalf of the Board of Directors


H Morgan-Williams
Director

NORTH EAST REGIONAL INVESTMENT FUND THREE LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS
Year ended 31 March 2008

1. ACCOUNTING POLICIES

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

Fees and other income

Fees and other income represents amounts receivable for services provided in the UK, excluding Value Added Tax.

Grants

The company receives grants from the European Regional Development Fund (ERDF) and One NorthEast (ONE). Grants of a revenue nature and in respect of the company's core costs are credited directly to the profit and loss account. Where costs are accrued or proposed, applicable grant is accrued or deferred as appropriate.

Investment Funding

The company receives funding from ONE and the ERDF which is for the purpose of investing in SME's. Until the funding is applied to investments the funding is repayable.

Subsequently as investments are realised, the recycled money must be rolled into a legacy fund together with all interest and dividends received plus capital gains less impairment losses. Interest received on invested funds together with specific costs are also rolled into the legacy fund.

The funding from ONE and the ERDF has been treated as funding liabilities. The liabilities are stated at an amount that reflects the ongoing capital adjusted for investment income and gains less investment losses. Such movements flow through the financial statements and are allocated to the resulting legacy funds as other operating charges. The legacy fund is a liability which can only be applied under the direction of the fund providers. The legacy fund does not include the One NorthEast funding.

Fixed Asset Investments

Fixed Asset Investments in the form of unsecured loans and equity investments are made in small and medium sized enterprises which are high risk.

Provisions against investments are charged to the income and expenditure account in line with the expected risk of loss to the fund.

The provisions against investments will be increased if the provision basis shown above does not reflect an adequate provision in the financial statements. The increase in the provision will only be made if specific investments are seen as not being fully recoverable.

Except where stated, investments are stated at cost less provision for impairment.

Investment income is recognised as received.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet to date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and the law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Cash flow statement

The company has taken advantage of the exemptions of FRS 1- Cash flow statements, not to prepare a cash flow statement on the basis that it is a small company as defined by Section 247 of the Companies Act 1985.

NORTH EAST REGIONAL INVESTMENT FUND THREE LIMITED
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NOTES TO THE ACCOUNTS
Year ended 31 March 2008

2. INVESTMENT INCOME

	2008	2007
	£	£
Income from loan investments	<u>1,112,470</u>	<u>1,051,610</u>

3. OTHER INCOME

	2008	2007
	£	£
Grants and contributions		
Penalties charged	-	900
ONE – Overheads	-	1,980,851
ERDF - Fund manager fees	315,259	290,171
- Money with management fees	313,289	321,262
- Performance rebate	96,796	75,823
	<u>725,344</u>	<u>2,669,007</u>

4. DIRECTORS AND EMPLOYEES

	2008	2007
	£	£
Directors' fees	<u>45,833</u>	<u>52,229</u>

Six (2007 – seven) directors of the company received directors fees in the year There were no other employees of the company

5. OPERATING LOSS

	2008	2007
	£	£
Operating loss is stated after charging/(crediting)		
Amounts provided against fixed asset investments	1,287,201	2,584,256
Auditors' remuneration		
- audit fees	11,500	11,500
Set up costs and arrangement fees	<u>-</u>	<u>116,934</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2008	2007
	£	£
Other interest receivable and similar income	<u>359,639</u>	<u>237,572</u>

NORTH EAST REGIONAL INVESTMENT FUND THREE LIMITED
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NOTES TO THE ACCOUNTS
Year ended 31 March 2008

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £	2007 £
Bank loan interest on loans repayable after more than five years	377,008	365,916

8. OTHER OPERATING RECHARGES

	2008 £	2007 £
Legacy fund	1,336,340	1,870,295

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

i) Analysis of the tax charge/(credit) on ordinary activities

	2008 £	2007 £
United Kingdom corporation tax at 30% based on the profit for the year	10,234	-
	10,234	-

ii) Factors affecting tax credit for the current year

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK 30%

The differences are explained below

	2008 £	2007 £
Profit on ordinary activities before tax	10,234	883,449
Tax at 30% thereon	(3,070)	(265,035)
Utilisation of tax losses	-	265,035
Income not taxable	3,070	-
Adjustments in respect of prior years	10,234	-
Current tax credit for the year	10,234	-

iii) Factors that may affect the future tax charge

A deferred tax asset has not been recognised in respect of timing differences relating to revenue losses as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £134,261 (2007 - £128,941). The asset would be recovered if sufficient profits are generated in the next year to utilise the losses.

NORTH EAST REGIONAL INVESTMENT FUND THREE LIMITED
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NOTES TO THE ACCOUNTS
Year ended 31 March 2008

10. INVESTMENTS HELD AS FIXED ASSETS

	Equity £	Loan £	Total £
At 1 April 2007	350,000	11,627,083	11,977,083
Additions	-	4,040,000	4,040,000
Repayments		(3,597,316)	(3,597,316)
Investments written off	(150,000)	(1,305,761)	(1,455,761)
	<u>200,000</u>	<u>10,764,006</u>	<u>10,964,006</u>
Provisions			
At 1 April 2007	237,949	3,177,785	3,415,734
Charge in year	96,795	1,190,406	1,287,201
Investments written off	(150,000)	(1,305,761)	(1,455,761)
	<u>184,744</u>	<u>3,062,430</u>	<u>3,247,174</u>
Net book value			
At 31 March 2008	<u>15,256</u>	<u>7,701,576</u>	<u>7,716,832</u>
At 31 March 2007	<u>112,051</u>	<u>8,449,298</u>	<u>8,561,349</u>
	£	£	£
Listed investments included above	<u>15,256</u>	<u>-</u>	<u>15,256</u>
Aggregate market value	<u>15,256</u>	<u>-</u>	<u>15,256</u>

11. DEBTORS

	2008 £	2007 £
Other debtors	401,909	-
Prepayments	136,557	148,029
Accrued income	318,229	794,610
	<u>856,695</u>	<u>942,639</u>

NORTH EAST REGIONAL INVESTMENT FUND THREE LIMITED
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NOTES TO THE ACCOUNTS
Year ended 31 March 2008

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Bank loans (note 14)	735,903	884,755
Trade creditors	-	3,294
Other creditors	21,780	21,780
Other taxes and social security	(1,569)	3,654
Accruals and deferred income	349,018	327,732
	<u>1,105,132</u>	<u>1,241,215</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2008 £	2007 £
Bank loans (note 14)	2,865,887	4,308,837
Other creditors	11,742,683	11,384,023
	<u>14,608,570</u>	<u>15,692,860</u>

Other creditors	2008 £	2008 £	2007 £	2007 £
ONE – NERIF 3	3,600,000		3,600,000	
Less release to Profit and Loss Account	(2,552,259)		(1,892,775)	
		1,047,741		1,707,225
ONE – NERIF 3B	2,195,000		500,000	
Less release to Profit and Loss Account	(283,067)		(305,668)	
		1,911,933		194,332
ERDF – NERIF 3	8,100,000		8,100,000	
Less transfer to Legacy Fund	(8,100,000)		(8,100,000)	
				-
ERDF – NERIF 3B	5,400,000		5,400,000	
Less transfer to Legacy Fund	(1,962,000)		(144,000)	
		3,438,000		5,256,000
Legacy Fund – ERDF – NERIF 3	8,100,000		8,100,000	
Operating recharges	(3,357,444)		(3,919,074)	
		4,742,556		4,180,926
Legacy fund – ERDF – NERIF 3B	1,962,000		144,000	
Operating recharges	(1,359,547)		(98,460)	
		602,453		45,540
		<u>11,742,683</u>		<u>11,384,023</u>

The company has received funding which is ringfenced. Prior to investments being made, the funding is a liability to the fund provider. After investments have been made, the ERDF liability transfers to a legacy fund. In addition to the transfer of the liability, investment income less investment losses together with other specific items of expenditure have been transferred to the legacy fund from the profit and loss account. The legacy fund remains under the direction of the fund provider (also see note 18).

NORTH EAST REGIONAL INVESTMENT FUND THREE LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS
Year ended 31 March 2008

14. BORROWINGS

	2008 £	2007 £
Bank loan 2013 (Interest payable at 2.35% above LIBOR rates)	1,033,520	4,943,592
Bank loan 2017 (Interest payable at 3.45% above LIBOR rates)	2,568,270	250,000
	<u>(735,903)</u>	<u>(884,755)</u>
Less amounts falling due within one year (note 12)		
Amounts falling due after more than one year (note 13)	<u>2,865,887</u>	<u>4,308,837</u>
Analysis of loan repayments:		
In one year or less or on demand	735,903	884,755
In more than one year but not more than two years	735,903	884,755
In more than two years but not more than five years	2,029,984	2,654,265
In more than five years	-	769,817
	<u>3,601,790</u>	<u>5,193,592</u>

The bank loans of the company are secured by a debenture and a fixed charge over the credit balances on the bank accounts of the company

15. CALLED UP SHARE CAPITAL

The company does not have a share capital and is limited by guarantee. The liability of the members is limited to £1 each. At 31 March 2008, the company had one member which is One NorthEast.

16. RECONCILIATION OF MOVEMENT IN RESERVES

	Profit and loss account 2007 £
Profit for the financial year	-
Opening shareholder's deficit	-
	<u>-</u>
Closing shareholders' deficit	<u>-</u>

17. ULTIMATE CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

At 31 March 2008 and in the opinion of the directors, the ultimate controlling party was One NorthEast.

The company has taken advantage of the exemption available in Financial Reporting Standard No. 8 'Related Party Disclosures', not to disclose transactions with entities that are part of the same group.

NORTH EAST REGIONAL INVESTMENT FUND THREE LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS
Year ended 31 March 2008

18. CONTINGENT LIABILITY

Under the terms of the funds received by the company, any funds not committed or invested by 31 December 2008 are repayable to the ERDF. At 31 March 2008, the value of funds received from the ERDF which had not been invested was £3,438,000 (2007 £5,256,000). During the year ended 31 March 2007, the company received a further £5,400,000 in respect of NERIF 3B. Once the funds are invested the company must remain within the fund providers guidelines.

Analysis of funds not invested	2008	2007
	£	£
NERIF 3	-	-
NERIF 3B	3,438,000	5,256,000
	<u>3,438,000</u>	<u>5,256,000</u>

19. INVESTMENT COMMITMENT

At 31 March 2008, the company was committed to make investments of £400,000 (2007 £nil).