

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

**Report and Financial Statements**

**31 March 2012**



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

**REPORT AND FINANCIAL STATEMENTS 2012**

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

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

Mr A J Fielder (Chair)  
Mr G M Hodgson

**REGISTERED OFFICE**

Level 10  
Baltic Place West  
South Shore Road  
Gateshead  
Tyne and Wear  
NE8 3AE

**BANKERS**

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

**AUDITOR**

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

**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 auditor's report for the year ended 31 March 2012

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

## **PRINCIPAL ACTIVITIES**

The principal activities of the company are to operate the NEIF3 Fund and the NEIF3B Fund and to act as the custodian of the ERDF Objective 2 Funding Programme 2002/06 and One North East monies invested in each of those funds

## **REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

Ownership of the company was transferred by the Regional Development Agency, One North East, to North East Access to Finance Limited on 30 September 2011 as part of the Government's plans to replace the Regional Development Agencies. The Department for Business, Innovation and Skills ("BIS") has taken over the monitoring rights in relation to One North East's Single Programme investments which include funding provided to the company in prior years to operate and manage the NEIF3 and NEIF3B funds. These rights are exercised through Capital for Enterprise Limited

The NEIF3 Fund is an £18m mezzanine fund that made commercial investments through the provision of risk capital to small and medium sized businesses based in the North East of England. The company is the custodian of the ERDF Objective 2 Funding Programme 2002/06 and One North East monies invested in that fund. The fund realised its final investment in the period and is now closed, with its legacy entirely held in cash

The NEIF3B Fund is a £12m mezzanine fund that made commercial investments through the provision of risk capital to small and medium sized businesses based in the North East of England. The company is the custodian of the ERDF Objective 2 Funding Programme 2002/06 and One North East monies invested in that fund. As at 31 March 2012, the Fund is now approaching the end of its realisation phase with the final seven remaining investments. The bulk of the legacy is now held in cash

The accounts include an amount of £7,867,400 (2011 £7,481,588) within creditors falling due after more than one year, described as the Legacy Creditor. This amount, which is matched by investments, at their estimated recoverable value, and cash balances derived from the realisations up to the balance sheet date of investments represents monies held on behalf of the NEIF3 and NEIF3B Funds

As highlighted in the profit and loss account and balance sheet, the company made neither a profit or loss during the year and had net assets of £nil at 31 March 2012. This is in line with the business plan and the funding provided to the company

Based on the company's forecasts and projections, the Directors are confident that the company has sufficient funding in place for the next twelve months and beyond to continue with its fund management activity

After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the Directors continue to adopt the going concern basis in preparing the annual report and accounts and this is disclosed in the accounting policies in note 1

## **RESULTS AND DIVIDENDS**

The results of the company for the year are set out in detail on page 7

The company made no profit or loss for the year (2011 – £Nil) and no transfers to or from reserves have been made

## **DIRECTORS**

The directors who served throughout the year were as follows

|                   |   |
|-------------------|---|
| Mr A J Fielder    | (Chair)                                     |
| Mr G M Hodgson    | (appointed 30 <sup>th</sup> September 2011) |
| Mr J I Josephs    | (resigned 30 <sup>th</sup> September 2011)  |
| Mr M A Smith      | (resigned 30 <sup>th</sup> September 2011)  |
| Ms K L H Winskell | (resigned 30 <sup>th</sup> September 2011)  |

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

**DIRECTORS' REPORT (CONTINUED)**

**AUDITOR**

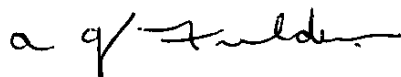
Each of the persons who is a director at the date of approval of this report confirms that

- as far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are 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 Board of Directors  
and signed on behalf of the Board



A Fielder

Chair

24 JULY 2012

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

**DIRECTORS' RESPONSIBILITIES STATEMENT**

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 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 Accounting Standards and applicable law). 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

- (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, subject to any material departures disclosed and explained in the financial statements, and
- (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 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER 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 2012 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 16. 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 member, 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 directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities, the directors are 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 2012 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**

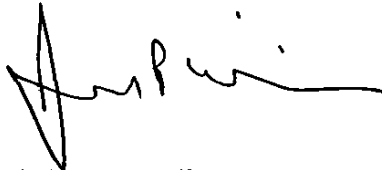
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH EAST  
REGIONAL INVESTMENT FUND THREE LIMITED (A COMPANY LIMITED  
BY GUARANTEE) (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
- we have not received all the information and explanations we require for our audit, or
- the directors were 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 directors' report



**David Wilkinson FCA** (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Newcastle upon Tyne, England

Date 2 + 24 2012



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

**PROFIT AND LOSS ACCOUNT  
Year ended 31 March 2012**

|  | Note | £              | 2012<br>£        | £               | 2011<br>£        |
|--|------|----------------|------------------|-----------------|------------------|
| <b>TURNOVER</b>  |      |                |                  |                 |                  |
| Investment income  | 2    | <u>69,259</u>  |                  | <u>265,722</u>  |                  |
|  |      |                | 69,259           |                 | 265,722          |
| Administration expenses                                    |      |                |                  |                 |                  |
| Other administrative expenses                              |      | (306,439)      |                  | (699,726)       |                  |
| Provision against and write off of fixed asset investments | 9    | <u>320,713</u> |                  | <u>525,813</u>  |                  |
|  |      |                | 14,274           |                 | (173,913)        |
| <b>OPERATING PROFIT</b>                                    | 4    |                | <u>83,533</u>    |                 | <u>91,809</u>    |
|  |      |                |                  |                 |                  |
| Interest receivable and similar income                     | 5    | 43,192         |                  | 41,420          |                  |
| Interest payable and similar charges                       | 6    | <u>-</u>       |                  | <u>(18,922)</u> |                  |
|  |      |                | 43,192           |                 | 22,498           |
| Other recharges  | 7    |                | <u>(126,725)</u> |                 | <u>(114,307)</u> |
| <b>RESULT ON ORDINARY ACTIVITIES<br/>BEFORE TAXATION</b>   |      |                | -                |                 | -                |
| Tax on profit on ordinary activities                       | 8    |                | <u>-</u>         |                 | <u>-</u>         |
| <b>RESULT FOR THE FINANCIAL YEAR</b>                       | 15   |                | <u><u>-</u></u>  |                 | <u><u>-</u></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  
(A COMPANY LIMITED BY GUARANTEE)**

**BALANCE SHEET  
31 March 2012**

|  | Note | £         | 2012<br>£   | £         | 2011<br>£   |
|--|------|-----------|-------------|-----------|-------------|
| <b>FIXED ASSETS</b>  |      |           |             |           |             |
| Investments  | 9    |           | 79,443      |           | 1,220,334   |
| <b>CURRENT ASSETS</b>  |      |           |             |           |             |
| Debtors  | 10   | -         |             | 8         |             |
| Cash at bank and in hand                                       |      | 8,812,221 |             | 8,018,950 |             |
|  |      | 8,812,221 |             | 8,018,958 |             |
| <b>CREDITORS: amounts falling due within one year</b>          | 11   | (34,039)  |             | (508,392) |             |
| <b>NET CURRENT ASSETS</b>                                      |      |           | 8,778,182   |           | 7,510,566   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      |           | 8,857,625   |           | 8,730,900   |
| <b>CREDITORS: amounts falling due after more than one year</b> | 12   |           | (8,857,625) |           | (8,730,900) |
| <b>TOTAL NET ASSETS</b>  |      |           | -           |           | -           |
| <b>CAPITAL AND RESERVES</b>                                    |      |           |             |           |             |
| Called up share capital  | 14   |           | -           |           | -           |
| Profit and loss account  | 15   |           | -           |           | -           |
| <b>TOTAL MEMBERS' FUNDS</b>                                    | 15   |           | -           |           | -           |

These financial statements have been prepared in accordance with the special provisions relating to small companies under Section 415a of the Companies Act 2006

The financial statements of North East Regional Investment Fund Three Limited, (registered number 4386994), on pages 7 to 15 were approved by the Board of Directors and authorised for issue on *24 July 2012.*

Signed on behalf of the Board of Directors

*a g. Fielder*  
A Fielder  
Chair

**NORTH EAST REGIONAL INVESTMENT  
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**NOTES TO THE FINANCIAL STATEMENTS  
Year ended 31 March 2012**

**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 except for fixed asset investments and in accordance with applicable United Kingdom accounting standards.

**Basis of preparation**

The financial statements have been prepared on a going concern basis which assumes the company will continue in operational existence for the foreseeable future. The main uncertainty impacting on the balance sheet is the valuation of investments. This valuation is impacted by the underlying performance of the investee companies. However, as any gains or losses are borne by the legacy funds, there is no impact on the going concern of the company.

As highlighted in the profit and loss account and balance sheet, the company made neither a profit or loss during the year and had net assets of £nil at 31 March 2012. This is in line with the business plan and the funding provided to the company.

Based on the company's forecasts and projections and taking into account reasonably possible changes in trading performance, the directors are confident that the company has sufficient funding in place for the next twelve months and beyond to continue with its fund management activity.

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

**Fixed asset investments**

Fixed asset investments in the form of unsecured loans and equity investments are made in small and medium sized enterprises.

Investments are valued according to the International Private Equity and Venture Capital Valuation Guidelines issued by the British Venture Capital Association and the alternative valuation rules. In the case of unquoted investments, the value is established by using measurements of value such as the price of recent investments, earnings multiple and net assets, where no reliable value can be estimated using such techniques, unquoted investments are carried at cost subject to provision for impairment where necessary.

Investments by way of loans are stated at the amount advanced, less repayment of principal and amounts written off to reflect a provision for impairment.

**Investment income**

Investment income relates to interest on long term loans, dividend income and capital gains from equity investments made. Investment income is recognised as received.

**Grants**

The company received grants of a revenue nature from the European Regional Development Fund (ERDF) and Business Innovation and Skills (BIS). Grants are credited to the profit and loss account as the related expenditure is incurred.

**NORTH EAST REGIONAL INVESTMENT  
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**NOTES TO THE FINANCIAL STATEMENTS  
Year ended 31 March 2012**

**1. ACCOUNTING POLICIES (continued)**

**Investment funding and legacy fund**

The company received funding from One North East and the ERDF which is for the purpose of investing in SMEs through the North East Investment (Transitional) 2009 Fund and via North East Seed Capital Fund Two Limited Partnership. Until the funding is applied to investments the funding is repayable.

The funding is transferred into the legacy fund once investments are made. All interest and dividends received plus capital gains and impairment losses are rolled into the legacy fund. Interest received on invested funds is also rolled into the legacy fund. These investment related income and losses flow through the profit and loss account and are subsequently recharged to the legacy fund.

The funding from One North East 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 recharges. The legacy funds are a liability which can only be applied under the direction of North East Access to Finance Limited.

**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 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 382 of the Companies Act 2006.

**2. INVESTMENT INCOME**

|                         | 2012<br>£     | 2011<br>£      |
|-------------------------|---------------|----------------|
| Income from investments | <u>69,259</u> | <u>265,722</u> |

**3. DIRECTORS AND EMPLOYEES**

|                         | 2012<br>£     | 2011<br>£     |
|-------------------------|---------------|---------------|
| Directors' remuneration | <u>12,600</u> | <u>17,500</u> |

Four (2011 – four) directors of the company received remuneration in the year. There were no other employees of the company.

**NORTH EAST REGIONAL INVESTMENT  
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**NOTES TO THE FINANCIAL STATEMENTS  
Year ended 31 March 2012**

**4. OPERATING PROFIT**

|  | <b>2012</b>  | <b>2011</b> |
|--|--------------|-------------|
|  | <b>£</b>     | <b>£</b>    |
| Operating profit is stated after (crediting)/charging  |              |             |
| Provision against and write off of fixed asset investments   | (320,713)    | (525,813)   |
| Auditor's remuneration   |              |             |
| - Audit fees payable to the company's auditors for the audit of the company's annual accounts        | 7,500        | 8,000       |
| - Non-audit fee payable to the company's auditors and their associates in respect of tax services    | 1,925        | 1,500       |
| - Audit fees payable to the company's auditors for the audit of the company's non-statutory accounts | 8,000        | -           |
|  | <u>8,000</u> | <u>-</u>    |

The audit fees payable to the company's auditors for the audit for the company's non-statutory accounts is in respect of the company's non-statutory accounts for period ended 30 September 2011

**5. INTEREST RECEIVABLE AND SIMILAR INCOME**

|  | <b>2012</b>   | <b>2011</b>   |
|--|---------------|---------------|
|  | <b>£</b>      | <b>£</b>      |
| Other interest receivable and similar income | <u>43,192</u> | <u>41,420</u> |

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

|                             | <b>2012</b> | <b>2011</b>   |
|-----------------------------|-------------|---------------|
|                             | <b>£</b>    | <b>£</b>      |
| Bank loan interest on loans | <u>-</u>    | <u>18,922</u> |

**7. OTHER RECHARGES**

|  | <b>2012</b>      | <b>2011</b>      |
|--|------------------|------------------|
|  | <b>£</b>         | <b>£</b>         |
| Release of Single Programme Grants (note 13) | 259,087          | 313,262          |
| Transferred (to) Legacy Funds (note 13)      | (385,812)        | (427,569)        |
|  | <u>(126,725)</u> | <u>(114,307)</u> |

**8. TAX ON PROFIT ON ORDINARY ACTIVITIES**

*i) Analysis of the tax charge on ordinary activities*

|   | <b>2012</b> | <b>2011</b> |
|---|-------------|-------------|
|   | <b>£</b>    | <b>£</b>    |
| United Kingdom corporation tax at 26% (2011 – 28%) based on the profit for the year | <u>-</u>    | <u>-</u>    |
|   | <u>-</u>    | <u>-</u>    |

**NORTH EAST REGIONAL INVESTMENT  
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**NOTES TO THE FINANCIAL STATEMENTS  
Year ended 31 March 2012**

**8. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)**

*ii) Factors affecting tax charge 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 26% (2011 – 28%)

The differences are explained below

|  | 2012<br>£ | 2011<br>£ |
|--|-----------|-----------|
| Profit on ordinary activities before tax | -         | -         |
| Tax at 26% (2011 – 28%) thereon          | -         | -         |
| Income not taxable                       | (167,220) | (231,723) |
| Expenses not deductible                  | 167,220   | 231,723   |
| Current tax charge for the year          | -         | -         |

*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 £115,081 (2011 – £124,671). The asset would be recovered if sufficient profits are generated in the next year to utilise the losses.

Finance Act 2011 was substantively enacted on 5 July 2011 and included a provision to reduce the corporation tax rate to 25% with effect from 1 April 2012, this was superseded by the 2012 budget where it was announced the rate would instead be reduced to 24% from 1 April 2012 and this rate was substantively enacted on 26 March 2012. Accordingly, the unrecognised deferred tax asset at the year end has been valued at 24%.

**NORTH EAST REGIONAL INVESTMENT  
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**NOTES TO THE FINANCIAL STATEMENTS  
Year ended 31 March 2012**

**9 INVESTMENTS HELD AS FIXED ASSETS**

|                                       | Equity<br>£   | Loan<br>£        | Total<br>£       |
|---------------------------------------|---------------|------------------|------------------|
| <b>Cost</b>                           |               |                  |                  |
| At 1 April 2011                       | 209,819       | 2,053,729        | 2,263,548        |
| Disposal and repayments               | (23,983)      | (1,437,621)      | (1,461,604)      |
| Investments written off               | (176,026)     | (321,676)        | (497,702)        |
|                                       | <u>9,810</u>  | <u>294,432</u>   | <u>304,242</u>   |
| <b>At 31 March 2012</b>               |               |                  |                  |
| <b>Provisions</b>                     |               |                  |                  |
| At 1 April 2011                       | 158,326       | 884,888          | 1,043,214        |
| Provision in year                     | (150,969)     | (384,555)        | (535,524)        |
| Investments written off               | -             | (282,891)        | (282,891)        |
|                                       | <u>7,357</u>  | <u>217,442</u>   | <u>224,799</u>   |
| <b>At 31 March 2012</b>               |               |                  |                  |
| <b>Net book value</b>                 |               |                  |                  |
| At 31 March 2012                      | <u>2,453</u>  | <u>76,990</u>    | <u>79,443</u>    |
| At 31 March 2011                      | <u>51,493</u> | <u>1,168,841</u> | <u>1,220,334</u> |
| <br>Listed investments included above | <br><u>-</u>  | <br><u>-</u>     | <br><u>-</u>     |
| Aggregate market value                | <u>-</u>      | <u>-</u>         | <u>-</u>         |

**10. DEBTORS**

|               | 2012<br>£ | 2011<br>£ |
|---------------|-----------|-----------|
| Other debtors | <u>-</u>  | <u>8</u>  |

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                              | 2012<br>£     | 2011<br>£      |
|------------------------------|---------------|----------------|
| Trade creditors              | 1,875         | 24             |
| Other creditors              | 21,780        | 495,780        |
| Accruals and deferred income | 10,384        | 12,588         |
|                              | <u>34,039</u> | <u>508,392</u> |

**NORTH EAST REGIONAL INVESTMENT  
FUND THREE LIMITED  
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**NOTES TO THE FINANCIAL STATEMENTS  
Year ended 31 March 2012**

**12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

|   | <b>2012</b>      | <b>2011</b>      |
|---|------------------|------------------|
|   | <b>£</b>         | <b>£</b>         |
| Other creditors – Single Programme Grants | 990,225          | 1,249,312        |
| Other creditors – Legacy Funds            | 7,867,400        | 7,481,588        |
|   | <u>8,857,625</u> | <u>8,730,900</u> |

**Other Creditors**

**Single Programme Grants**

|                                      | <b>NEIF 3</b> | <b>NEIF3B</b> | <b>Total</b> |
|--------------------------------------|---------------|---------------|--------------|
|                                      | <b>£</b>      | <b>£</b>      | <b>£</b>     |
| <b>Grant Received</b>                |               |               |              |
| As at 1 April 2011 and 31 March 2012 | 3,600,000     | 2,195,000     | 5,795,000    |
| <b>Utilised</b>                      |               |               |              |
| At 1 April 2011                      | 3,252,218     | 1,293,470     | 4,545,688    |
| Released to profit and loss          | 11,263        | 247,824       | 259,087      |
| At 31 March 2012                     | 3,263,481     | 1,541,294     | 4,804,775    |
| <b>Balance</b>                       |               |               |              |
| At 31 March 2012                     | 336,519       | 653,706       | 990,225      |
| At 1 April 2011                      | 347,782       | 901,530       | 1,249,312    |

**Legacy Funds**

|                                      | <b>NEIF 3</b> | <b>NEIF3B</b> | <b>Total</b> |
|--------------------------------------|---------------|---------------|--------------|
|                                      | <b>£</b>      | <b>£</b>      | <b>£</b>     |
| <b>ERDF Investment</b>               |               |               |              |
| As at 1 April 2011 and 31 March 2012 | 8,055,000     | 5,400,000     | 13,455,000   |
| <b>Utilised</b>                      |               |               |              |
| At 1 April 2011                      | 2,938,544     | 3,034,868     | 5,973,412    |
| Transferred from profit and loss     | (7,065)       | (378,747)     | (385,812)    |
| At 31 March 2012                     | 2,931,479     | 2,656,121     | 5,587,600    |
| <b>Balance</b>                       |               |               |              |
| At 31 March 2012                     | 5,123,521     | 2,743,879     | 7,867,400    |
| At 1 April 2011                      | 5,116,456     | 2,365,132     | 7,481,588    |

The company has received funding which is ring-fenced. 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.



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

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2012**

**13. RELATED PARTY TRANSACTIONS**

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

**14. 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 2012, the company had one member which is North East Access to Finance Limited.

**15. RECONCILIATION OF MOVEMENT IN RESERVES AND MEMBERS FUNDS**

|                               | Profit and<br>loss<br>account<br>2012<br>£ | Profit and<br>loss<br>account<br>2011<br>£ |
|-------------------------------|--|--|
| Profit for the financial year | -  | -  |
| Opening members' funds        | -  | -  |
|                               | <hr/>                                      | <hr/>                                      |
| Closing members' funds        | -  | -  |
|                               | <hr/>                                      | <hr/>                                      |

**16. ULTIMATE CONTROLLING PARTY**

North East Access to Finance Limited is the parent company as at 31 March 2012 and in the opinion of the directors, the ultimate controlling parties were the three members of North East Access to Finance Limited. These were Ms Susan Wilson CBE, Mr Kevin Rowan and Mr Robert Elliott, Mr Alan Fielder, Mr Graham Thrower and Mr Chris Thompson. Mr Alan Fielder subsequently resigned his membership.

North East Access to Finance Limited is limited by guarantee of members and does not have a share capital. The liability of every member is limited to £1 (2011: £1). On winding up of the company, any surplus assets that exist must be transferred to another body or a charitable institution or other institutions having objects similar to the object of the company.

The parent company of the largest and smallest group, which includes the company and for which group accounts are prepared is North East Access to Finance Limited, a company registered in Great Britain. Copies of the group accounts are available from Companies House, Crown Way, Mandy, Cardiff, CF14 3UZ.