

REGISTERED NUMBER: 05081924 (England and Wales)

THE PARTNERSHIP INVESTMENT FUND LIMITED

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019



THE PARTNERSHIP INVESTMENT FUND LIMITED

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FOR THE YEAR ENDED 31 MARCH 2019**

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THE PARTNERSHIP INVESTMENT FUND LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2019**

DIRECTORS:

M J Hathaway
D Horsman
J Watson
M Hambly

REGISTERED OFFICE:

Suite 6.1, Unit 6
Mortec Park
York Road
Leeds
LS15 4TA

REGISTERED NUMBER:

05081924 (England and Wales)

AUDITORS:

Smith Craven
Chartered Accountants
Statutory Auditors
Sidings House
Sidings Court
Lakeside
Doncaster
South Yorkshire
DN4 5NU

THE PARTNERSHIP INVESTMENT FUND LIMITED

**CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

As at 31 March 2019, the O2 Legacy is virtually fully realised with very small receipts from non performing debts. The Interim Fund still holds one equity investment, which cannot be realised except at a significant loss, but which is now likely to pay dividends in future years.

Despite the best efforts of the Board, the Region's LEPs and the Chambers of Commerce in PIF's region, the Legacy Funds generated from PIF's original and Interim loan and investment funds have not been reinvested in the region.

The Ministry of Housing, Communities and Local Government (MHCLG) and British Business Bank support the consolidation of PIF's Legacy Funds with other legacy funds in the region into a new Fund of Funds.

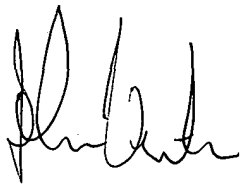
PIF set out its own preferred proposals for the use of the funds in December 2016 but MHCLG rejected the Board's plans and instead indicated their preference for a new Fund being developed by Finance Yorkshire Limited.

As at the date of PIF's 2019 AGM there is no agreed plan for a new Fund of Funds and the LEPs and Chambers have advised that until certain matters are addressed, they do not support this proposal.

As a result, PIF's Board has been unable to move matters forward and has become frustrated by the lack of progress.

The PIF Partnership Group is proving to be a valuable assistance in ongoing attempts to reach agreement and I hope to be able to report the successful conclusion of these long-drawn-out discussions in my next report in 2020.

John Watson
Chairman



29 AUGUST 2019

THE PARTNERSHIP INVESTMENT FUND LIMITED (REGISTERED NUMBER: 05081924)

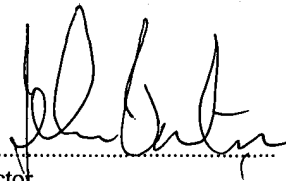
**BALANCE SHEET
31 MARCH 2019**

		2019		2018	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	4		-		-
Investments	5		<u>60,004</u>		<u>4</u>
			<u>60,004</u>		<u>4</u>
CURRENT ASSETS					
Debtors	6	4,515		5,155	
Cash at bank		<u>4,285,578</u>		<u>4,354,694</u>	
		<u>4,290,093</u>		<u>4,359,849</u>	
CREDITORS					
Amounts falling due within one year	7	<u>31,031</u>		<u>14,496</u>	
NET CURRENT ASSETS			<u>4,259,062</u>		<u>4,345,353</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u><u>4,319,066</u></u>		<u><u>4,345,357</u></u>
RESERVES					
Income and expenditure account	8		<u>4,319,066</u>		<u>4,345,357</u>
			<u><u>4,319,066</u></u>		<u><u>4,345,357</u></u>

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

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors on 29 AUGUST 2019 and were signed on its behalf by:



.....
J Watson - Director

The notes form part of these financial statements

THE PARTNERSHIP INVESTMENT FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. STATUTORY INFORMATION

The Partnership Investment Fund Limited is a private company, limited by guarantee, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going Concern

The financial statements have been prepared on a going concern basis. This is considered appropriate by the directors following the preparation and review of cash flow forecasts. From 1 April 2014, The Partnership Investment Fund Limited was not entitled to any further income from the Limited Partnerships. However, the Company has sufficient reserves to meet its likely costs for the foreseeable future and so the directors are not aware of any reason why the financial statements should not be prepared on the going concern basis.

In line with the objectives agreed by PIF's Board, discussions have continued with the region's LEPs, Chambers of Commerce, the Ministry of Housing, Communities and Local Government and with British Business Bank about the best way to maximise benefit to the region from the use of PIF's Legacies.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- Straight line over 3 years
Computer equipment	- Straight line over 3 years

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit and loss during the period in which they are incurred.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost less any provision for impairment.

THE PARTNERSHIP INVESTMENT FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

2. ACCOUNTING POLICIES - continued

Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short term loan not at market rate, the financial asset or liability is measured, initially, at present value of the future cash flow discounted at a market rate of interest for similar debt instruments and subsequently at amortised cost.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 1 (2018 - 1).

THE PARTNERSHIP INVESTMENT FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

4. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 April 2018 and 31 March 2019	5,380	1,954	7,334
DEPRECIATION			
At 1 April 2018 and 31 March 2019	5,380	1,954	7,334
NET BOOK VALUE			
At 31 March 2019	-	-	-
At 31 March 2018	-	-	-

5. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Interim Fund shares & loans £	PIF (non legacy shares) £	Totals £
COST				
At 1 April 2018 and 31 March 2019	4	250,000	60,000	310,004
PROVISIONS				
At 1 April 2018	-	250,000	60,000	310,000
Reversal of impairments	-	(30,000)	(30,000)	(60,000)
At 31 March 2019	-	220,000	30,000	250,000
NET BOOK VALUE				
At 31 March 2019	4	30,000	30,000	60,004
At 31 March 2018	4	-	-	4

The company's investments at the Balance Sheet date in the share capital of companies include the following:

The Partnership Investment Equity Fund Limited

Registered office: Suite 6.1 Unit 6, Mortec Park, York Road, Leeds, West Yorkshire, LS15 4TA

Nature of business: Dormant

	%		
Class of shares:	holding		
Ordinary	100.00		
		2019	2018
		£	£
Aggregate capital and reserves		(5,029,788)	(5,029,788)

THE PARTNERSHIP INVESTMENT FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

5. FIXED ASSET INVESTMENTS - continued

The Partnership Investment Mezzanine Fund Limited

Registered office: Suite 6.1 Unit 6, Mortec Park, York Road, Leeds, West Yorkshire, LS15 4TA

Nature of business: Dormant

	%		
Class of shares:	holding		
Ordinary	100.00		
		2019	2018
		£	£
Aggregate capital and reserves		<u>(4,181,443)</u>	<u>(4,181,443)</u>

The Partnership Investment Small Loans Fund Limited

Registered office: Suite 6.1 Unit 6, Mortec Park, York Road, Leeds, West Yorkshire, LS15 4TA

Nature of business: Dormant

	%		
Class of shares:	holding		
Ordinary	100.00		
		2019	2018
		£	£
Aggregate capital and reserves		<u>(4,569,317)</u>	<u>(4,569,317)</u>

The Partnership Investment Micro Loans Fund Limited

Registered office: Suite 6.1 Unit 6, Mortec Park, York Road, Leeds, West Yorkshire, LS15 4TA

Nature of business: Dormant

	%		
Class of shares:	holding		
Ordinary	100.00		
		2019	2018
		£	£
Aggregate capital and reserves		<u>(2,224,982)</u>	<u>(2,224,982)</u>

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Other debtors	2,999	3,680
Prepayments	1,516	1,475
	<u>4,515</u>	<u>5,155</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade creditors	2,129	1,494
Other creditors	974	2,134
Accruals and deferred income	27,928	10,868
	<u>31,031</u>	<u>14,496</u>

THE PARTNERSHIP INVESTMENT FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

8. RESERVES

	Income and expenditure account £
At 1 April 2018	4,345,357
Deficit for the year	(26,291)
At 31 March 2019	<u>4,319,066</u>

9. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

Andrew Cribb (Senior Statutory Auditor)
for and on behalf of Smith Craven

THE PARTNERSHIP INVESTMENT FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

10. CONTINGENT LIABILITIES

O2 European Regional Development Fund (ERDF)

ERDF grant funding provided to the Company in 2004 to support the O2 Fund was subject to a number of conditions. None of these conditions remains outstanding with the exception of those relating to the Legacy Fund created from the original funds.

The business plan for the O2 Fund anticipated PIF being an 'evergreen fund', using legacy cash to continue to support SMEs within the ERDF Objective 2 Programme area in Yorkshire and the Humber.

PIF's Board has been working to agree proposals for the future use of this legacy cash for many years but as at the date of these accounts, the Government Office responsible for monitoring the original contract has not confirmed that they support PIF's plans.

This contract obliges PIF to 'give effect to and observe all instructions given by the Government Office regarding the application of monies held in the Legacy Fund, arrangements for the administration of the fund, and the ultimate destination of the fund'.

Although PIF's Board is optimistic that its proposals will ultimately gain the support of the Government Office and therefore considers the possibility of the Government Office instructing PIF to transfer the legacy cash to a third party as being negligible, the matter is uncertain and, in order for PIF's accounts to be true and fair, the situation needs to be disclosed.

As at 31st March 2019, the value of the legacy created from ERDF grant funds was £1,638,405.

Yorkshire Forward Single Pot Grant Funding

Yorkshire Forward provided Single Pot grant funding to the Company in 2004 to support lending in the O2 Fund and also in 2008 to enable PIF's Interim Fund to be established.

The contracts were subject to a number of conditions, and were for a specific term, which has come to an end in both cases. No conditions remain outstanding and the contracts give neither Yorkshire Forward nor any successor the right to claim legacy cash created from either the O2 or the Interim Fund.

Despite this, British Business Bank acting as agent for the Department for Business, Energy and Industrial Strategy, issued a letter on 19 July 2017 seeking a transfer of £2.1m resulting from these Single Pot grants, with a payment date of 30 September 2017.

PIF's lawyers advise that PIF is not contractually obliged to transfer the funds, and this has been communicated to BBB in terms that no credible justification for their request has been made. BBB have taken no action as a result of PIF's rejection of the 'Harvest' Letter. During the year ended 31 March 2019, PIF sought Counsel's opinion on the BBB letter. Counsel endorsed the advice previously provided by PIF's lawyers. As at the date of these accounts, no payment has been made and PIF's Board is of the opinion that the possibility of an outflow of resources is negligible.

Options are being considered to resolve this matter, to enable PIF to progress its proposals for future use of its legacy funds to support SMEs in its region, without the threat of legal action by BBB in the background.

As at 31 March 2019, the value of the legacy created from O2 and Interim Single Pot loan grant funds was £2,038,545.