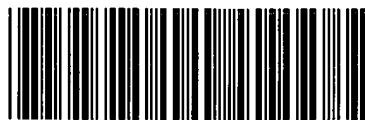


NORTH EAST TECHNOLOGY (GP) LIMITED

Annual Report and Financial Statements

For the 15 Month Period Ended 31 March 2021

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REPORT AND FINANCIAL STATEMENTS 2021

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CORPORATE INFORMATION

DIRECTORS

Sir David Chapman Bt, B.Com, DL
Mr W T Blair
Mr A D Mitchell
Mr S J Lightley

SECRETARY

Mr A J Arkless

REGISTERED OFFICE

3rd Floor
Baltimore House
Abbots Hill
Gateshead
NE8 3DF

PRINCIPAL BANKERS

Barclays Bank PLC
5 St Ann's Street
Quayside
Newcastle upon Tyne
NE1 3DX

AUDITOR

Armstrong Watson Audit Limited
Statutory Auditor
Suite 15 & 17
11 Waterloo Street
Newcastle upon Tyne
NE1 4DP

SOLICITORS

Ward Hadaway
Sandgate House
102 Quayside
Newcastle upon Tyne
NE1 3DX

STRATEGIC REPORT

The Directors present their Strategic Report for the 15 month period ended 31 March 2021.

REVIEW OF THE BUSINESS

The Company was transferred to North East Finance (Subco) Limited in January 2020 from the IP Group following the dissolution of The North East Technology Fund Limited Partnership. The Company was previously the General Partner of that partnership and the Company holds legal title to the majority of the investments formerly held by the partnership, with beneficial title to the investments held by North East Finance (Holdco) Limited, the parent company of the Company. The accounting reference date of the Company was changed to 31 March to align with that of the North East Access to Finance Group, of which it is now a member.

The Company manages the investments with a focus on achieving realisations and exits in order to settle its liability due to North East Finance (Holdco) Limited in respect of that company's beneficial interest in the investments and a number of exits have been achieved.

The Company made a loss before tax of £3,073k in the period (2019: loss of £15k). This included reductions in the valuations of the investments of £3.27m (2019: £NIL). A small number of exits arose in this period. In order to ensure that the Company held both legal and beneficial title to these investments at the time of the exits, assignments of beneficial title were made from North East Finance (Holdco) Limited to the Company prior to the disposals for consideration equivalent to the value of the beneficial rights carried by North East Finance (Holdco) Limited.

Prior to the transfer of the Company into the control of North East Finance (Holdco) Limited, the then directors waived an indebtedness to the Company from another company within The IP Group of £533k. This indebtedness had arisen from a transfer of group relief from the Company some years ago to offset a tax charge in that other company. The waiver of this debt comprises the tax charge of £533k for this period as this event took place within this period of account.

The management of the investments in the coming year will continue to concentrate on divestment to enable the Company to continue repaying its liability to North East Finance (Holdco) Limited and to progress towards a wind up of the portfolio.

The COVID pandemic has affected the operations of the Company significantly with all staff employed by the Group working mainly from home and interactions within and outside of the organisation having been effected exclusively on line. It is the view of the Board, however, that there has been no loss of productivity in the management and administration of operations and in the oversight of investment portfolios.

The potential impact of the COVID 19 pandemic on the future prospects for the portfolio investments and, therefore, on the creation of legacy, is still difficult to assess. At the time of approval of these financial statements, it seems that the main impact will be to lead to a delay in the timescale by which exits might be achieved rather than to a permanent and significant impairment in the value of the overall legacy likely to be created over time.

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is exposed to a variety of financial and operational risks that arise in the course of its business. These risks include regulatory risk, non-compliance with the requirements of the funding agreements for The North East Technology Fund, credit and liquidity risk.

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

A handwritten signature in black ink, appearing to read 'AM Mitchell', written over a horizontal line.

Andrew Mitchell

Director

Date: 9 September 2021

NORTH EAST TECHNOLOGY (GP) LIMITED

DIRECTORS' REPORT

The Directors present their annual report on the affairs of the Company together with the audited financial statements and auditors' report for the 15-month period ended 31 March 2021.

PRINCIPAL ACTIVITY

The principal activity of the Company at 1 January 2020 was the management of The North East Technology Fund Limited Partnership. On 22 January 2020, the Partnership agreement ended and the majority of the investments from the Limited Partnership were transferred to the Company. The share capital of the Company was transferred to North East Finance (Subco) Limited on 22 January 2020 and, since then, the investments have been under the control of the Directors of the Company, supported by external advisers, with the objective to achieve exits and realisations.

GOING CONCERN

Agreements are in place with North East Finance (Holdco) Limited to provide funding to cover corporate operating costs and cash flow forecasts are in place that show North East Finance (Holdco) Limited will continue to be able to provide this support to the extent that costs cannot be met from North East Technology (GP) Limited's own investment returns. Hence, the Company can continue to meet its liabilities as they fall due.

RESULTS

The results of the Company for the period are set out in detail on page 10.

DIRECTORS AND THEIR INTERESTS

The Directors who served during the period were as follows:

Sir David R M Chapman Bt, B.Com, DL	(appointed 22 January 2020)
Mr W T Blair	(appointed 22 January 2020)
Mr A D Mitchell	(appointed 22 January 2020)
Mr J L Hobbs	(appointed 22 January 2020, resigned 30 June 2020)
Mr S J Lightley	(appointed 1 July 2020)
Mr A J Aubrey	(resigned 22 January 2020)
Mr D G Baynes	(resigned 22 January 2020)
Mr G Smith	(resigned 22 January 2020)
Mr M C N Townend	(resigned 22 January 2020)

The Directors had no interest in the share capital of the Company.

AUDITOR

Each of the Directors at the date of approval of this report separately confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

DIRECTORS' REPORT (continued)

AUDITOR (continued)

During the year, Armstrong Watson Audit Limited were appointed as auditors of the Company and, in accordance with s485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for the reappointment of Armstrong Watson Audit Limited as independent auditors of the Company.

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

A handwritten signature in black ink, appearing to read 'Andrew Mitchell', with a stylized circular flourish at the beginning.

Andrew Mitchell
Director
Date: 9 September 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing their annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

The Directors 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH EAST TECHNOLOGY (GP) LIMITED

Opinion

We have audited the financial statements of North East Technology (GP) Limited (the 'Company') for the 15 month period ended 31 March 2021, which comprise the Income Statement, the Statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its loss for the period;
- 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH EAST TECHNOLOGY (GP) LIMITED (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH EAST TECHNOLOGY (GP) LIMITED (continued)

We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected or alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

In addressing the risk of fraud through management bias and override of controls, we:

- performed analytical procedures as a risk assessment tool to identify any unusual or unexpected relationships; and
- tested journal entries to identify unusual transactions; and
- tested the operating effectiveness over quarterly reporting; and
- reviewed a sample of provisions against investments and debtors held, and supporting management information.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

Due to inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members, those matters we are required to state to them in an 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.



Simon Turner (Senior statutory auditor)
Armstrong Watson Audit Limited
Suite 15/17, 11 Waterloo Street,
Newcastle upon Tyne
NE1 4DP
Date: 9 September 2021

NORTH EAST TECHNOLOGY (GP) LIMITED

INCOME STATEMENT

15 month period ended 31 March 2021

	Note	2021 (15 months)		2019 (Year)	
		£	£	£	£
TURNOVER					
Investment income	3	232,313		-	
Other income	3	<u>1,736</u>		<u>240,000</u>	
			234,049		240,000
OTHER EXPENSES					
Fund management fees		-		(240,000)	
Other administrative expenses		<u>(36,523)</u>		<u>(14,540)</u>	
Total administrative expenses			(36,523)		(254,540)
Increase in provision against fixed asset investments	8		(3,709,855)		-
Unrealised gain on revaluation of investments	8		<u>439,235</u>		<u>-</u>
OPERATING LOSS	5		(3,073,094)		(14,540)
Interest receivable and similar income			-		-
			<u>-</u>		<u>-</u>
LOSS BEFORE TAXATION			(3,073,094)		(14,540)
Tax on result	6		<u>(533,392)</u>		<u>-</u>
LOSS FOR THE FINANCIAL PERIOD			<u>(3,606,486)</u>		<u>(14,540)</u>

All activities are continuing.

There is no other income or expense for the current financial year or prior year other than as stated in the Income Statement. Accordingly, no separate statement of Other Comprehensive Income has been presented.

The notes on pages 13 to 19 are integral to the financial statements.

NORTH EAST TECHNOLOGY (GP) LIMITED

BALANCE SHEET At 31 March 2021

	Note	2021	2019
		£	£
FIXED ASSETS			
Investments	8	4,990,370	-
CURRENT ASSETS			
Debtors	9	-	533,392
Cash and cash equivalents		38,758	-
CREDITORS: amounts falling due within one year	10	(8,118,718)	(16,496)
NET CURRENT ASSETS		(8,079,960)	516,896
Total assets less current liabilities		(3,089,590)	516,896
NET (LIABILITIES) /ASSETS		<u>(3,089,590)</u>	<u>516,896</u>
CAPITAL AND RESERVES			
Share capital	11	100	100
Profit and loss account	13	(3,089,690)	516,796
		<u>(3,089,590)</u>	<u>516,896</u>

The financial statements of North East Technology (GP) Limited, (registered number 06628835) were approved by the Board of Directors and authorised for issue on 9 September 2021.

Signed on behalf of the Board of Directors



Andrew Mitchell
Director

NORTH EAST TECHNOLOGY (GP) LIMITED

STATEMENT OF CHANGES IN EQUITY 15 month period ended 31 March 2021

	Called up Share capital £	Profit and loss account £	Total £
At 1 January 2018	100	531,336	531,436
Loss for the period	-	(14,540)	(14,540)
At 31 December 2019	100	516,796	516,896
Loss for the period	-	(3,606,486)	(3,606,486)
At 31 March 2021	100	(3,089,690)	(3,089,590)

NOTES TO THE FINANCIAL STATEMENTS

For the 15 month period ended 31 March 2021

1. ACCOUNTING POLICIES

General information and basis of accounting

North East Technology (GP) Limited is a company limited by shares, registered in England and Wales and incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 2 to 3.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The financial statements of the Company are consolidated in the financial statements of its ultimate parent, North East Access to Finance Limited, which may be obtained at Companies House. Exemptions have been taken in these separate company financial statements in relation to financial instruments and presentation of a cash flow statement, disclosure of transactions with other group undertakings and remuneration of key management personnel.

The functional and presentational currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Public benefit entity

The Company is an entity whose primary objective is to provide investment in the North East region of England for the benefit of the local economy rather than with a view to providing a financial return to the members of the ultimate holding company. The utilisation of returns is ultimately at the direction of the Secretaries of State for Housing, Communities and Local Government and Business, Energy & Industrial Strategy. As such, the Company has adopted the specific accounting treatment for Public Benefit Entities within FRS102.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The main uncertainty impacting on the balance sheet is the valuation of investments. This valuation is determined by the underlying performance of the companies in which the investments have been made.

The Company meets its day to day working capital requirements through funding from North East Finance (Holdco) Limited. North East Finance (Holdco) Limited has agreed to provide sufficient funds to the Company to enable it to meet its liabilities as they fall due and has confirmed the availability of such support in writing up to 31 December 2022. After reviewing funding available for operating costs, and assessing the potential effect of the COVID-19 pandemic on the Company, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of this report. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and accounts.

At the balance sheet date, the Company had net liabilities of £3,089,590 (2019: net assets of £516,896), including loans due to North East Finance (Holdco) Limited amounting to £8,100,295 (2019: £NIL).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 15 month period ended 31 March 2021

1. ACCOUNTING POLICIES (continued)

Turnover

Turnover is attributable to the continuing principal activity of the Company and arose wholly within the United Kingdom. For the year ended 31 December 2019, turnover included the fees received by the Company in respect of its role as General Partner to The North East Technology Fund Limited Partnership. For the period ended 31 March 2021, investment income represents returns on fixed asset investments and is recognised as it is earned. It is provided against until receipt is certain.

Fund management fees

The fund management services delivered to The North East Technology Fund in 2019 were undertaken on behalf of the Company by its former parent company, TTV.

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 substantially 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.

Investments

Fixed asset investments in the form of unsecured loans and equity investments have been made in SMEs. Equity and convertible loans are valued at fair value in accordance with the International Private Equity and Venture Capital Valuation ("IPEVC") Guidelines issued by the British Venture Capital Association and the alternative valuation rules. Where it is impossible to arrive at a meaningful fair value using the IPEVC Guidelines, cost less impairment has been used. In accordance with the arrangements in place with North East Finance (Holdco) Limited, losses and gains arising on investments that have been funded by the inter-company loan pass through the Company's Income Statement. Provisions and the reversal of previously booked provisions are charged/credited to the Income Statement. Surpluses arising from revaluations of investments are taken directly to the Income Statement. Investments by way of unsecured non-convertible loans are basic financial instruments and as such are stated at amortised cost less impairment.

Cash investments and cash at bank

Cash investments represent cash held on deposit with a maturity date of seven days or more post year-end. All other cash held with banks or financial institutions is disclosed as cash at bank and in hand.

Debtors and Creditors

Debtors and creditors with no stated interest rate and receivable or payable within one period are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in operating expenses.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 15 month period ended 31 March 2021

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are key sources of estimation uncertainty:

Valuation of investments

The recoverability of loans and investments to individual SMEs is uncertain. No Fund Manager is retained and the Board makes appropriate provision for any non-recoverability of all investments.

3. TURNOVER

	2021 (15 months)	2019 (Year)
	£	£
Investment income	232,313	-
Other income	-	240,000
Fund management fees	-	-
Waiver of inter-company loan	1,736	-
	<u>234,049</u>	<u>240,000</u>

Investment income relates to gains arising and interest receivable from fixed asset investments transferred to the Company following the dissolution of The North East Technology Fund Limited Partnership in January 2020.

Other income in 2020 reflects the waiver of an inter-company loan by The IP Group prior to the acquisition of the Company by the North East Finance (Holdco) Limited group. Other income in 2019 reflected the fees received by the Company in respect of its role as General Partner to The North East Technology Fund Limited Partnership.

4. DIRECTORS AND EMPLOYEES

Both the current and the former Directors received no remuneration or pension contributions from the Company in the period (2019: none).

The current Directors of the Company are also Directors of North East Finance (Holdco) Limited. Four (2020: four) received emoluments from that company, all of which were accounted for by the parent company. The Directors of the parent company do not believe that it is practical to apportion amounts paid to the Directors between their services as Directors of the parent company and their services as Directors of the holding and subsidiary companies. The former

NORTH EAST TECHNOLOGY (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the 15 month period ended 31 March 2021

4 DIRECTORS AND EMPLOYEES (continued)

Directors were remunerated for their services to other companies within the group headed by the Company's former ultimate parent, IP Group plc, and chose to waive any remuneration during the period for their services to the Company. There were no employees of the Company in the period (2019: none).

5. OPERATING LOSS

	2021 (15 months) £	2019 (Year) £
Operating loss is stated after charging:		
Auditors' remuneration	5,000	5,500

6. TAX ON RESULT

i) Analysis of the tax result on ordinary activities

	2021 £	2019 £
Current tax		
United Kingdom corporation tax based on the loss for the year	-	-
Adjustment in respect of prior periods	533,392	-
Total current tax	533,392	-
Deferred tax		
Originating and reversal of timing differences	-	-
Total deferred tax	-	-
Total tax on loss arising from ordinary activities	533,392	-

ii) Factors affecting the total tax

The tax assessed for the period is different to (2019: different to) that resulting from applying the standard rate of corporation tax in the UK: 19% (2019:19%).

	2021 £	2019 £
Loss on ordinary activities before tax	(3,073,094)	(14,540)
Tax at 19% (2019: 19%) thereon	(583,888)	(2,763)
Effects of:		
Expenses not allowable	540,528	-
Income not taxable	(41,484)	-
Adjustments to losses brought forward	393,716	-
Timing differences not recognised	(344,090)	-
Chargeable gains	39,243	-
Deferred tax not recognised	1,199	(1,597)
Adjustments to deferred tax rate	(5,224)	4,360
Prior period adjustments to tax charge	533,392	-
Total tax charge for year	533,392	-

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 15 month period ended 31 March 2021

6. TAX ON RESULT (continued)

The prior period adjustment relates to the waiver of an inter-company debt for group relief due to the Company from a company within the IP Group by the directors of the Company at that time, prior to its acquisition by North East Finance (Subco) Limited.

iii) *Factors affecting future tax charge.*

An increase in the UK corporate tax from 19% to 25% was announced in the 2021 budget; this is scheduled to take effect from April 2023. The rate for small profits under £50,000 will remain at 19%, and there will be taper relief for businesses with profits between £50,000 and £250,000. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements

7. DEFERRED TAX

There is a potential deferred tax asset at 31 March 2021 of £45,601 (2019: £44,402) relating to short-term timing differences of £NIL (2019: £1,811,000) and losses of £240,005 (2019: (£2,072,189)). This asset has not been recognised owing to uncertainties over the reversal of the underlying timing differences. The deferred tax asset would be recovered if there were future taxable profits from which the reversal of the timing differences could be deducted.

8. INVESTMENTS

	Loan £	Equity £	Total £
Cost or valuation:			
At 1 January 2020	-	-	-
Additions	3,651,189	12,780,338	16,431,527
Advanced in the period	--	125,000	125,000
Unrealised gain on revaluation	-	439,235	439,235
Repayments	(100,807)	-	(100,807)
Exits	-	(3,032,476)	(3,032,476)
Write offs	(1,115,651)	(925,016)	(2,040,667)
At 31 March 2021	2,434,731	9,387,081	11,821,812
Provisions:			
At 1 January 2020	-	-	-
On transfers to Company	1,318,433	5,193,967	6,512,400
Charge in period	434,842	3,275,013	3,709,855
Exits	-	(1,350,146)	(1,350,146)
Write offs	(1,115,651)	(925,016)	(2,024,209)
At 31 March 2021	637,624	6,193,818	6,831,442
Net book value at 31 March 2021	1,797,107	3,193,263	4,990,370
Net book value at 31 December 2019	-	-	-

NORTH EAST TECHNOLOGY (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the 15 month period ended 31 March 2021

8. INVESTMENTS (continued)

Reconciliation to historical cost

	2021 £	2019 £
Historical cost of investments	-	-
Additions	10,044,127	-
Repayments	(100,807)	-
Revaluations	439,235	-
Write offs and provisions	(3,709,855)	-
Exits	(1,682,330)	-
Net book value	<u>4,990,370</u>	<u>-</u>

The majority of the portfolio of investments formerly held in The North East Technology Fund Limited Partnership were transferred to the Company during the period following dissolution of that partnership. A number of these investments were realised during the period. In order to ensure that the Company held both legal and beneficial title to these investments at the time of the exits, assignments of beneficial title were made from North East Finance (Holdco) Limited to the Company prior to the disposals for consideration of £1.68m that was equivalent to the value of the beneficial rights carried by North East Finance (Holdco) Limited.

9. DEBTORS

	2021 £	2019 £
Inter-company	-	533,392
	<u>-</u>	<u>533,392</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2019 £
Inter-company	8,100,295	1,736
Trade creditors	5,280	-
Accruals and deferred income	13,143	14,760
	<u>8,118,718</u>	<u>16,496</u>

NORTH EAST TECHNOLOGY (GP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the 15 month period ended 31 March 2021

11. CALLED UP SHARE CAPITAL

	2021 £	2019 £
Called up and allotted		
100 (2019: 100) ordinary share of £1 each	100	100

12. RELATED PARTIES

North East Technology (GP) Limited is a wholly owned subsidiary of North East Access to Finance Limited, the consolidated financial statements of which are publicly available.

Accordingly, the Company has taken advantage of the exemption in FRS102 from disclosing transactions with other group undertakings.

13. RESERVES

Profit and loss account

This reserve represents the cumulative comprehensive income recognised in the Company. The movements in the current and previous periods are summarised in the Statement of Changes in Equity.

Included in the profit and loss account reserve are non-distributable accumulated revaluation surpluses of £439,235 (2019: £NIL)

14. ULTIMATE CONTROLLING PARTY

The immediate parent company is North East Finance (Subco) Limited as at 31 March 2021 which, in turn is a subsidiary of North East Finance (Holdco) Limited. The ultimate parent company and ultimate controlling party is North East Access to Finance Limited. The financial statements of North East Finance (Subco) Limited and North East Access to Finance Limited can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

15. SUBSEQUENT EVENTS

The COVID pandemic has affected the operations of the Company significantly with all staff employed by the Group working mainly from home and interactions within and outside of the organisation having been effected exclusively on line. There has, however, been no loss of productivity in the management and administration of operations and in the oversight of investment portfolios and the work of fund managers.

The potential financial impact of the pandemic on the future prospects for the portfolio investments and, therefore, on the creation of legacy, is still difficult to assess. Potentially, the effect could be significant over time and particular care has been taken in the determination of fair values for the portfolios at the balance sheet date with adjustments made for impairments that have needed to be recognised at that date.

At the time of approval of these financial statements, it seems that the main financial impact will be to lead to a delay in the timescale by which exits might be achieved rather than to a permanent and significant impairment in the value of the overall legacy that is likely to be created.