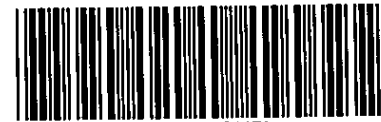


NE GROWTH 500 LP LIMITED

Annual Report and Financial Statements

For the year ended 31 March 2016

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COMPANIES HOUSE

ANNUAL REPORT AND FINANCIAL STATEMENTS 2016

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NE GROWTH 500 LP LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S Lloyd Jones (resigned 30 September 2015)

K O'Leary

G Thorley (appointed 4 April 2016)

SECRETARY

J Oates

REGISTERED OFFICE

1 Capital Quarter

Tyndall Street

Cardiff

CF10 4BZ

BANKERS

Barclays Bank Plc

PO Box 69

Queen Street

Cardiff

CF10 1SG

AUDITOR

Deloitte LLP

Cardiff

NE GROWTH 500 LP LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2016

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

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The Company was originally incorporated on 25 February 2011, with £20 million to invest in Small and Medium Enterprises ("SMEs") in the North East of England. Following a review by FW Capital Limited, the FCA regulated subsidiary of the Finance Wales Group, it was decided to negotiate a reduction in the size of the fund to £17 million with effect from 21 May 2013. This reduction was a direct reflection of the perceived capability of delivery in the current economic environment. The fund size was increased to £18.5m during the financial year to 31 March 2015 and during the current financial year to 31 March 2016 it was increased to £24.25m.

This Company was not set up to generate a surplus, rather as a vehicle to manage the relevant transactions in respect of the North East Finance contract.

Since inception the fund has made 34 investments (2015 - 45) totalling £20,500,000 (2015 - £17,210,000).

GOING CONCERN

The current economic environment continues to be challenging. The Company works closely with SMEs and will continue to work with the management at investee companies to support and help them manage the effects of the current economic environment.

The Company is financed through fees received for the provision of fund management services and receives no subsidy from the remainder of the Group. The fund management service arrangement, together with the management arrangement with the Company's immediate parent undertaking, is structured such that the Company will not make losses for the foreseeable future subject to compliance with both arrangements. The directors expect the Company to comply with such arrangements for the foreseeable future.

After making enquiries and taking account of the factors noted above, the directors have a reasonable expectation that the Company will have access to adequate resources to continue in existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

DIVIDENDS

The directors cannot recommend the payment of a dividend (2015 - £nil).

DIRECTORS

The directors of the Company, who served throughout the financial year and subsequently to the date of this report unless stated otherwise, are as shown on page 1.

NE GROWTH 500 LP LIMITED

DIRECTORS' REPORT (continued)

AUDITOR

In the case of each of the persons who are directors of the Company at the date when this report is approved

- so far as each of the directors is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- 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 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

The Group has a policy of tendering the external audit every five years. The last time the audit was tendered was in 2016 when the incumbents Deloitte LLP were reappointed

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



J Oates
Company Secretary

NE GROWTH 500 LP LIMITED

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

- select suitable accounting policies and then apply them consistently,
- 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. 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 NE GROWTH 500 LP LIMITED

We have audited the financial statements of NE Growth 500 LP Limited for the year ended 31 March 2016 which comprise the Statement of Other Comprehensive Income, incorporating the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 9. 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) including FRS 101, "the Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 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 Directors' Responsibilities Statement, 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 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 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.

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 take advantage of the small companies' exemption from preparing a strategic report or in preparing the directors' report.



David Heaton
Senior Statutory Auditor
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cardiff, United Kingdom

26 July 2016

NE GROWTH 500 LP LIMITED

STATEMENT OF COMPREHENSIVE INCOME, INCORPORATING THE PROFIT AND LOSS ACCOUNT For the year ended 31 March 2016

	Note	2016 £	2015 £
Turnover	2	312,325	322,041
Other administrative expenses		(312,325)	(322,041)
OPERATING RESULT	3	-	-
RESULT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	-
Tax on result on ordinary activities	5	-	-
RESULT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY		-	-

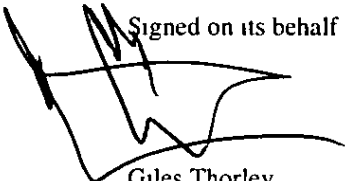
All activities in both the current and preceding period derive from continuing operations

BALANCE SHEET
At 31 March 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Available-for-sale financial assets	6	20	20
CURRENT ASSETS			
Cash at bank and in hand		1	1
CREDITORS: Amounts falling due within one year	7	(20)	(20)
NET CURRENT LIABILITIES		(19)	(19)
TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS		1	1
CAPITAL AND RESERVES			
Called up share capital	8	1	1
Profit and loss account		-	-
TOTAL SHAREHOLDER'S FUNDS		1	1

The financial statements of NE Growth 500 LP Limited, registered number 07169711 were approved by the Board of Directors and authorised for issue on 26 July 2016

Signed on its behalf by



Giles Thorley
 Director

STATEMENT OF CHANGES IN EQUITY
At 31 March 2016

	Share capital £	Profit and loss account £	Total £
Balance at 1 April 2014	1	-	1
Profit for the period	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2015	1	-	1
	<hr/>	<hr/>	<hr/>
Profit for the period	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2016	1	-	1
	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

1. ACCOUNTING POLICIES

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

Basis of accounting

NE Growth 500 LP Limited is a Company 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 Directors Report on pages 2 - 3.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 March 2016 the Company has changed its accounting framework from UK GAAP to FRS 101 as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 16-33 and related appendices. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) '*Reduced Disclosure Framework*' as issued by the Financial Reporting Council.

The impact of transitioning to FRS 101 has been assessed to have no impact on the net assets of the Company at 1 April 2014 or 31 March 2015, nor is there an impact on the loss for the year-ended 31 March 2015. Accordingly, no restatement has been presented.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to the presentation of a statement of cash flows and standards not yet effective. Where required, equivalent disclosures are given in the group accounts of Finance Wales plc. The Group accounts of Finance Wales plc are available to the public and can be obtained as set out in note 9.

Going Concern

The Company is financed through fees received for the provision of fund management services and receives no subsidy from the remainder of the Group. The fund management service arrangement, together with the management arrangement with the Company's immediate parent undertaking, is structured such that the Company will not make losses for the foreseeable future subject to compliance with both arrangements. The directors expect the company to comply with such arrangements for the foreseeable future.

After making enquiries and taking account of the factors noted above, the directors have a reasonable expectation that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Taxation

Current Tax

Current 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. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

1. ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred Tax (continued)

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Turnover

Turnover represents fund managers' fees, application fees and arrangement fees. All turnover relates to one class of business and arises in the UK. Turnover is recognised over the period to which it relates.

Financial Instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the relevant instrument.

Financial Assets

Available-For-Sale Financial Assets

The Company has investments in unlisted shares that are not traded in an active market but are classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Gains and losses arising from changes in fair value are recognised directly in equity. Impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investment's revaluation reserve is included in profit or loss for the period.

Dividends on AFS equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established.

Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been impacted.

For financial assets classified as AFS, a significant or prolonged decline in the fair value of the asset below its cost is considered to be objective evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 March 2016****1. ACCOUNTING POLICIES (continued)****Financial Instruments (continued)*****Financial Assets (continued)***

For all other financial assets, including redeemable notes classified as AFS, objective evidence of impairment could include

Impairment of Financial Assets (continued)

- significant financial difficulty of the issuer or counterparty, or
- default or delinquency in interest or principal payments, or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation

For certain categories of financial asset, such as loans receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of financial assets could include the company's past experience of recovery, and the levels and trends of specific impairments made as well as observable changes in national or local economic conditions that correlate with default.

The impact of forbearance is also considered. Forbearance has not materially impacted impairment provision requirements during the year, the collective provision is deemed to provide sufficient provision for impairment.

The carrying amount of the financial asset is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS equity instrument is considered to be impaired, cumulative gains previously recognised in equity are reclassified to profit or loss in the period.

In respect of AFS equity instruments securities, impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Derecognition of Financial Assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial Liabilities and Equity

Debt and equity instruments are classified as either financial liabilities or equity instruments according to the substance of the contractual arrangements.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial Liabilities

Financial liabilities are recognised as either financial liabilities at FVTPL or other financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

1. ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial Liabilities and Equity (continued)

Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of Financial Liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

Related party transactions

In accordance with the exemption conferred by paragraph 8 (j) of FRS 101 "Reduced Disclosure Framework" the Company has not disclosed transactions with other Group Companies, where 100% of the voting rights are controlled by the group.

2. TURNOVER

An analysis of the Company's turnover, is as follows

	2016 £	2015 £
Management fees	312,325	322,041

3. AUDITOR'S REMUNERATION

The fees payable to the company's auditor for the statutory audit of the company's annual accounts of £4,825 (2015 - £4,841) have been paid by FW Capital Limited and were not recharged.

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

None of the directors received any emoluments from the Company in the current or the prior financial year. It is not practicable to allocate their remuneration between their services as directors of this Company and other group companies. Further details of directors' remuneration are presented in the financial statements of Finance Wales plc and Finance Wales Investments Limited.

The directors were the only employees of the Company during the current and the prior financial year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2016 £	2015 £
Current taxation		
UK corporation tax charge for the year	-	-
The charge for the year can be reconciled to the result in the profit and loss account as follows		
	£	£
Result on ordinary activities before tax	-	-
Tax on result on ordinary activities at standard UK corporation tax rate of 20% (2015 21%)	-	-
Effects of:		
Income not taxable for tax purposes	(62,465)	(121,692)
Partnership share	131,739	-
Amounts not recognised	(69,274)	121,692
Total taxation charge	-	-

A deferred tax asset of £329,207 (2015 - £407,523) has not been recognised in respect of timing differences relating to non-trade financial losses and excess management expenses. The asset would be recognised if there were sufficient suitable future profits to absorb all such assets.

From 1 April 2015, the main rate of corporation tax reduced to 20%. In July 2015, the government announced further reductions in the main rate of corporation tax to 19% from 1 April 2017 and 18% from 1 April 2020. These changes were substantively enacted in October 2015. The reduction in rate is not anticipated to materially affect the future tax charge of the Company.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale investments	2016 £	2015 £
Equity investments	20	20
Less impairment	-	-
	20	20
Total investments	20	20

The investments included within available for sale investments represent shares in unlisted limited companies or partnerships. The accounting policy on the valuation of these investments is detailed in note 1. 20% or more of the capital is held in the following investment:

Name	Place of incorporation (or registration) and operation	Proportion of ownership interest %	Proportion of voting power held %
NE Growth 500 Plus LP	UK	20	20

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 March 2016****6. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Continued)**

Although the Company may hold more than 20% of the equity of certain companies, the directors consider that, in view of the current investment objectives of the Company and Finance Wales having no significant influence over the day-to-day operations of those companies, it would not be appropriate to treat these holdings as investments in associated undertakings

7. Creditors

	2016 £	2015 £
Amounts falling due within one year.		
Amounts owed to group undertakings	20	20

8. CALLED UP SHARE CAPITAL

	2016 £	2015 £
Allotted, called up and fully paid		
1 ordinary share of £1	1	1

The Company has one class of ordinary shares which carry no right to fixed income

9. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The Company's immediate parent undertaking is Finance Wales plc, a company incorporated in England and Wales. Finance Wales plc is the parent of the smallest and largest group of which the Company is a member and for which consolidated financial statements are prepared. Copies of the group financial statements of Finance Wales plc are available from Companies House, Crown Way, Maundy, Cardiff CF14 3UZ.

Finance Wales plc regards the Welsh Ministers, acting through the Welsh Government (formerly the Welsh Assembly Government), as the ultimate controlling party.

7169711

Limited Partnership Registration Number LP13802

THE NORTH EAST GROWTH 500 PLUS
LIMITED PARTNERSHIP
ACCOUNTS FORM
PART OF THE ACCOUNTS
COMPANIES
7169711/.....

**THE NORTH EAST GROWTH 500 PLUS
LIMITED PARTNERSHIP**

Annual Report and Financial Statements

Year ended 31 March 2016



COMPANIES HOUSE

THE NORTH EAST GROWTH 500 PLUS LIMITED PARTNERSHIP

ANNUAL REPORT AND FINANCIAL STATEMENTS 2016

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THE NORTH EAST GROWTH 500 PLUS LIMITED PARTNERSHIP

PROFESSIONAL ADVISERS

REGISTERED OFFICE

1 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

BANKERS

Barclays Bank Plc
PO Box 69
Queen Street
Cardiff
CF10 1SG

AUDITOR

Deloitte LLP
Cardiff

THE NORTH EAST GROWTH 500 PLUS LIMITED PARTNERSHIP

REPORT OF THE MANAGER

Under the terms of the Limited Partnership Agreement dated 18 March 2010, the Manager is responsible for preparing the Annual Report and the financial statements

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council, and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

This is the first year the financial statements have been prepared under FRS102. The impact of transitioning to FRS 102 has been assessed to have no impact on the net assets of the Company at 1 April 2014 or 31 March 2015, nor is there an impact on the loss for the year-ended 31 March 2015. Accordingly, no restatement has been presented.

The Limited Partnership is classified as a small business and is therefore exempt from the requirement to prepare a Strategic Report.

The Manager presents the report and the audited financial statements for the year ended 31 March 2016.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The partnership is established as a limited partnership under the laws of England and Wales and registered under number LP13802.

The principal activity of the partnership is to provide investment support to Small and Medium Enterprises ("SMEs") in the North West of England.

Investment since the inception of the partnership across the North West is as follows:

	2016	2015
	£	£
Debt	17,308,856	14,780,893
Equity	<u>3,191,144</u>	<u>2,429,107</u>
	<u>20,500,000</u>	<u>17,210,000</u>

RESULTS

The results for the year are set out on page 6.

PARTNERS

The General Partner of the partnership during the year was NE Growth 500 LP Limited.

The Limited Partner of the partnership during the year was North East Finance (Holdco) Limited.

POLICY REGARDING DISTRIBUTIONS OF INCOME AND CAPITAL

Income and capital are distributed in accordance with the Limited Partnership Agreement. The General Partner's share of £312,325 (2015: £322,041) was distributed during the year in order to pay the management fee. There were no distributions made to the limited partner during the year.

GOING CONCERN

The partnership has no capital committed to it which is outstanding. The North East Holding Fund has provided a written letter of support confirming that it will not seek repayment of the funds held as a loan from partners on the balance sheet until at least 30 September 2017. The majority of the costs incurred by the partnership relate to Fund Management fees, to which the General Partner is committed to funding through the Fund Management Agreement. The partners thus believe that the partnership will be able to maintain positive cash flows for the foreseeable future. As a result, the going concern basis of accounting has been adopted.

THE NORTH EAST GROWTH 500 PLUS LIMITED PARTNERSHIP

REPORT OF THE MANAGER (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties in the business are detailed in the sections below. Appropriate policies to prevent Money Laundering including Know Your Customer are in place, in accordance with best practice.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The principal business of the company is investment and, as such, exposure to and management of portfolio risk is an inherent feature of this activity, particularly given the area of the market in which the company operates. It is not anticipated that this risk will materially increase during the next 12 months.

The company's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk.

Cash flow and liquidity risk

The partnership uses funds provided to the limited partnership to make loan investments to companies. As noted in the going concern statement, the North East Finance (Holdco) Limited has given a written indication that it will not seek repayment of the funds held as a loan from partners on the balance sheet and has committed to providing financial support to the limited partnership until at least 30 September 2017 to ensure the partnership can continue to meet its financial obligations as they fall due. The loan from the partner is expected to be repaid using returns from the loan investments in companies in accordance with the principal activity of the partnership.

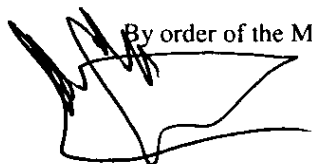
Credit risk

Credit risk is the potential risk that a customer will fail to meet its financial obligations to the partnership as they become due. Credit risk arises from loan investments in companies. The partnership has no significant concentration of credit risk as its exposure is spread over a number of companies. The investment executives of the General Partner are charged with maintaining close relationships with the companies that the partnership has made loans to, in order to monitor credit risk. Where any company becomes distressed, the partnership endeavours to support this company in order to realise the best outcome for the company and the partnership.

AUDITOR

Deloitte LLP have been appointed as the partnership's auditor to hold office until the General Partner determines otherwise.

By order of the Manager



Giles Thorley
Director
NE Growth 500 LP Ltd

THE NORTH EAST GROWTH 500 PLUS LIMITED PARTNERSHIP

MANAGER'S RESPONSIBILITIES STATEMENT

The Limited Partnership Agreement requires the Manager to prepare financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", including a Balance Sheet, Profit and Loss Account, Cash Flow Statement. In preparing those financial statements, the Manager is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business

The Manager is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the partnership and enable it to ensure that the financial statements comply with the Limited Partnership Agreement. It is also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Information to auditor

In so far as the Manager is aware

- There is no relevant audit information of which the partnership's auditor is unaware, and
- The partners have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF THE NORTH EAST GROWTH 500 PLUS LIMITED PARTNERSHIP

We have audited the financial statements of The North East Growth 500 Plus Limited Partnership for the year ended 31 March 2016 which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 11. 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) including FRS 101, "the Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 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 Directors' Responsibilities Statement, 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 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 and of its profit 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.

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 take advantage of the small companies' exemption from preparing a strategic report or in preparing the directors' report.



David Heaton
Senior Statutory Auditor
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cardiff, United Kingdom

28 July 2016

THE NORTH EAST GROWTH 500 PLUS LIMITED PARTNERSHIP

STATEMENT OF INCOME AND RETAINED EARNINGS
Year ended 31 March 2016

	Note	2016	2015
		£	£
TURNOVER	1	1,071,833	716,929
Administrative expenses			
Bad debts provided and amounts written off loan receivables	(173,136)	(968,123)	
Other administrative expenses	(316,949)	(328,602)	
		<u>(490,085)</u>	<u>(1,296,725)</u>
OPERATING PROFIT/(LOSS)	3	581,748	(579,796)
Interest received		-	309
PROFIT/(LOSS) FOR THE YEAR	7	<u>581,748</u>	<u>(579,487)</u>
APPROPRIATIONS OF NET PROFIT/(LOSS) FOR THE FINANCIAL YEAR			
Limited Partner income accounts	6	(581,748)	(579,487)
Limited Partner capital accounts		<u>-</u>	<u>-</u>
Retained earnings at the beginning of the year		5,204,659	4,625,172
Retained earnings at the end of the year		<u>4,622,911</u>	<u>5,204,659</u>

All results in the current and preceding period relate to continuing activities

In accordance with the Limited Partnership Agreement, the General Partner has been paid a share of £312,325 (2015 £322,041) for the year, in relation to fund management fee

THE NORTH EAST GROWTH 500 PLUS LIMITED PARTNERSHIP

BALANCE SHEET At 31 March 2016

	Note	2016 £	2015 £
CURRENT ASSETS			
Debtors amounts falling due within one year	4	1,954,546	2,166,722
Debtors amounts falling due after more than one year	4	4,994,696	4,927,457
Cash at bank and in hand		900	-
		<u>6,950,142</u>	<u>7,094,179</u>
CREDITORS: amounts falling due within one year	5	<u>(53,838)</u>	<u>(4,635)</u>
NET CURRENT ASSETS		<u>6,896,304</u>	<u>7,089,544</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,896,304</u>	<u>7,089,544</u>
Represented by.			
Capital contribution accounts			
- Partners' capital	6	100	100
Loan accounts			
- Loans from partners	6	11,519,115	12,294,103
Income accounts			
- Losses attributable to partners	6	<u>(4,622,911)</u>	<u>(5,204,659)</u>
		<u>6,896,304</u>	<u>7,089,544</u>

The financial statements of The North East Growth 500 Plus Limited Partnership, registered number LP13802, were approved by the Partners and authorised for issue on 28 July 2016


Giles Thorley
For and behalf of the General Partner, NE Growth 500 LP Ltd

THE NORTH EAST GROWTH 500 PLUS LIMITED PARTNERSHIP

CASH FLOW STATEMENT

Year ended 31 March 2016

	Note	£	2016 £	2015 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	8		(337,621)	728,839
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received		-	309	
General Partner share to fund management fee		<u>(312,325)</u>	<u>(322,041)</u>	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(312,325)	(321,732)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT				
Net loans made		<u>1,425,834</u>	<u>(1,338,059)</u>	
NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			1,425,834	(1,338,059)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING			775,888	(930,952)
FINANCING				
Partners' loans (returned) / introduced		<u>(774,988)</u>	<u>930,952</u>	
NET CASH (OUTFLOW)/INFLOW FROM FINANCING			(774,988)	930,952
INCREASE IN CASH IN THE YEAR	9		900	-

THE NORTH EAST GROWTH 500 PLUS LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

1. ACCOUNTING POLICIES

General information and the basis of accounting:

The North East Growth 500 Plus Limited is a limited partnership established under the laws of England and Wales and registered under number LP13802. The LP's registered office is 1 Capital Quarter, Tyndall Street, Cardiff, CF10 4BZ. The nature of the LP's operations and its principal activities are set out in the report of the Manager on page 2.

These 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 impact of transitioning to FRS 102 has been assessed to have no impact on the net assets of the Company at 1 April 2014 or 31 March 2015, nor is there an impact on the loss for the year-ended 31 March 2015. Accordingly, no restatement has been presented.

The financial statements are presented in Sterling (£). This is the functional currency of the entity.

Going concern

The partnership has no outstanding capital committed to it. The North East Holding Fund has given a written indication that it will not seek repayment of the funds held as a loan from partners on the balance sheet prior to 30 September 2017. The partners thus believe that the partnership will be able to maintain positive cash flows for the foreseeable future. As a result the going concern basis of accounting has been adopted.

Debtors

Short term debtors are measured at transaction price less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method, less any impairment.

Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty, or
- default or delinquency in interest or principal payments, or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

For certain categories of financial asset, such as loans receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of financial assets could include the Group's past experience of recovery, and the levels and trends of specific impairments made as well as observable changes in national or local economic conditions that correlate with default.

The impact of forbearance is also considered. Forbearance has not materially impacted impairment provision requirements during the year, the collective provision is deemed to provide sufficient provision for impairment.

The carrying amount of the financial asset is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

THE NORTH EAST GROWTH 500 PLUS LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

1 ACCOUNTING POLICIES (CONTINUED)

Creditors

Short term trade creditors and loans from partners are measured at the transaction price

Turnover

Turnover represents interest receivable on loans and monitoring fees associated with loan investments. Turnover is recognised over the period to which it relates. All turnover relates to one class of business and arises in the UK.

Interest receivable

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Cash flow statement

As stated in the Limited Partnership Agreement, a cash flow statement is presented in accordance with generally accepted accounting principles in the United Kingdom.

2. EMPLOYEES

The North East Growth 500 Plus Limited Partnership had no employees during the current or the prior year.

3. OPERATING PROFIT/(LOSS)

	2016 £	2015 £
Operating profit/(loss) is after charging		
Auditor's remuneration – audit	4,700	4,635
General Partner's management fee	312,325	322,041

There were no non audit fees during the year (2015 - £nil)

THE NORTH EAST GROWTH 500 PLUS LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2016

4. DEBTORS

	2016 £	2015 £
Due within one year		
Loans receivable	1,865,215	2,079,501
Other Debtors	89,331	87,221
	<u>1,954,546</u>	<u>2,166,722</u>
Due after more than one year		
Loans receivable	4,900,608	4,834,000
Other debtors	94,088	93,457
	<u>4,994,696</u>	<u>4,927,457</u>

5. CREDITORS

	2016 £	2015 £
Amounts falling due within one year		
Trade creditors	49,138	-
Accruals	4,700	4,635
	<u>53,838</u>	<u>4,635</u>

THE NORTH EAST GROWTH 500 PLUS LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

6. STATEMENT OF CHANGES IN EQUITY

	Partners' capital £	Loans from partners £	Other reserves £	Total partners' interests £
Partners' interests				
At 1 April 2015	100	12,294,103	(5,204,659)	7,089,544
Profit for the financial year	-	-	581,748	581,748
Partners' interests after profit for the financial year	100	12,294,103	(4,622,911)	7,671,292
Funds withdrawn by partners	-	(774,988)	-	(774,988)
Partners' interest at 31 March 2016	100	11,519,115	(4,622,911)	6,896,304

The total capital committed by the Limited Partner is £80 (2015 £80), all of which has been contributed as at 31 March 2016

The total capital committed by the General Partner is £20 (2015 £20) This was unpaid as at the year end and is included within the debtor balance

7. RESERVES

	2016 £	2015 £
Profit and loss account		
Balance at beginning of year	(5,204,659)	(4,625,172)
Profit/(loss) for the financial year	581,748	(579,487)
Balance at 31 March	(4,622,911)	(5,204,659)

THE NORTH EAST GROWTH 500 PLUS LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

8. NOTES TO THE CASH FLOW STATEMENT

	2016 £	2015 £
Operating profit/(loss)	581,748	(579,796)
Impairment (gains)/losses of loans and receivable	(1,278,156)	968,123
(Increase)/Decrease in debtors	(2,741)	18,336
Increase in creditors	49,203	135
General Partner's share to fund management fee	312,325	322,041
Net cash (outflow)/inflow from operating activities	<u>(337,621)</u>	<u>728,839</u>

9. ANALYSIS AND RECONCILIATION OF NET DEBT

	At 1 April 2015 £	Cash flow £	At 31 March 2016 £
Cash at bank and in hand	<u>-</u>	<u>900</u>	<u>900</u>

10. INTEREST

The interest received during the prior year relates to bank interest

11. RELATED PARTY TRANSACTIONS AND CONTROLLING PARTY

During the financial year the partnership paid North East Growth 500 LP Limited a General Partner's share of £312,325 (2015 - £322,041)

The ultimate parent and controlling party is North East Finance (Holdco) Limited whose registered offices are located at 1 St James' Gate Newcastle upon Tyne, NE1 4AD