Company Registration No. 07169711

NE GROWTH 500 LP LIMITED

Annual Report and Financial Statements

For the year ended 31 March 2018

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G Thorley	
M Owen	
D Staziker	(appointed 1 April 2018)
K O'Leary	(resigned 31 March 2018)

SECRETARY

J Oates

REGISTERED OFFICE

Unit J
Yale Business Village
Ellice Way
Wrexham
LL13 7YL

BANKERS

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

AUDITOR

Deloitte LLP
Statutory Auditor
Cardiff
United Kingdom

DIRECTORS' REPORT

The directors present their Annual Report and Financial Statements for the year ended 31 March 2018.

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 2010 to manage a fund of £20 million available 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 Development Bank of 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 prior financial year to 31 March 2017 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. This is expected to continue.

Since inception the fund has made 53 investments (2017 - 53) totalling £24,390,000 (2017 - £24,390,000) and is now fully invested.

Going Concern

The directors reviewed the Group's working capital requirements and funds available for investment in the 18 months ending 30 September 2019. The directors were satisfied that sufficient investment funds were available to meet investment demand forecast to 30 September 2019 and that there were no performance issues with any of the Group's fund management contracts. The directors were also satisfied that there would be sufficient surplus generated by the services business and associated working capital to cover all operating expenses to 30 September 2019 after allowing for the cessation of Welsh Ministers revenue support from 31 March 2018. The directors also noted that discussions were taking place with the Welsh Ministers on additional funds to invest.

The directors concluded that they have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the next 12 months from the date of signing this report. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

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.

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 have 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.

DIRECTORS' REPORT

AUDITOR (continued)

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

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and 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), including FRS 101 "Reduced Disclosure Framework". 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.

INDEPENDED AUDITOR'S REPORT TO THE MEMBERS OF NE GROWTH 500 LP LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of NE Growth 500 LP (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31st March 2018 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 10.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 auditor's 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 UK, including the Financial Reporting Council's (the 'FRC'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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

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 auditor's 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.

INDEPENDED AUDITOR'S REPORT TO THE MEMBERS OF NE GROWTH 500 LP LIMITED

Other information (continued)

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 respect of these matters.

Responsibilities of directors

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, 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.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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 any material misstatements in the directors' report.

INDEPENDED AUDITOR'S REPORT TO THE MEMBERS OF NE GROWTH 500 LP LIMITED

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

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 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.

David Heaton (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Cardiff, United Kingdom

18 September 2018

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2018

	Note	2018 £	2017 £
TURNOVER	3	188,051	254,371
Other administrative expenses	4	(188,051)	(254,371)
RESULT BEFORE TAXATION		-	-
Tax on result	6	-	-
RESULT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO OWNER OF THE COMPANY		-	-

All activities derive from continuing operations.

There have been no recognised gains or losses for the current or prior financial year other than as stated in the profit and loss account. Accordingly, no separate Statement of Comprehensive Income is presented.

BALANCE SHEET
As at 31 March 2018

	Note	2018 £	2017 £
FIXED ASSETS			
Available-for-sale financial assets	7	20	20
CURRENT ASSETS			
Cash at bank and in hand		1	1
CREDITORS: amounts falling due within one year	8	(20)	(20)
NET CURRENT LIABILITIES		(19)	(19)
TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS		1	1
CAPITAL AND RESERVES			
Called up share capital	9	1	1
Profit and loss account		-	-
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 18 September 2018.

Signed on behalf of the Board of Directors

G Thorley
Director

STATEMENT OF CHANGES IN EQUITY
As at 31 March 2018

	Called up share capital £	Profit and loss account £	Total £
Balance at 1 April 2016	1	-	1
Total comprehensive income for the financial year	-	-	-
Balance at 31 March 2017	1	-	1
Total comprehensive income for the financial year	-	-	-
Balance at 31 March 2018	1	-	1

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

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 Company is a private Company limited by shares and is registered in England and Wales. 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 page 2.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. 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 financial statements are presented in Sterling (£). This is the functional currency of the entity.

The financial statements have been prepared on the historical cost basis. 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 financial statements of Development Bank of Wales plc. The Group financial statements of Development Bank of Wales plc are available to the public and can be obtained as set out in note 10.

Amendments to IFRSs and the new interpretation that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2017. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Going Concern

The directors reviewed the Group's working capital requirements and funds available for investment in the 18 months ending 30 September 2019. The directors were satisfied that sufficient investment funds were available to meet investment demand forecast to 30 September 2019 and that there were no performance issues with any of the Group's fund management contracts. The directors were also satisfied that there would be sufficient surplus generated by the services business and associated working capital to cover all operating expenses to 30 September 2019 after allowing for the cessation of Welsh Ministers revenue support from 31 March 2018. The directors also noted that discussions were taking place with the Welsh Ministers on additional funds to invest.

The directors concluded that they have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the next 12 months from the date of signing this report. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

1. **ACCOUNTING POLICIES (continued)**

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

1. ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Available-for-sale financial assets (continued)

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.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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.

For all other financial assets, including redeemable notes classified as AFS, 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 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

1. ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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

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. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1 above, 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgements in applying the Company's accounting policies

The directors do not consider there to be any critical accounting judgements that could cause a material difference compared to the figures as disclosed in the Annual Report and Financial Statements.

Key sources of estimation uncertainty

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. TURNOVER

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

	2018	2017
	£	£
Management fees	188,051	254,371

4. AUDITOR'S REMUNERATION

	2018	2017
	£	£
Fees borne by FW Capital in relation to the audit of the company's annual financial statements	2,830	7,520
Other services		
Tax compliance	1,300	1,250

5. 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 Development Bank of Wales plc and DBW FM Limited. The directors were the only employees of the Company during the current and the prior financial year.

6. TAX ON RESULT

	2018	2017
	£	£
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 before tax	-	-
Tax on result at standard UK corporation tax rate of 19 % (2017 - 20%)	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

6. TAX ON RESULT (continued)	2018	2017
	£	£
Effects of		
Income not taxable for tax purposes	(35,730)	(50,874)
Partnership share	-	91,331
Amounts not recognised	35,730	(40,457)
Total taxation charge	-	-

A deferred tax asset of £341,967 (2017 - £275,191) 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 2017, the main rate of corporation tax reduced to 19%. In March 2016, the government announced further reductions in the main rate of corporation tax to 17% from 1 April 2020. These changes were substantively enacted in September 2016. The reduction in rate is not anticipated to materially affect the future tax charge of the Company.

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale investments	2018	2017
	£	£
Equity investments	20	20
Less impairment	-	-
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:

	Place of incorporation (or registration) and operation	Proportion of ownership interest %	Proportion of voting power held %
NE Growth 500 Plus LP Registered office Unit J, Yale Business Village, Ellice Way, Wrexham, LL13 7YL	UK	20	20

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 Development Bank of Wales is 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.

8. CREDITORS

	2018	2017
	£	£
Amounts falling due within one year:		
Amounts owed to Group undertakings	20	20

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

9. CALLED UP SHARE CAPITAL

	2018	2017
	£	£
Allotted, called up and fully paid		
1 ordinary share of £1	1	1

The Company has one class of ordinary share which carries no right to fixed income.

10. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The Company's immediate parent undertaking is DBW Managers Limited, a company incorporated in the United Kingdom. Development Bank of Wales plc is the smallest group within which the Company is a member and for which consolidated financial statements are prepared. Welsh Ministers is the largest group within which the group results are consolidated. The registered office address of Development Bank of Wales plc is Unit J, Yale Business Village, Ellice Way, Wrexham, LL13 7YL. Copies of the group financial statements of Development Bank of Wales plc are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ. The consolidated financial statements of Welsh Ministers may be obtained from its registered address, Cathays Park, Cardiff, CF10 3NQ.

Development Bank of Wales plc regards the Welsh Ministers, acting through the Welsh Government, as the ultimate controlling party.

Limited Partnership Registration Number LP14133

THE NORTH WEST FUND FOR BUSINESS LOANS LP

Annual Report and Financial Statements

For the year ended 31 December 2017

THE NORTH WEST FUND FOR BUSINESS LOANS LP

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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PROFESSIONAL ADVISERS

REGISTERED OFFICE

Unit J
Yale Business Village
Ellice Way
Wrexham
LL13 7YL

BANKERS

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

AUDITOR

Deloitte LLP
Statutory Auditor
5 Callaghan Square
Cardiff
United Kingdom

REPORT OF THE MANAGER

The Manager presents the Annual Report and Financial Statements for the year ended 31 December 2017.

Under the terms of the Limited Partnership Agreement dated 15 December 2010, the Manager is responsible for preparing the Annual Report and 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 and the Partnership (Accounts) Regulation 2008. The financial statements have been prepared on the historical cost basis.

The entity is classified as a small limited partnership and is therefore exempt from the requirement to prepare a Strategic Report.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The Partnership is established as a limited partnership under the laws of England and Wales and registered under number LP14133.

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:

	2017	2016
	£	£
Debt	33,853,400	33,853,400

The original investment period for the fund ended on 31 December 2015, however the holding fund agreed an extension of six months to the initial investment period, with remaining funds being targeted at Merseyside. The Fund is now fully invested and activity focuses on portfolio management, ensuring that returns from the portfolio are maximised.

RESULTS

The results for the year are set out on page 7.

PARTNERS

The General Partner of the Partnership during the year was: NW Loans Limited.
The Limited Partner of the Partnership during the year was: North West Business Finance 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 £377,518 (2016: £533,928) was distributed during the year in order to pay the management fee. There were no distributions made to the Limited Partner during the year.

REPORT OF THE MANAGER

GOING CONCERN

The Partnership uses funds provided by the North West Joint European Resources for Micro and Medium Enterprises ("JEREMIE") Fund to make loan investments over a five year investment period ending 31 December 2015. The Partnership is charged with facilitating investment of the funds and subsequent management of such investments until maturity. Repayment of the loan investments will allow repayment of the loans from partners held on the balance sheet. There are no indications from the Limited Partner that there is any intention to change the objective of the JEREMIE funds and as such the Partnership will continue to manage the fund until maturity. In addition, the North West 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 until at least 30 June 2019. 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.

After making enquiries and having reviewed the forecasts for the Partnership, the partners believe there are no material uncertainties that lead to a significant doubt on the Partnership's ability to continue in business over the next 12 months. The Partners have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the next 12 months. Thus, they continue to adopt the going concern basis in preparing the financial statements.

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 Partnership 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 Partnership operates. It is not anticipated that this risk will materially increase during the next 12 months.

The Partnership'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 West 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 and has committed to providing financial support to the Partnership until at least 30 June 2019 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.

THE NORTH WEST FUND FOR BUSINESS LOANS LP

REPORT OF THE MANAGER

AUDITOR

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

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 manager has 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.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

By order of the Manager

D Staziker
For and behalf of the General Partner, NW Loans Limited

MANAGER'S RESPONSIBILITIES STATEMENT

The Limited Partnership Agreement requires the Manager to be responsible for preparing the Report and the Financial Statements in accordance with applicable law and regulations.

Company law as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 (the "Regulations") requires the Manager to prepare Financial Statements for each financial year. Under that law the Manager has prepared the Limited Partnership's Financial Statements in accordance with United Kingdom Generally Accepted Accounting practice (United Kingdom Accounting Standard and applicable law) including FRS 102. Under company law as applied to qualifying partnerships the Manager 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 Limited Partnership and of the profit or loss of the Limited Partnership for that period. In preparing these 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosure and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to do so.

The Manager is also responsible for the management of the Limited Partnership in accordance with its Limited Partnership Agreement and is required to keep proper accounting records that are sufficient to show and explain the Limited Partnership's transactions and which disclose with reasonable accuracy at any time the financial position of the Limited Partnership and to enable them to ensure that the financial statements comply with the Limited Partnership Agreement. It is also responsible for safeguarding the assets of the Limited Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF THE NORTH WEST FUND FOR BUSINESS LOANS LP

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of The North West Fund for Business Loans LP (the 'qualifying partnership') which comprise:

- the statement of income and retained earnings;
- the balance sheet;
- the reconciliation of movement in partners' interests and reserves;
- the cash flow statement; and
- the related notes 1 to 10.

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).

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 auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the qualifying partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 are required by ISAs (UK) to report in respect of the following matters where:

- the manager's use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the qualifying partnership'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.

We have nothing to report in respect of these matters.

Other information

The manager is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's 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.

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF THE NORTH WEST FUND FOR BUSINESS LOANS LP

Report on the audit of the financial statements

Other information (continued)

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 respect of these matters.

Responsibilities of manager

As explained more fully in the manager's responsibilities statement, the manager is 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 manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the manager is responsible for assessing the qualifying partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the manager either intends to liquidate the qualifying partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

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 auditor's report.

Use of our report

This report is made solely to the qualifying partnership'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 qualifying partnership'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 qualifying partnership and the qualifying partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

THE NORTH WEST FUND FOR BUSINESS LOANS LP

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF THE NORTH WEST FUND FOR BUSINESS LOANS LP

Report on other legal and regulatory requirements

Opinions 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 report of the manager for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the report of the manager has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the qualifying partnership and its environment obtained in the course of the audit, we have not identified any material misstatements in the report of the manager.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.
- the manager was not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

David Heaton (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Cardiff, United Kingdom

18 September 2018

STATEMENT OF INCOME AND RETAINED EARNINGS
For the year ended 31 December 2017

	Note		2017		2016
		£	£	£	£
TURNOVER	1		945,451		1,344,076
Administrative expenses:					
Bad debts provided and amounts written off loan receivables		200,675		(255,834)	
Other administrative expenses		(394,475)		(668,372)	
			(193,800)		(924,206)
OPERATING PROFIT	3		751,651		419,870
Interest Receivable	4		123		395
PROFIT FOR THE YEAR			751,774		420,265
PROFIT FOR THE FINANCIAL YEAR, BEING TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO PARTNERS:					
Limited Partner: income accounts			751,774		420,265
Retained losses at the beginning of the year			(2,699,295)		(3,119,560)
Retained losses at the end of the year			(1,947,521)		(2,699,295)

All results relate to continuing activities.

In accordance with the Limited Partnership Agreement, the General Partner has been paid a share of £377,518 (2016: £533,928) for the year, in relation to fund management fee.

BALANCE SHEET
As at 31 December 2017

	Note	2017 £	2016 £
CURRENT ASSETS			
Debtors: amounts falling due within one year	6	2,683,246	3,039,843
Debtors: amounts falling due after more than one year	6	4,191,152	8,978,329
Cash at bank and in hand		53,051	99,183
		6,927,449	12,117,355
CREDITORS: amounts falling due within one year	7	(7,505)	(9,005)
NET CURRENT ASSETS		6,919,944	12,108,350
TOTAL ASSETS LESS CURRENT LIABILITIES		6,919,944	12,108,350
Represented by:			
Capital contribution accounts			
- Partners' capital		36	36
Loan accounts			
- Loans from partners		8,867,429	14,807,609
Income accounts			
- Losses attributable to partners		(1,947,521)	(2,699,295)
		6,919,944	12,108,350

The financial statements of The North West Fund For Business Loans LP, registered number LP14133, were approved by the Partners and authorised for issue on 18 September 2018.

D.J. Staziker

D Staziker
For and behalf of the General Partner, NW Loans Limited

RECONCILIATION OF MOVEMENT IN PARTNERS' INTERESTS AND RESERVES
For the year ended 31 December 2017

	Partners' capital £	Loans from partners £	Loss attributable to partners £	Total partners' interests £
Partners' interests				
At 1 January 2016	36	19,604,148	(3,119,560)	16,484,624
Total comprehensive income for the financial year	-	-	420,265	420,265
Partners' interests after profit for the financial year	36	19,604,148	(2,699,295)	16,904,889
Funds repaid to partners	-	(4,796,539)	-	(4,796,539)
At 1 January 2017	36	14,807,609	(2,699,295)	12,108,350
Total comprehensive income for the financial year	-	-	751,774	751,774
Partners' interests after profit for the financial year	36	14,807,609	(1,947,521)	12,860,124
Funds repaid to partners	-	(5,940,180)	-	(5,940,180)
Partners' interest at 31 December 2017	36	8,867,429	(1,947,521)	6,919,944

CASH FLOW STATEMENT
For the year ended 31 December 2017

	Note	£	2017 £	£	2016 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	8		802,331		675,709
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		123		395	
Net loans recovered		5,091,594		4,205,958	
NET CASH INFLOW FROM INVESTING ACTIVITIES			5,091,717		4,206,353
CASH FLOWS FROM FINANCING ACTIVITIES					
Partners' loans repaid		(5,940,180)		(4,796,539)	
NET CASH OUTFLOW FROM FINANCING ACTIVITIES			(5,940,180)		(4,796,539)
(DECREASE)/INCREASEIN CASH IN THE YEAR	9		(46,132)		85,523
Cash and cash equivalents at beginning of year			99,183		13,660
Cash and cash equivalents at end of year			53,051		99,183

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2017

1. ACCOUNTING POLICIES

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

General information and the basis of accounting:

The North West Fund for Business Loans LP is a limited partnership established under the laws of England and Wales and registered under number LP14133. The LP's registered office is 1 Capital Quarter, Tyndall Street, Cardiff, CF10 4BZ. The nature of the LPs 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 and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

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

Going concern

The Partnership uses funds provided by the North West Joint European Resources for Micro and Medium Enterprises ("JEREMIE") Fund to make loan investments over a five year investment period ending 31 December 2015. The Partnership is charged with facilitating investment of the funds and subsequent management of such investments until maturity. Repayment of the loan investments will allow repayment of the loans from partners held on the balance sheet. There are no indications from the Limited Partner that there is any intention to change the objective of the JEREMIE funds and as such the Partnership will continue to manage the fund until maturity. In addition, the North West 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 until at least 30 June 2019. 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.

After making enquiries and having reviewed the forecasts for the Partnership, the partners believe there are no material uncertainties that lead to a significant doubt on the Partnership's ability to continue in business over the next 12 months. The partners have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the next 12 months. Thus, they continue to adopt the going concern basis in preparing the financial statements.

Turnover

Turnover represents interest receivable on loans and early repayment 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.

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.

1. ACCOUNTING POLICIES (CONTINUED)

Impairment of Financial Assets (continued)

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.

Creditors

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

Interest receivable

Interest income is recognised when it is probable that the economic benefits will flow to the Partnership 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.

Critical judgements in applying the Company's accounting policies

There are no critical accounting judgements in applying the Company's accounting policies

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of financial assets

The Partnership operates a prudent approach to the provisioning against financial assets primarily including investments. Where uncertainty exists, either about the viability of an investee business, or an inability to meet commitments as and when they fall due, a provision will be recognised. Each provision case is proactively managed to identify the causes for concern and to work with investee businesses to effect repayment or recovery of the at-risk investment.

In accordance with the accounting policy on impairment of financial assets, a provision is made only when there is objective evidence that a loss has been incurred for which a collective assessment of a Group of assets may be undertaken. Such a collective assessment requires input of management judgement and estimation. Management judgement is supported by consideration of underlying trends of historical data regarding the probability of default or failure of the investee business.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2017

1. ACCOUNTING POLICIES (continued)

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 West Fund For Business Loans LP had no employees during either year.

3. OPERATING PROFIT

	2017 £	2016 £
Operating profit is after:		
Auditor's remuneration for the auditing of the financial statements	6,500	9,000
General Partner's management fee	377,518	533,928

4. INTEREST RECEIVABLE

The interest received during the year relates to bank interest.

5. TAXATION

The Partnership is not liable to tax therefore there is no taxation expense for the current or the prior financial year.

6. DEBTORS

	2017 £	2016 £
Due within one year:		
Loans receivable	2,683,246	3,039,843
	2,683,246	3,039,843
Due after more than one year:		
Loans receivable	4,191,116	8,978,293
Other debtors	36	36
	4,191,152	8,978,329

The Partnership enters into agreements to advance loans to Small and Medium Enterprises (SMEs) in the North West of England. The interest rate inherent in the loans is fixed at the contract date for all of the loan term. The average effective interest rate contracted is approximately 9.02% per annum (2016: 8.22%).

The total capital committed by the Limited Partner is £35 (2016: £35). This was unpaid as at the year end and is included within the debtor balance.

The total capital committed by the General Partner is £1 (2016: £1). This was unpaid as at the year end and is included within the debtor balance.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2017

7. CREDITORS

	2017 £	2016 £
Amounts falling due within one year:		
Accruals	7,500	9,000
Other creditors	5	5
	7,505	9,005

8. NOTES TO THE CASH FLOW STATEMENT

	2017 £	2016 £
Operating profit	751,651	419,870
(Impairments released)/impairments against loans and receivables	(392,949)	257,432
Amounts written-off loans receivable	445,129	(1,598)
(Decrease)/increase in creditors	(1,500)	5
Net cash inflow from operating activities	802,331	675,709

9. ANALYSIS AND RECONCILIATION OF NET DEBT

	At 1 January 2017 £	Cash flow £	At 31 December 2017 £
Cash at bank and in hand	99,183	(46,132)	53,051

10. RELATED PARTY TRANSACTIONS AND CONTROLLING PARTY

During the year, the Partnership paid NW Loans Limited (the General Partner) a share of £377,518 (2016: £533,928) in order to fund the management fees. In addition, funds of £5,940,180 were returned by the Partnership to the Limited Partner (2016: £4,796,539).

The ultimate parent and controlling party is North West Business Finance Limited whose registered offices are located at 98 Wilderspool Causeway, Warrington, WA4 6PU. The partnership is not consolidated into any of its partners' or the ultimate controlling party's financial statements as they are exempt from preparation of consolidated financial statements.

Limited Partnership Registration Number LP013802

THE NORTH EAST GROWTH 500 PLUS LIMITED PARTNERSHIP

Annual Report and Financial Statements

For the year ended 31 March 2018

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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PROFESSIONAL ADVISERS

REGISTERED OFFICE

Unit J
Yale Business Village
Ellice Way
Wrexham
LL13 7YL

BANKERS

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

AUDITOR

Deloitte LLP
Statutory Auditor
Cardiff
United Kingdom

REPORT OF THE MANAGER

The Manager presents the Annual Report and the Financial Statements for the year ended 31 March 2018.

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.

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

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The partnership is established as a limited partnership under the laws of England and Wales and registered under number LP013802.

The principal activity of the Limited 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:

	2018 £	2017 £
Debt	22,270,893	22,270,893
Equity	2,429,107	2,429,107
	24,700,000	24,700,000

The Fund is now fully invested and activity focuses on portfolio management, ensuring that returns from the portfolio are maximised.

There were no significant events since the balance sheet date.

RESULTS

The results for the year are set out on page 8.

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 £188,051 (2017: £254,371) 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. There are no indications from the Limited Partner that there is any intention to change the objective of the fund and as such, the partnership will continue to manage the fund until maturity. 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.

REPORT OF THE MANAGER

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 partnership 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 partnership operates. It is not anticipated that this risk will materially increase during the next 12 months.

The partnership'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 partnership until at least 30 September 2019 to ensure the partnership can continue to meet its financial obligations as they fall due. The loan from the Limited 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

G Thorley
Director
NE Growth 500 LP Limited

MANAGER'S RESPONSIBILITIES STATEMENT

The Limited Partnership Agreement requires the Manager to be responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 (the "Regulations") requires the Manager to prepare financial statements for each financial year. Under that law the Manager has prepared the Limited Partnership's Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including. FRS 102. Under company law as applied to qualifying partnerships the Manager 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 Limited Partnership and of the profit or loss of the Limited Partnership for that period. In preparing these 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 do so.

The Manager is also responsible for the management of the Limited Partnership in accordance with its Limited Partnership Agreement and is required to keep proper accounting records that are sufficient to show and explain the Limited Partnership's transactions and which disclose with reasonable accuracy at any time the financial position of the Limited Partnership and to enable them to ensure that the financial statements comply with the Limited Partnership Agreement. It is also responsible for safeguarding the assets of the Limited 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 manager has 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.**

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships.

We have audited the financial statements of North East Growth 500 Plus Limited Partnership (the 'qualifying partnership') which comprise:

- the statement of income and retained earnings;
- the balance sheet;
- the reconciliation of movement in partners' interests and reserves;
- the cashflow statement;
- the related notes 1 to 10.

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).

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 auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the qualifying partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 are required by ISAs (UK) to report in respect of the following matters where:

- the members' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the qualifying partnership'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.

We have nothing to report in respect of these matters.

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

Other information

The members are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's 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 respect of these matters.

Responsibilities of members

As explained more fully in the members' responsibilities statement, the members 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 members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the qualifying partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the qualifying partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

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 auditor's report.

Use of our report

This report is made solely to the qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships. Our audit work has been undertaken so that we might state to the qualifying partnership'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 qualifying partnership and the qualifying partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Opinions 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 report of the manager for the year for which the financial statements are prepared is consistent with the financial statements; and
- the report of the manager has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the qualifying partnership and its environment obtained in the course of the audit, we have not identified any material misstatements in the report of the manager.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to qualifying partnerships we are required to report in respect of the following matters 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 members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

We have nothing to report in respect of these matters.

David Heaton (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Cardiff, United Kingdom

18 September 2018

STATEMENT OF INCOME AND RETAINED EARNINGS
For the year ended 31 March 2018

	Note	2018	2017
		£	£
TURNOVER		636,804	823,622
Administrative expenses:			
Bad debts provided and amounts written off loan receivables		(743,753)	(360,473)
Amounts released against fixed asset investments		-	262,038
Other administrative expenses	4	(199,293)	(260,863)
Total Administrative expenses		(943,046)	(359,298)
(Loss)/gain from the disposal of equity investments		-	(205,996)
(LOSS)/PROFIT FOR THE YEAR BEFORE TAX		(306,242)	258,328
Tax on (loss)/profit	5	-	-
(LOSS)/PROFIT FOR THE YEAR, BEING TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO PARTNERS		(306,242)	258,328
APPROPRIATIONS OF NET (LOSS)/PROFIT FOR THE FINANCIAL YEAR			
Limited Partner: income accounts		306,242	(258,328)
Limited Partner: capital accounts		-	-
Retained losses at the beginning of the year		4,364,583	4,622,911
Retained losses at the end of the year		4,670,825	4,364,583

All results relate to continuing activities.

In accordance with the Limited Partnership Agreement, the General Partner has been paid a share of £188,051 (2017: £254,371) for the year, in relation to fund management fee.

BALANCE SHEET
As at 31 March 2018

	Note	2018 £	2017 £
CURRENT ASSETS			
Debtors: amounts falling due within one year	6	1,244,688	1,940,697
Debtors: amounts falling due after more than one year	6	1,789,938	5,526,559
Cash at bank and in hand		25,880	24,900
		3,060,506	7,492,156
CREDITORS: amounts falling due within one year	7	(5,800)	(4,800)
NET CURRENT ASSETS		3,054,706	7,487,356
TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS		3,054,706	7,487,356
Represented by:			
Capital contribution accounts			
- Partners' capital		100	100
Loan accounts			
- Loans from partners		7,725,431	11,851,839
Income accounts			
- Losses attributable to partners		(4,670,825)	(4,364,583)
		3,054,706	7,487,356

The financial statements of The North East Growth 500 Plus Limited Partnership, registered number LP013802, were approved by the Partners and authorised for issue on 18 September 2018.

G Thorley
For and behalf of the General Partner, NE Growth 500 LP Limited

RECONCILIATION OF MOVEMENTS IN PARTNERS' INTERESTS AND RESERVES
For the year ended 31 March 2018

	Partners' capital £	Loans from partners £	Other reserves £	Total partners' interests £
Partners' interests				
At 1 April 2016	100	11,519,115	(4,622,911)	6,896,304
Profit for the financial year	-	-	258,328	258,328
Partners' interests after profit for the financial year	100	11,519,115	(4,364,583)	7,154,632
Funds introduced by partners	-	332,724	-	332,724
At 1 April 2017	100	11,851,839	(4,364,583)	7,487,356
Profit for the financial year	-	-	(306,242)	(306,242)
Partners' interests after profit for the financial year	100	11,851,839	(4,670,825)	7,181,114
Funds repaid to partners	-	(4,126,408)	-	(4,126,408)
Partners' interest at 31 March 2018	100	7,725,431	(4,670,825)	3,054,706

The total capital committed by the Limited Partner is £80 (2017: £80), all of which has been contributed as at 31 March 2017 and 2018.

The total capital committed by the General Partner is £20 (2017: £20). This was unpaid as at the current and prior year-end and is included within the debtor balance for the current and prior year-end.

CASH FLOW STATEMENT
For the year ended 31 March 2018

	Note	£	2018 £	£	2017 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	8		573,966		448,154
CASH FLOWS FROM INVESTING ACTIVITIES					
Net loans (made)/recovered		3,553,422		(812,920)	
Net equity (invested)/realised		-		56,042	
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES			3,553,422		(756,878)
CASH FLOWS FROM FINANCING ACTIVITIES					
Partners' loans (repaid)/introduced		(4,126,408)		332,724	
NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES			(4,126,408)		332,724
NET INCREASE IN CASH AND CASH EQUIVALENTS	9		980		24,000
Cash and cash equivalents at beginning of year			24,900		900
Cash and cash equivalents at end of year			25,880		24,900

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

1. ACCOUNTING POLICIES

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

General information and the basis of accounting

The North East Growth 500 Plus Limited Partnership is a limited partnership (LP) established under the laws of England and Wales and registered under number LP013802. The LP's registered office is Unit J, Yale Business Village, Ellice Way, Wrexham, LL13 7YL. The nature of the LPs 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 financial statements are presented in Sterling (£). This is the functional currency of the entity.

Going concern

The partnership has no capital committed to it, which is outstanding. There are no indications from the Limited Partner that there is any intention to change the objective of the fund and as such, the partnership will continue to manage the fund until maturity. 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.

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 partnership'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.

Creditors

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

1. ACCOUNTING POLICIES (CONTINUED)

Turnover

Turnover represents interest receivable on loans, repayment premium, early repayment fees 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. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Limited Partnership's accounting policies, which are described in note 1 above, 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.

<u>Critical accounting judgements</u>

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Limited Partnership's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Going Concern

In preparing the financial statements, the partners have concluded that the Limited Partnership is a going concern and have assumed that it will be able to continue to trade in line with its business plan, realising the value of assets and liabilities in the normal course of business.

This judgement has significant impact on the valuation and presentation of the balance sheet as, if the Limited Partnership were no longer a going concern, the carrying value would need to be restated to market value for assets and settlement values for liabilities. Significant items affected would include non-current assets, loans, and deferred income.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of financial assets

The partnership operates a prudent approach to the provisioning against financial assets primarily including investments. Where uncertainty exists, either about the viability of an investee business, or an inability to meet commitments as and when they fall due, a provision will be recognised. Each provision case is proactively managed to identify the causes for concern and to work with investee businesses to effect repayment or recovery of the at-risk investment.

In accordance with the accounting policy on impairment of financial assets, a provision is made only when there is objective evidence that a loss has been incurred for which a collective assessment of a group of assets may be undertaken. Such a collective assessment requires input of management judgement and estimation. Management judgement is supported by consideration of underlying trends of historical data regarding the probability of default or failure of the investee business.

3. EMPLOYEES

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

4. OTHER ADMINISTRATIVE EXPENSES

	2018 £	2017 £
Other administrative expenses includes:		
Auditor's remuneration - audit	4,500	4,800
General Partner's management fee	188,051	254,371

There were no non-audit fees during the year. (2017: £nil)

5. TAX ON PROFIT

The partnership is not liable to tax therefore there is no taxation charge for the current or the prior financial year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

6. DEBTORS

	2018 £	2017 £
Due within one year:		
Loans receivable	1,175,808	1,816,860
Other Debtors	68,880	123,837
	1,244,688	1,940,697
Due after more than one year:		
Loans receivable	1,745,287	5,401,410
Other debtors	44,651	125,149
	1,789,938	5,526,559

The partnership entered into agreements to advance loans to Small and Medium Enterprises (SMEs) in the North East of England. The average term of loans entered into is 4 years. The interest rate inherent in the loans is fixed at the contract date for all of the loan term. The average effective interest rate contracted is approximately 9% per annum. The fund is now fully invested and activity focuses on portfolio management.

7. CREDITORS

	2018 £	2017 £
Amounts falling due within one year:		
Accruals	5,800	4,800

8. NOTES TO THE CASH FLOW STATEMENT

	2018 £	2017 £
Operating (loss)/profit	(306,242)	258,328
Bad debts provided and amounts written-off loans receivable	743,753	360,473
Amounts provided and written-off against fixed asset investments	(454,107)	(262,038)
Loss/(gain) on disposal of equity investments	454,107	205,996
Decrease/(increase) in debtors	135,455	(65,567)
Increase/(decrease) in creditors	1,000	(49,038)
Net cash inflow from operating activities	573,966	448,154

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

9. ANALYSIS AND RECONCILIATION OF NET DEBT

	At 1 April 2017	Cash flow	At 31 March 2018
	£	£	£
Cash at bank and in hand	24,900	980	25,880

10. 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 £188,051 (2017 - £254,371).

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.