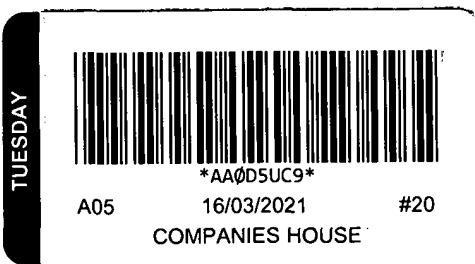


**FW DEVELOPMENT CAPITAL  
(NORTH WEST) GP LIMITED**

**Annual Report and Financial Statements**

**For the year ended 31 March 2020**



# **FW DEVELOPMENT CAPITAL (NORTH WEST) GP LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

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# **FW DEVELOPMENT CAPITAL (NORTH WEST) GP LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

G Thorley  
M Owen  
D Staziker  
G Guest (appointed 21 August 2019)  
J Whitfield (appointed 21 August 2019)

### **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 the audited Financial Statements for the year ended 31 March 2020.

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 manages a fund of £10 million to invest in Small and Medium Enterprises in the North West of England.

The results for the financial year are set out on page 8. This Company was not set up to generate a surplus, rather as a vehicle to manage the relevant transactions in respect of the North West Business Finance Limited contract, this activity is expected to continue. The fund is fully invested so there have been no investments in this financial year. (2019 - £nil).

The financial position of the company is set out in the balance sheet on page 9.

## **GOING CONCERN**

The Company is financed through fees received for the provision of fund management services. The fund management service arrangement, together with the management arrangement with the Company's immediate parent undertaking, is structured such that the Company will not make losses for the foreseeable future subject to compliance with both arrangements. The directors expect the Company to comply with such arrangements for the foreseeable future.

The directors concluded that they have a reasonable expectation that the Company will continue to operate on a break even basis 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.

## **COVID-19**

Prior to the year end in March 2020 significant economic and social disruption has arisen from the Covid-19 pandemic.

The Company has invoked business continuity plans whilst it seeks to serve and support its managed funds throughout the pandemic while maintaining the safety and well-being of staff. Staff are working from home whilst the UK Government has introduced lockdown measures.

The Company continues to work with its stakeholders in order to minimise any economic disruption that Covid-19 might occasion. The Company believes that its activities are secure and it is not anticipated that the impact of the pandemic is likely to be significant or materially increase during the next 12 months.

## **BREXIT**

On the 31 January 2020 the UK ceased to be a member of the EU and entered into an 11 month transition period with the EU while the future trading relationship is negotiated. As a result there remains uncertainty in the UK and Europe in relation to Brexit.

The Company continues to work with its stakeholders in order to minimise any economic disruption that the process might occasion. The Company believes that its activities are secure and it is not anticipated that the impact of Brexit is likely to be significant or materially increase during the next 12 months.

## **DIRECTORS**

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

## **DIRECTORS' INDEMNITIES**

The Development Bank of Wales Group has made qualifying third party indemnity provisions for the benefit of all directors, the cost of which was not recharged to the Company. These were in force during the financial year and remained in force at the date of approval of the financial statements.

## **POLITICAL DONATIONS**

The company made no political donations during 2020 (2019: nil)

## **DIRECTORS' REPORT**

### **SUBSEQUENT EVENTS**

There are no subsequent events to report.

### **AUDITOR**

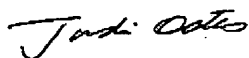
In the case of each of the persons who are directors of the Company at the date when this report is approved:

- 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.

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. As a result of the ongoing Covid-19 pandemic, the Group has taken the decision to extend the current external audit contract for a further year.

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 the Financial Statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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.

# **FW DEVELOPMENT CAPITAL (NORTH WEST) GP LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FW DEVELOPMENT CAPITAL (NORTH WEST) GP LIMITED**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of FW Development Capital (North West) GP Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2020 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 8.

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.

## **FW DEVELOPMENT CAPITAL (NORTH WEST) GP LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FW DEVELOPMENT CAPITAL (NORTH WEST) GP 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](http://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.



# **FW DEVELOPMENT CAPITAL (NORTH WEST) GP LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FW DEVELOPMENT CAPITAL (NORTH WEST) GP LIMITED**

### **Matters on which we are required to report by exception**

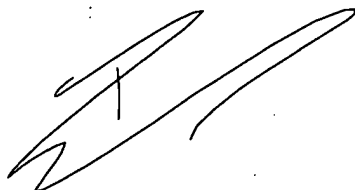
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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 to 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 Rozier (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Cardiff, United Kingdom

10 November 2020

# FW DEVELOPMENT CAPITAL (NORTH WEST) GP LIMITED

## PROFIT AND LOSS ACCOUNT For the year ended 31 March 2020

	Note	2020	2019 £
<b>TURNOVER</b>	3	28,989	80,954
Administrative expenses	4	<u>(28,989)</u>	<u>(80,954)</u>
<b>RESULT BEFORE TAXATION</b>		-	-
Tax on result	6	<u>-</u>	<u>-</u>
<b>RESULT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE OWNER OF THE COMPANY</b>		<u>-</u>	<u>-</u>

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.


# FW DEVELOPMENT CAPITAL (NORTH WEST) GP LIMITED

## BALANCE SHEET As at 31 March 2020

		2020	2019
	Note	£	£
<b>CURRENT ASSETS</b>			
Cash at bank and in hand		1	1
		<u>1</u>	<u>1</u>
<b>NET CURRENT ASSETS, BEING NET ASSETS</b>		<u>1</u>	<u>1</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS</b>		<u>1</u>	<u>1</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	7	1	1
Profit and loss account		<u>-</u>	<u>-</u>
<b>TOTAL SHAREHOLDER'S FUNDS</b>		<u>1</u>	<u>1</u>

The financial statements of FW Development Capital (North West) GP Limited, registered number 08355233, were approved by the Board of Directors and authorised for issue on 10 November 2020.

Signed on behalf of the Board of Directors



D Staziker  
Director

# FW DEVELOPMENT CAPITAL (NORTH WEST) GP LIMITED

## STATEMENT OF CHANGES IN EQUITY For the year ended 31 March 2020

	Called up share capital £	Profit and loss account £	Total £
Balance at 1 April 2018	1	-	1
Total comprehensive income for the financial year	-	-	-
Balance at 31 March 2019	1	-	1
Total comprehensive income for the financial year	-	-	-
Balance at 31 March 2020	1	-	1

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

### 1. ACCOUNTING POLICIES

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

#### **Basis of accounting**

FW Development Capital (North West) GP 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 have been prepared on the historical cost basis and on a going concern basis as discussed in the Director's report on page 2. 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.

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

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to the financial instruments, presentation of a statement of cash flows and standards not yet effective. 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.

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 8.

#### **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 IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2019.

#### **IFRS 16 : Leases**

The adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 March 2020**

### **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. All turnover relates to one class of business and arises in the UK. Revenue is measured based on the consideration specified in a contract with a customer. The company recognises revenue when performance obligations have been satisfied.

### **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 2020****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, or 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:

	2020 £	2019 £
Management fees	28,989	80,954

**4. AUDITOR'S REMUNERATION**

	2020 £	2019 £
Fees borne by FW Capital Limited in relation to the audit of the company's annual financial statements	3,120	2,970
<b>Other services</b>		
Fees borne by FW Capital Limited in relation to tax compliance services	1,379	1,339

**5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

None of the directors received any emoluments from the Company in the current or 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 prior financial year.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2020

#### 6. TAX ON RESULT

	2020 £	2019 £
<b>Current taxation</b>		
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:		
	2020 £	2019 £
Result before tax	-	-
Tax on result at standard UK corporation tax rate of 19% (2019:19%).	-	-
<b>Effects of</b>		
Expenses not deductible	-	(1)
Income not taxable	(5,508)	(15,381)
Effects of Group Relief/other reliefs	(6,603)	(47,309)
Partnership share	12,111	62,691
<b>Total taxation charge</b>	-	-

The deferred tax asset in respect of timing differences relating to non-trade financial losses and excess management expenses was nil in the current year (2019 – nil).

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. This reduction was reversed, and the reversal substantively enacted in March of 2020 such that the main rate of corporation tax remains at 19%.

#### 7. CALLED-UP SHARE CAPITAL

	2020 £	2019 £
<b>Authorised and allotted</b>		
1 ordinary shares of £1 each	1	1
<b>Allotted, called up and fully paid</b>		
1 ordinary share of £1 each	1	1

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

#### 8. 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 parent undertaking and ultimate controlling party.

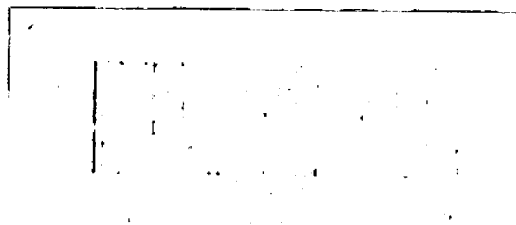


**Limited Partnership Registration Number LP015386**

**NORTH WEST MEZZANINE LOANS LP**

**Annual Report and Financial Statements**

**For the year ended 31 December 2019**



**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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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

## NORTH WEST MEZZANINE LOANS LP

### REPORT OF THE MANAGER

The Manager, FW Capital Limited, presents the Annual Report and the audited Financial Statements for the year ended 31 December 2019.

Under the terms of the Limited Partnership Agreement dated 31 January 2013, 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 LP15386.

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:

	2019 £	2018 £
Debt	9,181,000	9,181,000

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 focusses on portfolio management, ensuring that returns from the portfolio are maximised.

### RESULTS

The results for the period are set out on page 9.

### PARTNERS

The General Partner of the Partnership during the period was: FW Development Capital (North West) GP Limited.  
The Limited Partner of the Partnership during the period 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 £37,988 (2018: £93,986) was distributed during the period in order to pay the management fee. There were no distributions made to the Limited Partner during the period.

### 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 on 31 December 2015 which was extended for a further six month period. The Partnership is charged with facilitating investment of the funds and subsequent management of such investments until maturity. 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.

The Partnership pays its liabilities (fund management fee and fund operating costs such as audit and legal fees as disclosed in the income statement) from loan repayments received. If there are insufficient loan repayments received in a month to meet operating costs (for example as a result of the timing of scheduled loan repayments) due then the Partnership makes a funding request from the Limited Partners to meet these costs from repayments received.

**REPORT OF THE MANAGER****GOING CONCERN (CONTINUED)**

Any surplus from loan repayments received in a month after meeting the Partnership's liabilities is returned to the Limited Partners. Repayment of the Limited Partner's investment into the Partnership has no specified repayment amounts or timings and as such does not impact the Partnership's going concern assessment. These arrangements mean that any potential increase in provisions arising from the Covid-19 pandemic against the fund's loan investments does not affect the Partnership's ability to continue as a going concern.

As at the signing date, no default event has occurred as specified by the limited partnership agreement. The Partnership has no concerns about the liquidity of its Limited Partners, to meet any contractual funding requests.

The Partners have made an assessment of going concern, taking into account both current performance and the Partnership outlook which considered the impact of the Covid-19 pandemic and the Brexit process. As part of the assessment of going concern the Partners made enquiries and reviewed forecasts for the Partnership including considering the recoverability of the outstanding loan investments and investment repayments made and the Partners believe there are no material uncertainties that lead to significant doubt on the Partnership's ability to continue in business over the next 12 months.

The Partners concluded that they have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the 12 month period from the date of signing this report. Accordingly they continue to adopt the going concern basis of 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 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 2020 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**

On the 31 January 2020 the UK ceased to be a member of the EU and entered into an 11 month transition period with the EU while the future trading relationship is negotiated. As a result there remains uncertainty in the UK and Europe in relation to Brexit.

The principal activity of the Partnership is the provision of financial support to businesses and as such, the Partnership is exposed to the uncertainties that may be attached to the continuing Brexit process. The most significant impact arises in respect of credit risk relating to the performance of the Partnership's portfolio of loans to customers. Credit risk may be adversely affected by the potential uncertainties associated with the UK Brexit process. The Partnership has no industry specific concentration of credit risk as its exposure is spread over a number of companies, but the geographical concentration of risk to the North West of England may increase the overall risk exposure to Brexit.

Investment executives of the GP maintain close relationships with the companies that the Partnership has made loans to, in order to monitor credit risk, including any impact on these companies of Brexit. Where any company becomes distressed, the Partnership endeavours to support the company in order to realise the best outcome for the company and the Partnership.

The Partnership continues to work with its stakeholders in order to minimise any economic disruption that the process might occasion.

**REPORT OF THE MANAGER**

**NON ADJUSTING POST BALANCE SHEET EVENT**

On 31 December 2019, the World Health Organisation ("WHO") was informed that a limited number of cases of pneumonia, of an unknown cause, were detected in Wuhan, Hubei. On 7 January 2020, Chinese authorities identified a new type of coronavirus (COVID-19) as the cause. The first cases of COVID-19 were confirmed in Hong Kong on 23 January 2020.

Since 31 December 2019, the development and spreads of COVID-19 has resulted in the occurrence of a multitude of associated events. Among these are the identification of the virus, its spreads in the terms of number of infected and geographical prevalence, action taken by government and non-governmental organizations, actions taken by private entities, and the resulting economic effects of these.

The disruptive impact on the global and UK economy is resulting in falling investment and consumer spending and diminishing trade views with Government mitigating actions being uncertain both in terms of timing and impact. The financial services sector may be adversely impacted by deteriorating risk profile, market uncertainty, declining liquidity and curtailed operational capacity.

During late March, early April, unprecedented levels of business support packages were unveiled by the UK Government, the set up £330bn of funding for businesses across the UK including such things as the Coronavirus Business Interruption Loan Scheme (CBILS), the Bounce Back Loan Scheme and a furlough scheme to contribute to employee pay. The UK Government is continuing to support business by extending the furlough scheme by a further three months to 30 September 2020 to help businesses weather the Covid-19 lockdown.

The Manager has carefully considered the potential impact of COVID-19 on preparation of the 2019 Financial Statements. The pandemic, the impact on the economy and the various protective actions by the Government were matters that arose in 2020 and do not affect the state of the Partnership's affairs as at 31 December 2019. The Manager has also assessed the potential impact upon future performance, considering effects in respect of customer payments and defaults, including forbearance measures already announced by the UK Government.,

Due to the wide-ranging nature and level of uncertainty of the event, it is challenging to predict the full extent and the financial effect cannot currently be evaluated with a high degree of certainty. The pandemic should be regarded as a non-adjusting post balance sheet event with no adjustment made to the financial statements.

There are no other material post balance sheet events.

**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 on behalf of the General Partner, FW Development Capital (North West) GP Limited

## MANAGER'S RESPONSIBILITIES STATEMENT

The Limited Partnership Agreement requires the Manager to be responsible for preparing the Annual 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.

## **NORTH WEST MEZZANINE LOANS LP**

### **INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF NORTH WEST MEZZANINE LOANS LP**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of North West Mezzanine Loans LP (the 'qualifying partnership'):

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2019 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.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the reconciliation of movement in partners' interests and reserves;
- the cash flow statement; and
- the related notes 1 to 11.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, 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 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 managers' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the managers 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.

##### **Other information**

The managers 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.



INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF NORTH WEST MEZZANINE 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 managers**

As explained more fully in the managers' responsibilities statement, the managers 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 managers 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 managers 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 managers 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://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 report of the manager for the period 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 or the managers' report.

**INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF NORTH WEST MEZZANINE LOANS LP**

**Report on the audit of the financial statements**

**Matters on which we are required to report by exception**

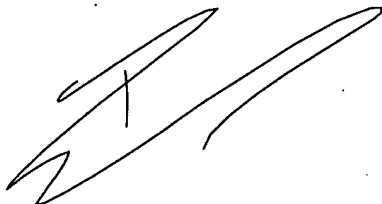
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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 managers' 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.

**Use of our report**

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



David Rozier (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Cardiff, United Kingdom

1 October 2020

# NORTH WEST MEZZANINE LOANS LP

## PROFIT AND LOSS ACCOUNT For the year ended 31 December 2019

	Note	2019 £	2018 £
<b>TURNOVER</b>	3	61,745	295,447
Administrative expenses:			
Bad debts provided and amounts written off loan receivables		(19,837)	(28,815)
Other administrative expenses		(44,047)	(97,946)
<b>OPERATING (LOSS)/PROFIT</b>	5	<u>(2,139)</u>	<u>168,686</u>

All results relate to continuing activities.

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.

# NORTH WEST MEZZANINE LOANS LP

## BALANCE SHEET As at 31 December 2019

	Note	2019 £	2018 £
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	7	257,969	358,843
Debtors: amounts falling due after more than one year	7	234,858	1,175,187
Cash at bank and in hand	10	1,765	303,992
		<u>494,592</u>	<u>1,838,022</u>
<b>CREDITORS: amounts falling due within one year</b>	8	(4,963)	(2,625)
<b>NET CURRENT ASSETS</b>		<u>489,629</u>	<u>1,835,397</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>489,629</u>	<u>1,835,397</u>
<b>Represented by:</b>			
<b>Capital contribution accounts</b>			
- Partners' capital		1,250	1,250
<b>Loan accounts</b>			
- Loans from partners		(111,960)	1,231,669
<b>Income accounts</b>			
- Retained earnings attributable to partners		600,339	602,478
		<u>489,629</u>	<u>1,835,397</u>

The financial statements of North West Mezzanine Loans LP, registered number LP015386, were approved by the Partners and authorised for issue on 1 October 2020.



D Staziker

For and behalf of the General Partner, FW Development Capital (North West) GP Limited

# NORTH WEST MEZZANINE LOANS LP

## RECONCILIATION OF MOVEMENT IN PARTNERS' INTERESTS AND RESERVES For the year ended 31 December 2019

	Partners' capital  £	Loans from partners  £	Retained earnings attributable to partners  £	Total partners' interests  £
<b>Partners' interests</b>				
At 1 January 2018	1,250	2,565,714	433,792	3,000,756
Total Comprehensive Income for the period	-	-	168,686	168,686
Partners' interests after profit for the period	1,250	2,565,714	602,478	3,169,442
Funds repaid to partners	-	(1,334,045)	-	(1,334,045)
At 1 January 2019	1,250	1,231,669	602,478	1,835,397
Total Comprehensive Income for the period	-	-	(2,139)	(2,139)
Partners' interests after profit for the period	1,250	1,231,669	600,339	1,833,258
Funds repaid to partners	-	(1,343,629)	-	(1,343,629)
<b>Partners' interest at 31 December 2019</b>	<u>1,250</u>	<u>(111,960)</u>	<u>600,339</u>	<u>489,629</u>

The total capital committed by the Limited Partner is £250 (2018: £250), all of which had been contributed as at 31 December 2019.

The total capital committed by the General Partner is £1,000 (2018: £1,000). This was unpaid as at the year end and is included within the debtor balance.

**NORTH WEST MEZZANINE LOANS LP**

**CASH FLOW STATEMENT**  
For the year ended 31 December 2019

	Note	£	2019 £	£	2018 £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	9		41,515		206,669
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Loans recovered		999,887		1,431,118	
<b>NET CASH INFLOW FROM INVESTING ACTIVITIES</b>			999,887		1,431,118
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Partners' loans repaid		(1,343,629)		(1,334,045)	
<b>NET CASH OUTFLOW FROM FINANCING ACTIVITIES</b>			(1,343,629)		(1,334,045)
<b>(DECREASE)/INCREASE IN CASH IN THE YEAR</b>	10		(302,227)		303,742
Cash and cash equivalents at beginning of year			303,992		250
Cash and cash equivalents at end of year	10		1,765		303,992

Cash and cash equivalents comprise cash and short term bank deposits with an original maturity of three months or less.

The carrying value of these assets is approximately equal to their fair value.

## **NORTH WEST MEZZANINE LOANS LP**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2019**

#### **1. ACCOUNTING POLICIES**

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

##### **General information and the basis of accounting**

The North West Mezzanine Loans LP is a limited partnership established under the laws of England and Wales and registered under number LP015386. The LP's registered office is Unit J, Yale Business Village, Ellice Way, Wrexham, LL13 7YL. The nature of the LP's operations and its principal activities are set out in the Report of the Manager on page 2.

These financial statements have been prepared on the going concern basis as discussed in the Report of the Manager, 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.

##### **Turnover**

Turnover represents interest receivable on loans, premiums and fees associated with early repayment of 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.

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.

##### **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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2019**

**1. ACCOUNTING POLICIES (CONTINUED)**

**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.

**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.

**Critical accounting judgements**

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 2019

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

## Key sources of estimation uncertainty (continued)

*Impairment of financial assets (continued)*

Collective assessments of impairment use a number of inputs including the partnership's past experience of debt recovery with regard to security valuations and resulting recoveries. Changes to these inputs within reasonable scenarios do not have a material impact on loan loss provisions. There is a risk that loans that form part of the collective provision assessment deteriorate leading to a requirement for specific provisions. Management have used all reasonable and supportable information to estimate the required provisions against such a population however there remains uncertainty about the future performance of such loans and resultant increases to specific provisions.

*Brexit*

On the 31 January 2020 the UK ceased to be a member of the EU and entered into an 11 month transition period with the EU while the future trading relationship is negotiated. As a result there remains uncertainty in the UK and Europe in relation to Brexit.

The most significant impact arises in respect of credit risk relating to the performance of the Partnership's portfolio of loans to customers. The Partnership continues to work with its stakeholders in order to minimise any economic disruption that the process might occasion. The Partnership believes that the funding provided by the North West Holding Fund is secure and it is not anticipated that the impact of Brexit on the Partnership is likely to be significant or materially increase during the next 12 months.

## 3. TURNOVER

	2019 £	2018 £
Interest receivable on loans	61,745	293,943
Early repayment fees	-	1,504
	<u>61,745</u>	<u>295,447</u>

## 4. EMPLOYEES

North West Mezzanine Loans LP had no employees during the current or prior financial year.

## 5. OPERATING (LOSS)/PROFIT

	2019 £	2018 £
Operating (loss)/profit is after:		
Impairment losses recognised on loans receivable carried at amortised cost	19,837	28,815
Auditor's remuneration for the auditing of the financial statements	3,748	2,625
General Partner's management fee	<u>37,988</u>	<u>93,986</u>

## 6. TAXATION

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

# NORTH WEST MEZZANINE LOANS LP

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2019

### 7. DEBTORS

	2019 £	2018 £
Due within one year:		
Loans receivable	315,336	350,678
Less impairment	(65,449)	(368)
	<u>249,887</u>	<u>350,310</u>
Other Debtors	8,082	8,533
	<u>257,969</u>	<u>358,843</u>
Due after more than one year:		
Loans receivable	358,446	1,538,536
Less impairment	(123,588)	(384,377)
	<u>234,858</u>	<u>1,154,159</u>
Other debtors	-	21,028
	<u>234,858</u>	<u>1,175,187</u>

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 9.36% per annum (2018: 9.71%).

### 8. CREDITORS

	2019 £	2018 £
Amounts falling due within one year:		
Accruals	4,963	2,625
	<u>4,963</u>	<u>2,625</u>

### 9. NOTES TO THE CASH FLOW STATEMENT

	2019 £	2018 £
Operating (loss)/profit	(2,139)	168,686
Impairment released against loans and receivables	(195,708)	(276,776)
Amounts written-off loans receivable	215,545	305,592
Decrease in other debtors	21,479	10,047
Increase/(decrease) in creditors	2,338	(880)
Net cash inflow from operating activities	<u>41,515</u>	<u>206,669</u>

# NORTH WEST MEZZANINE LOANS LP

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 10. ANALYSIS AND RECONCILIATION OF NET DEBT

	At 1 January 2019 £	Cash flow £	At 31 December 2019 £
Cash at bank and in hand	303,992	(302,227)	1,765

### 11. RELATED PARTY TRANSACTIONS AND CONTROLLING PARTY

During the year, the Partnership paid FW Development Capital (North West) GP Limited a share of £37,988 (2018: £93,986) in order to fund the management fees. In addition, funds of £1,343,629 were repaid by the Partnership to the Limited Partner (2018: £1,334,045).

The immediate and 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.