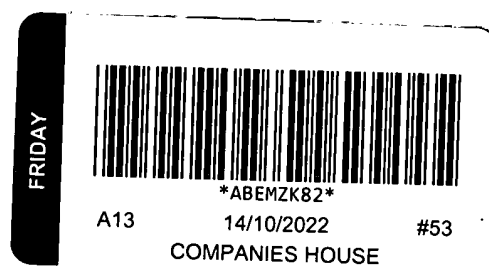


**TVUPB LIMITED**

**Annual Report and Financial Statements**

**For the year ended 31 March 2022**



**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31  
MARCH 2022**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

G Thorley  
M Owen  
D Staziker  
G Guest  
J Whitfield

**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**

Mazars LLP  
Statutory Auditor  
30 Old Bailey  
London  
EC4M 7AU

## **DIRECTORS' REPORT**

The directors present their Annual Report and the audited Financial Statements for the year ended 31 March 2022.

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, Tees Valley Catalyst LP ("the fund"), of £10 million to invest in Small and Medium Enterprises in the Tees Valley area of the North East of England. Returns to the fund are recycled and reinvested as opportunities arise. Since inception the fund has invested £21.6m in 26 companies (2021: £19.3m invested in 25 companies).

The results for the financial year are set out on page 9. This Company operates on a breakeven basis, acting as a vehicle to manage the relevant transactions in respect of a contractual agreement with the Tees Valley Combined Authority; this is expected to continue.

The financial position of the company is set out in the balance sheet on page 10.

### **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 at least 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.

### **RUSSIAN FORCES ENTERING UKRAINE**

On 24 February 2022 Russian forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The directors have carried out an assessment of the potential impact of Russian forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that the greatest impact is expected to be from the economic ripple effect on the global economy, but it is not currently possible to determine the amount of potential impairment to investments.

### **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.

### **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 2022 (2021: nil)

### **SUBSEQUENT EVENTS**

There are no subsequent events to report.

## DIRECTORS' REPORT

### AUDITOR

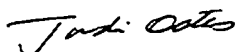
In the case of each of the persons who are directors of the Company at the date when this report is approved:

- 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.

Development Bank of Wales plc (the "Group") of which the Company is a subsidiary, undertook a procurement exercise for external audit services during the 2022 financial year and Mazars LLP were subsequently appointed.

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



J Oates  
Company Secretary  
30 September 2022

## **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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TVUPB LIMITED**

### **Opinion**

We have audited the financial statements of TVUPB Limited (the 'company') for the year ended 31 March 2022 which comprise the profit and loss account, balance sheet, and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework."

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TVUPB LIMITED**

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **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 have been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TVUPB LIMITED

### Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 4 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TVUPB LIMITED

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of the audit 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.



Pauline Pélissier

(Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

30 Old Bailey

London

EC4M 7AU

30 September 2022

**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 March 2022**

	Note	2022 £	2021 £
<b>TURNOVER</b>	3	200,000	200,000
Other administrative expenses	4	<u>(200,000)</u>	<u>(200,000)</u>
<b>RESULT BEFORE TAXATION</b>		-	-
Tax on result	6	<u>-</u>	<u>-</u>
<b>RESULT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO 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 years other than stated in the profit and loss account. Accordingly, no separate Statement of Comprehensive income is presented.

**BALANCE SHEET**  
**As at 31 March 2022**

	Note	2022 £	2021 £
<b>CURRENT ASSETS</b>			
Cash at bank and in hand		1	1
		<u>1</u>	<u>1</u>
<b>NET CURRENT ASSETS</b>		1	1
		<u>1</u>	<u>1</u>
<b>NET ASSETS</b>		1	1
		<u>1</u>	<u>1</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	7	1	1
Profit and loss account		-	-
		<u>1</u>	<u>1</u>
<b>SHAREHOLDER'S FUNDS</b>		1	1
		<u>1</u>	<u>1</u>

The financial statements of TVUPB Limited, registered number 08516331, were approved by the Board of Directors and authorised for issue on 30 September 2022.

Signed on behalf of the Board of Directors



M Owen  
 Director

**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 March 2022**

	<b>Called up share capital £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
<b>Balance at 1 April 2020</b>	1	-	1
Total comprehensive income for the financial year	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2021</b>	1	-	1
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the financial year	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2022</b>	1	-	1
	<hr/>	<hr/>	<hr/>

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2022

#### 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**

TVUPB 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 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.

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

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.

##### **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.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2022

#### 1. ACCOUNTING POLICIES (continued)

##### Taxation (continued)

##### *Deferred tax (continued)*

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.

Fund managers' fees are recognised when it is probable that the economic benefits will flow to the Company and the amount of turnover can be measured reliably. The company recognises turnover over the period to which it relates to and when performance obligations have been satisfied (i.e., as the Company renders its services in its role as fund manager).

#### 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.

##### **Critical judgements in applying the Company's accounting policies**

The following is the critical judgement, that the directors have made in the process of applying the Company's accounting policies and that has the most significant effect on the amounts recognised in the financial statements.

##### *Deferred Tax*

A deferred tax asset has not been recognised on the basis that there is insufficient certainty over the evidence of the recovery of these tax losses in future.

If deferred tax assets were recognised in full this would amount to an asset of £67,724 (2021: £34,132) being recognised before any potential liabilities are taken into account.

##### **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.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2022

#### 3. TURNOVER

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

	2022 £	2021 £
Management fees	<u>200,000</u>	<u>200,000</u>

#### 4. AUDITOR'S REMUNERATION

	2022 £	2021 £
Fees borne by FW Capital in relation to the audit of the company's annual financial statements	<u>3,280</u>	<u>3,280</u>
<b>Other services</b>		
Fees borne by FW Capital in relation to tax compliance	<u>-</u>	<u>1,421</u>

#### 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.

#### 6. TAX ON RESULT

	2022 £	2021 £
<b>Current taxation</b>		
UK corporation tax charge for the year	<u>-</u>	<u>-</u>
The charge for the year can be reconciled to the result in the profit and loss account as follows:		
	£	£
Result before tax	<u>-</u>	<u>-</u>
Tax on result at standard UK corporation tax rate of 19% (2021 - 19%)	-	-
<b>Effects of</b>		
Income not taxable for tax purposes	(38,000)	(38,000)
Amounts not recognised	21,843	24,238
Partnership share	<u>16,157</u>	<u>13,762</u>
<b>Total taxation charge</b>	<u>-</u>	<u>-</u>

A deferred tax asset of £67,724 (2021 - £34,132) has not been recognised in respect of timing differences relating to non-trade financial losses and excess management expenses. The asset would have been recognised if there were sufficient suitable future profits to absorb all such assets.

The main rate of corporation tax is 19%. From 1 April 2023 the main rate of corporation tax will be 25% and this rate has been used to calculate deferred tax in these financial statements.



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2022**

**7. CALLED UP SHARE CAPITAL**

	2022 £	2021 £
<b>Authorised and allotted</b>		
1 ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>
<b>Allotted, called up and fully paid</b>		
1 ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>

The company has one class of ordinary share which carry 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 LP015590**

**TEES VALLEY CATALYST FUND LP**

**Annual Report and Financial Statements**

**For the year ended 31 December 2021**

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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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**

Mazars LLP  
Statutory Auditor  
30 Old Bailey  
London  
EC4M 7AU

## REPORT OF THE MANAGER

The Manager, FW Capital Limited, presents the Annual Report and the audited Financial Statements for the year ended 31 December 2021.

Under the terms of the Limited Partnership Agreement dated 17 July 2013, 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 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 LP015590.

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

Investment since the inception of the Partnership across the North East is as follows:

	2021 £	2020 £
Debt	21,477,969	18,330,769

The Partnership is actively working with the holding fund to identify potential methods of increasing the remit and impact of the fund. In February 2016, the fund had fully invested its original capital of £9.9m and will continue to re-invest capital in line with Investment Operating Guidelines.

There have been no significant events since the balance sheet date.

## RESULTS

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

## PARTNERS

The General Partner of the Partnership during the period was: TVUPB Limited.

The Limited Partner of the Partnership during the period was: Tees Valley Combined Authority.

## 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 £200,000 (2020: £200,000) 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 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 funds and as such the Partnership will continue to manage the fund until maturity.

## REPORT OF THE MANAGER

### GOING CONCERN (continued)

The Fund Management Agreement between the General and Limited Partners includes a number of legal requirements that must be met by the Manager to allow continuing investment and avoid claw backs by the Limited Partner. The Manager has reviewed the historical and forecast performance of the fund as well as compliance with the relevant conditions; the Manager has confirmed satisfactory performance and full compliance with the conditions such that no claw backs are expected for the next 12 months from the date of signing this report. 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 Partnership pays its liabilities (fund management fee and fund operating costs such as audit and legal fees as disclosed in the income statement) from income received. 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.

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 Russian Forces entering Ukraine, Covid-19 pandemic and the UK's exit from the EU. 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, undrawn funding commitments 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 at least.

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 good 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 company 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. The Tees Valley Combined Authority 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 September 2023 and has committed to providing financial support to the Partnership for a period of at least 12 months from the date of signing the financial statements 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 industry specific concentration of credit risk as its exposure is spread over a number of companies. Portfolio executives of the GP maintain 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 the company in order to realise the best outcome for the company and the Partnership.

### RUSSIAN FORCES ENTERING UKRAINE

On 24 February 2022 Russian forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The Partners have carried out an assessment of the potential impact of Russian forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that the greatest impact is expected to be from the economic ripple effect on the global economy, but it is not currently possible to determine the amount of potential impairment to investments.

## TEES VALLEY CATALYST FUND LP

### REPORT OF THE MANAGER

#### AUDITOR

Mazars LLP have 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



M Owen

For and behalf of the General Partner, TVUPB Limited

30 September 2022

## 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.



## TEES VALLEY CATALYST FUND LP

### INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF TEES VALLEY CATALYST FUND LP

#### Opinion

We have audited the financial statements of Tees Valley Catalyst Fund LP (the 'qualifying partnership') for the year ended 31 December 2021 which comprise profit and loss account, balance sheet, reconciliation of movements in partners' interests and reserves, cash flow statement, and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applied to qualifying partnerships.

#### 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

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the qualifying partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

#### 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 we do not express any form of assurance conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006 as applied to qualifying partnerships

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

- the information given in the members' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the members' report have been prepared in accordance with applicable legal requirements.

**INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF TEES VALLEY CATALYST FUND LP**

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

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

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to qualifying partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the members were not entitled to take advantage of the small companies' exemption in preparing the members' report.

**Responsibilities of Members**

As explained more fully in the members' responsibilities statement set out on page 5, 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Qualifying Partnership and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements related to anti-bribery, fraud, health and safety regulation, anti-money laundering regulation; and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of the members as to whether the qualifying partnership is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the qualifying partnership which were contrary to applicable laws and regulations, including fraud.

**INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF TEES VALLEY CATALYST FUND LP**

**Report on other legal and regulatory requirements**

In addition, we evaluated the members' incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to valuation of financial assets and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the members on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of the audit report**

This report is made solely to the qualifying partnership's members as a body in accordance with the 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.



Pauline Pélessier (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

30 Old Bailey

London

EC4M 7AU

30 September 2022

**TEES VALLEY CATALYST FUND LP**

**PROFIT AND LOSS ACCOUNT**  
For the year ended 31 December 2021

	Note	2021 £	2020 £
<b>TURNOVER</b>	3	118,017	93,004
Other administrative expenses		<u>(205,966)</u>	<u>(205,966)</u>
<b>OPERATING LOSS</b>	5	(87,949)	(112,962)
Interest received	6	<u>819</u>	<u>9,097</u>
<b>LOSS FOR THE YEAR</b>		<u><u>(87,130)</u></u>	<u><u>(103,865)</u></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.

**TEES VALLEY CATALYST FUND LP**

**BALANCE SHEET**  
As at 31 December 2021

	<b>Note</b>	<b>2021</b> £	<b>2020</b> £
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	8	1,122,555	656,638
Debtors: amounts falling due after more than one year	8	2,259,516	433,518
Cash and cash equivalents	11	6,585,307	8,813,667
		<u>9,967,378</u>	<u>9,903,823</u>
<b>CREDITORS</b>			
Amounts falling due within one year	9	(156,651)	(5,966)
		<u>9,810,727</u>	<u>9,897,847</u>
<b>NET CURRENT ASSETS</b>			
		<u>9,810,727</u>	<u>9,897,847</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>9,810,727</u>	<u>9,897,857</u>
<b>CREDITORS</b>			
Amounts falling due after one year	9	(99,990)	(99,990)
		<u>9,710,737</u>	<u>9,797,867</u>
<b>NET ASSETS</b>			
		<u>9,710,737</u>	<u>9,797,867</u>
<b>Represented by:</b>			
<b>Capital contribution accounts</b>			
- Partners' capital		1,000	1,000
<b>Loan accounts</b>			
- Loans from partners		9,899,010	9,899,010
<b>Income accounts</b>			
- Gains/(losses) attributable to partners		(189,273)	(102,143)
		<u>9,710,737</u>	<u>9,797,867</u>

The financial statements of Tees Valley Catalyst Fund LP, registered number LP015590, were approved by the Manager and authorised for issue on 30 September 2022.



M Owen  
For and behalf of the General Partner, TVUPB Limited

# TEES VALLEY CATALYST FUND LP

## RECONCILIATION OF MOVEMENT IN PARTNERS' INTERESTS AND RESERVES

For the year ended 31 December 2021

	Partners' capital £	Loans from partners £	Profit/(Loss) attributable to partners £	Total partners' interests £
<b>Partners' interests</b>				
At 1 January 2020	1,000	9,899,010	1,722	9,901,732
Total Comprehensive Income for the financial year	-	-	(103,865)	(103,865)
At 1 January 2021	1,000	9,899,010	(102,143)	9,797,867
Total Comprehensive Loss for the financial year	-	-	(87,130)	(87,130)
<b>Partners' interest at 31 December 2021</b>	<u>1,000</u>	<u>9,899,010</u>	<u>(189,273)</u>	<u>9,710,737</u>

The total capital committed by the Limited Partner is £990 (2020: £990), all of which had been contributed as at 31 December 2021.

The total capital committed by the Carried Interest Limited Partner is £10 (2020: £10), all of which had been contributed as at 31 December 2021.

**TEES VALLEY CATALYST FUND LP**

**CASH FLOW STATEMENT**

**For the year ended 31 December 2021**

	<b>Note</b>	<b>2021 £</b>	<b>2020 £</b>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	10	(2,229,179)	1,109,650
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		<u>819</u>	<u>9,097</u>
<b>NET CASH INFLOW FROM INVESTING ACTIVITIES</b>		<u>819</u>	<u>9,097</u>
<b>INCREASE IN CASH IN THE PERIOD</b>	11	<u>(2,228,360)</u>	<u>1,028,747</u>
<b>Cash and cash equivalents at beginning of year</b>		8,813,667	7,784,920
<b>Cash and cash equivalents at end of year</b>	11	<u><u>6,585,307</u></u>	<u><u>8,813,667</u></u>

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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2021**

**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 Tees Valley Catalyst Fund LP is a limited partnership established under the laws of England and Wales and registered under number LP015590. 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 a 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 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.

**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 2021**

**1. ACCOUNTING POLICIES (continued)**

**Creditors**

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**

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**

	2021	2020
	£	£
Interest receivable on loans	118,017	93,004

**4. EMPLOYEES**

Tees Valley Catalyst Fund LP had no employees during the current or prior financial year.

# TEES VALLEY CATALYST FUND LP

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2021

### 5. OPERATING LOSS

	2021 £	2020 £
Operating loss is stated after:		
Auditor's remuneration for the auditing of the financial statements	4,830	4,830
General Partner's management fee	<u>200,000</u>	<u>200,000</u>

### 6. INTEREST RECEIVED

	2021 £	2020 £
Bank interest received	<u>819</u>	<u>9,097</u>

### 7. TAXATION

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

### 8. DEBTORS

	2021 £	2020 £
Due within one year:		
Loans receivable	<u>1,122,555</u>	<u>656,638</u>
Due after more than one year:		
Loans receivable	<u>2,259,516</u>	<u>433,518</u>

The Partnership enters into agreements to advance loans to Small and Medium Enterprises (SMEs) in the North East 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 6.45% per annum (2020: 7.0%).

### 9. CREDITORS

	2021 £	2020 £
Amounts falling due within one year:		
Accruals	<u>156,651</u>	<u>5,966</u>
Amounts falling due after one year:		
Loan from carried interest partner	<u>99,990</u>	<u>99,990</u>

Loan from carried interest partner is unsecured, interest-free and repayable on demand. The carried interest partner has confirmed that it does not intend to seek repayment within the next year; however, repayment of the full amount is expected to be paid following the conclusion of the realisation period of the fund.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2021**

**10. NOTES TO THE CASH FLOW STATEMENT**

	2021 £	2020 £
Operating loss	(87,949)	(112,962)
Loans recovered	855,285	1,892,352
Loans made	(3,147,200)	(760,743)
Increase in creditors	150,685	1,003
	<u>(2,229,179)</u>	<u>1,019,650</u>
Net cash (outflow)/inflow from operating activities	<u>(2,229,179)</u>	<u>1,019,650</u>

**11. ANALYSIS AND RECONCILIATION OF NET DEBT**

	At 1 January 2021 £	Cash flow £	At 31 December 2021 £
Cash and cash equivalents	<u>8,813,667</u>	<u>(2,228,360)</u>	<u>6,585,307</u>

**12. RELATED PARTY TRANSACTIONS AND CONTROLLING PARTY**

During the year, the Partnership paid TVUPB Limited a share of £200,000 (2020: £200,000) in order to fund the management fees.

The immediate and ultimate parent and controlling party is Tees Valley Combined Authority whose registered offices are located at Cavendish House, Teesdale Business Park, Stockton-On-Tees, TS17 6QY. 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.