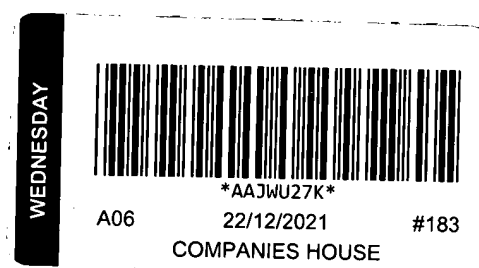


**NPF 2016 Limited**  
**Company Limited by Guarantee**  
**Financial Statements**  
**31 March 2021**



# **NPF 2016 Limited**

**Company Limited by Guarantee**

**Financial Statements**

**Year ended 31 March 2021**

---

<b>Contents</b>	<b>Page</b>
Officers and professional advisers	<b>1</b>
Directors' report	<b>2</b>
Independent auditor's report to the members of NPF 2016 Limited	<b>6</b>
Statement of income and retained earnings	<b>11</b>
Statement of financial position	<b>12</b>
Statement of cash flows	<b>13</b>
Notes to the financial statements	<b>14</b>

---

# **NPF 2016 Limited**

## **Company Limited by Guarantee**

### **Officers and Professional Advisers**

---

**The board of directors**

GM Hodgson  
MA Smith  
D Staziker

**Registered office**

C/O DAC Beachcroft  
36 Gallowgate  
Newcastle upon Tyne  
NE1 4TD

**Independent Auditor**

UNW LLP  
Chartered Accountants  
Citygate  
St James' Boulevard  
Newcastle upon Tyne  
NE1 4JE

# **NPF 2016 Limited**

## **Company Limited by Guarantee**

### **Directors' Report**

#### **Year ended 31 March 2021**

---

The directors present their report and the financial statements of the company for the year ended 31 March 2021.

#### **Principal activities**

The principal activity of the company during the year was the holding of investments. The company acts as an investment intermediary in respect of the funds raised from the North East Local Enterprise Partnership (NELEP) on behalf of the North East Investment Fund (NEIF) and borrowings from Santander UK plc, which are invested in North East Property LP, a Limited Partnership established to manage a fund to provide finance on a commercial basis to be used by borrowers for residential and commercial property development projects in the NELEP area over a 5-7 year period, expiring on 31 March 2024.

The company is one of two limited partners in North East Property LP, together with one general partner, North East Property GP Limited. FW Capital Limited have been appointed as fund managers of the fund within North East Property LP during the year.

The company has fully drawn facilities in place of £3.0 million with Santander UK plc (after repayments totalling £1.0m) and £5.7 million with the NELEP. The outstanding balances at 31 March 2021 totalled £8.7m (31 March 2020 - £9.2 million).

Funds have been invested in North East Property LP by way of capital investment and loans.

On 1 April 2020 the Accountable Body for the NELEP changed from the NECA (the Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority) to the North of Tyne Combined Authority.

#### **Directors**

The directors who served the company during the year were as follows:

GM Hodgson  
MA Smith  
D Staziker

#### **Dividends**

The directors do not recommend the payment of a dividend.

#### **Future developments**

The final loan repayment of £3,000,000 falls due in March 2022 and it is anticipated that this will be repaid to Santander UK plc in line with the Facility Agreement.

# **NPF 2016 Limited**

## **Company Limited by Guarantee**

### **Directors' Report** *(continued)*

**Year ended 31 March 2021**

---

#### **Financial instruments**

The company has a fully drawn loan facility with Santander UK plc of £3.0 million, after total repayments of £1.0m. Interest charged on amounts drawn is linked to LIBOR. There is also a facility with NELEP of £5.7 million which is fully drawn. This debt has no interest and is repayable on liquidation of North East Property LP, together with a share of distributable reserves.

A loan has been made to North East Property LP, a limited partnership in which the company is a limited partner amounting to £8.1 million at 31 March 2021. This is repayable on the liquidation of the partnership. The partners have undertaken to make repayments of capital and interest to the company in line with the required repayments to Santander UK plc. This undertaking from the limited partnership is set out as a contractual right under the 'North East Property LP' Limited Partnership Agreement.

The principal risks and uncertainties are:

*Interest rate changes - the risk of changes in interest rates on borrowings is mitigated by the funding agreement with North East Property LP, whereby the limited partnership undertakes to pay to the company amounts sufficient to pay interest charges arising on loans.*

Recoverability of the North East Property LP debt - the Limited 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 the company held on the balance sheet. There are no indications from the Limited Partnership that there is any intention to change the objective of the fund and as such the Limited Partnership will continue to manage the fund until maturity. Repayments of funds held as loans will be made by the Limited Partnership in line with scheduled repayments to Santander UK plc. The majority of the costs incurred by the Limited Partnership relate to Fund Management fees, to which the General Partner is committed to funding through the Fund Management Agreement. At 31 March 2021 the net assets of North East Property LP were £8,341,792 (2020: £8,675,732) and the profit for the year was £297,850 (2020: £208,964). Cash balances were £3,355,665 (2020: £5,901,274). The partners thus believe that the Limited Partnership will be able to meet its liabilities as they fall due for the foreseeable future, thus ensuring the company is able to do so.

The Brexit transition period ended on 31 December 2020, with the UK agreeing a trade deal with the European Union. In addition, during the year significant economic and social disruption arose from the Covid-19 pandemic. This situation has continued after the year end and the outlook remains uncertain. The principal activity of the Limited Partnership is carried out in the North East of England and, as such, the company may be exposed to the uncertainties that may be attached to the UK's exit from the EU and also from the Covid-19 pandemic. However, the Limited Partnership's credit risk from both of these events is reduced because of the nature of the loan arrangements that it enters into. The maximum loan to value is capped at 65%; the Limited Partnership has a first charge on each building development and therefore exits first on disposal of the each development. The directors believe that current funding levels are secure for the duration of the term of the current contract, it is not anticipated that the impact on the Limited Partnership and therefore the company is likely to be significant or materially increase during the next 12 months.

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

# **NPF 2016 Limited**

## **Company Limited by Guarantee**

### **Directors' Report** *(continued)*

#### **Year ended 31 March 2021**

---

##### **Directors' responsibilities statement**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 judgments and accounting estimates that are reasonable and prudent;
- 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.

##### **Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all 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.

UNW LLP was appointed during the year. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and UNW LLP will therefore continue in office.

# **NPF 2016 Limited**

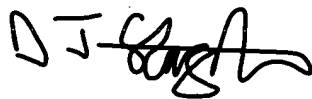
## **Company Limited by Guarantee**

### **Directors' Report** *(continued)*

#### **Year ended 31 March 2021**

---

This report was approved by the board of directors on 21 December 2021 and signed on behalf of the board by:



D Staziker  
Director

Registered office:  
C/O DAC Beachcroft  
36 Gallowgate  
Newcastle upon Tyne  
NE1 4TD

# **NPF 2016 Limited**

## **Company Limited by Guarantee**

### **Independent Auditor's Report to the Members of NPF 2016 Limited**

**Year ended 31 March 2021**

---

#### **Opinion**

We have audited the financial statements of NPF 2016 Limited (the 'company') for the year ended 31 March 2021 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

#### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.



# **NPF 2016 Limited**

## **Company Limited by Guarantee**

### **Independent Auditor's Report to the Members of NPF 2016 Limited** *(continued)*

**Year ended 31 March 2021**

---

#### **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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

#### **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.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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; or
- the directors were not entitled to take advantage of the small companies' exemptions from the requirement to prepare a strategic report.

# **NPF 2016 Limited**

## **Company Limited by Guarantee**

### **Independent Auditor's Report to the Members of NPF 2016 Limited** *(continued)*

**Year ended 31 March 2021**

---

#### **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.

# **NPF 2016 Limited**

## **Company Limited by Guarantee**

### **Independent Auditor's Report to the Members of NPF 2016 Limited** *(continued)*

**Year ended 31 March 2021**

---

#### **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.

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

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the directors and other management (as required by Auditing Standards) and from inspection of the company's legal correspondence and we discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We have communicated identified laws and regulations within our team and remained alert to any indications of non compliance throughout the audit.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we have assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines and litigation. We identified the following areas as those most likely to have such an effect; data protection and certain aspects of company legislation, recognising the nature of the company's activities. Auditing standards limit the required audit procedures to to identify non compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures we have not become aware of any actual or suspected non-compliance material to the financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

## **NPF 2016 Limited**

### **Company Limited by Guarantee**

#### **Independent Auditor's Report to the Members of NPF 2016 Limited** *(continued)*

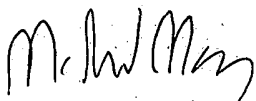
##### **Year ended 31 March 2021**

---

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 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.



Michael Morris FCA FCCA (Senior Statutory Auditor)

For and on behalf of UNW LLP, Statutory Auditor  
Chartered Accountants  
Newcastle upon Tyne  
Date: 21 December 2021

# **NPF 2016 Limited**

## **Company Limited by Guarantee**

### **Statement of Income and Retained Earnings**

**Year ended 31 March 2021**

	Note	2021 £	2020 £
Administrative expenses		25,164	16,360
<b>Operating loss</b>	<b>5</b>	<b>(25,164)</b>	<b>(16,360)</b>
Other interest receivable and similar income	<b>8</b>	4	1
Interest payable and similar expenses	<b>9</b>	133,271	147,637
<b>Loss before taxation</b>		<b>(158,431)</b>	<b>(163,996)</b>
Tax on loss		—	—
<b>Loss for the financial year and total comprehensive income</b>		<b>(158,431)</b>	<b>(163,996)</b>
<b>Retained losses at the start of the year</b>		<b>(437,228)</b>	<b>(273,232)</b>
<b>Retained losses at the end of the year</b>		<b>(595,659)</b>	<b>(437,228)</b>

All the activities of the company are from continuing operations.

There was no other comprehensive income for 2021 (2020: £nil).

The notes on pages 14 to 23 form part of these financial statements.

# NPF 2016 Limited

## Company Limited by Guarantee

### Statement of Financial Position

31 March 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Investments	10	8,107,182	8,738,972
<b>Current assets</b>			
Cash at bank and in hand		69	221
<b>Creditors: amounts falling due within one year</b>	11	3,002,910	518,006
<b>Net current liabilities</b>		<u>3,002,841</u>	<u>517,785</u>
<b>Total assets less current liabilities</b>		5,104,341	8,221,187
<b>Creditors: amounts falling due after more than one year</b>	12	5,700,000	8,658,415
<b>Net liabilities</b>		<u>(595,659)</u>	<u>(437,228)</u>
<b>Capital and reserves</b>			
Profit and loss account		(595,659)	(437,228)
<b>Members deficit</b>		<u>(595,659)</u>	<u>(437,228)</u>

These financial statements were approved by the board of directors and authorised for issue on 21 December 2021, and are signed on behalf of the board by:



D Staziker  
Director

Company registration number: 10409721

The notes on pages 14 to 23 form part of these financial statements.

# **NPF 2016 Limited**

## **Company Limited by Guarantee**

### **Statement of Cash Flows**

**Year ended 31 March 2021**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>		
Loss for the financial year	(158,431)	(163,996)
<i>Adjustments for:</i>		
Other interest receivable and similar income	(4)	(1)
Interest payable and similar expenses	133,271	147,637
Accrued expenses	5,040	7,301
Cash generated from operations	(20,124)	(9,059)
Interest paid	(111,822)	(152,091)
Interest received	4	1
Net cash used in operating activities	<u>(131,942)</u>	<u>(161,149)</u>
<b>Cash flows from investing activities</b>		
Cash receipts from the repayment of advances and loans	631,790	660,997
Net cash from investing activities	<u>631,790</u>	<u>660,997</u>
<b>Cash flows from financing activities</b>		
Repayments of borrowings	(500,000)	(500,000)
Net cash used in financing activities	<u>(500,000)</u>	<u>(500,000)</u>
<b>Net decrease in cash and cash equivalents</b>	(152)	(152)
<b>Cash and cash equivalents at beginning of year</b>	221	373
<b>Cash and cash equivalents at end of year</b>	<u>69</u>	<u>221</u>

The notes on pages 14 to 23 form part of these financial statements.

# **NPF 2016 Limited**

## **Company Limited by Guarantee**

### **Notes to the Financial Statements**

**Year ended 31 March 2021**

---

#### **1. General information**

The company is a private company limited by guarantee, registered in England and Wales. The address of the registered office is C/O DAC Beachcroft, 36 Gallowgate, Newcastle upon Tyne, NE1 4TD.

#### **2. Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

#### **3. Accounting policies**

##### **Basis of preparation**

The financial statements have been prepared on the historical cost basis and are prepared in sterling, which is the functional currency of the entity.

The Company is exempt by virtue of the small companies regime of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.



# **NPF 2016 Limited**

## **Company Limited by Guarantee**

### **Notes to the Financial Statements** *(continued)*

#### **Year ended 31 March 2021**

---

#### **3. Accounting policies** *(continued)*

##### **Going concern**

Despite a loss for the year of £158,431 and net liabilities of £595,659 the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements (the base case) which indicate that, the Company will have sufficient funds to meet its liabilities as they fall due for that period. The key assumptions used within this base case forecast are default levels of 3.5% and repayments due to the Company being made in line with contractual requirements.

Liabilities predominantly comprise a bank loan from Santander UK plc and a loan from NELEP. Funds are up streamed from the Limited Partnership to cover the Santander loan commitments (both interest and capital) and any trade and other payables costs, these repayment principles are established within the Limited Partnership Agreement. The NELEP loan is interest free and there are no repayment obligations for other than repayment on winding up of the Limited Partnership, these conditions are established within the Limited Partnership Agreement.

There are covenants attached to the Santander UK plc funding in the form of gearing, asset cover and default date. The company is not in default of its bank loan covenants as at year end and nor does it fall in default during the base case scenario as described above.

Management have then used the base case scenario as described above and sensitised it for a severe but plausible downside scenario factoring in the potential impacts of COVID-19. The key sensitivities included are increasing the rate of default to 10% and delaying contractual payments by 3 months. Taking account of reasonably possible downsides and the anticipated impact of COVID-19 on the operations and its financial resources the Company will still have sufficient funds to meet its liabilities as they fall due for that period. The Company does not break any of its loan covenants in this severe but plausible downside scenario.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

##### **Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### **Key sources of estimation uncertainty**

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

# **NPF 2016 Limited**

## **Company Limited by Guarantee**

### **Notes to the Financial Statements *(continued)***

#### **Year ended 31 March 2021**

---

#### **3. Accounting policies *(continued)***

##### **Judgements and key sources of estimation uncertainty *(continued)***

###### **Recoverability of loan to North East Property LP**

In accordance with the accounting policy on impairment of fixed assets, a provision is only made when there is objective evidence that the carrying value exceeds the recoverable amount. Such an assessment requires input of management judgement and estimation, which is supported by the evidence available. The evidence included the performance of the LP and the latest forecast distributable reserves.

###### **Credit Risk**

The Brexit transition period ended on 31 December 2020, with the UK agreeing a trade deal with the European Union. The principal activity of the Limited Partnership is the provision of financial support to businesses and as such, the Limited Partnership is exposed to the uncertainties that may be attached to the UK's exit from the EU. The most significant impact arises in respect of credit risk relating to the performance of the Limited Partnership's portfolio of loans to customers. Credit risk may be adversely affected by the potential uncertainties associated with the UK's exit from the EU. The Limited Partnership has no exposure to the construction sector, but its exposure is spread over a number of companies. It also has a geographical concentration of risk to the North East area of England which may increase the overall risk exposure to the UK's exit from the EU.

However, the Directors believe that the risk is reduced as all loans made by the Limited Partnership are capped at a maximum level of 65% loan to value, so the Limited Partnership can withstand a significant reduction in value before taking a loss on a loan. The Limited Partnership also holds the first charge against every build and therefore exits first from each scheme upon sale. The Directors have therefore concluded that the risk to the Company resulting from such credit risk in the Limited Partnership will not lead to material uncertainties or affect the Limited Partnership's ability to continue in business for the foreseeable future.

Investment executives of the General Partner maintain close relationships with the companies that the Limited Partnership has made loans to, in order to monitor credit risk, including any impact on these companies of the UK's exit from the EU. Where any company becomes distressed, the Limited Partnership endeavours to support the company in order to realise the best outcome for the company and the Limited Partnership. The Limited Partnership continues to work with its stakeholders in order to minimise any economic disruption that the process might occasion.

###### **Covid19**

During the year significant economic and social disruption arose from the Covid-19 pandemic. This situation has continued after the year end and the outlook remains uncertain. The extent of the impact of this depends on the impact on the Limited Partnership. The General Partnership has invoked business continuity plans whilst it seeks to serve and support customers throughout the pandemic while maintaining the safety and well-being of staff. Staff continue to work from home whilst the UK Government eases the country out of lockdown measures. The Limited Partnership does not anticipate any significant impact on its credit risk as a result of the Covid-19

# **NPF 2016 Limited**

## **Company Limited by Guarantee**

### **Notes to the Financial Statements *(continued)***

**Year ended 31 March 2021**

---

#### **3. Accounting policies *(continued)***

##### **Judgements and key sources of estimation uncertainty *(continued)***

pandemic because of the nature of the loan arrangements that it enters into: Maximum loan to value is 65%, a first charge on the building development and exits first on disposal of the development.

##### **Investments**

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

##### **Impairment of fixed assets**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

# **NPF 2016 Limited**

## **Company Limited by Guarantee**

### **Notes to the Financial Statements *(continued)***

#### **Year ended 31 March 2021**

---

#### **3. Accounting policies *(continued)***

##### **Financial instruments**

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

#### **4. Company limited by guarantee**

The members guarantee to contribute an amount not exceeding £1 to the company's assets in the event it is wound up whilst they are a member or within 1 year of ceasing to be a member.

#### **5. Operating profit**

Operating profit or loss is stated after charging:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Auditor's remuneration	<u>9,500</u>	<u>10,500</u>

# NPF 2016 Limited

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

#### 6. Auditor's remuneration

	2021 £	2020 £
Fees payable for the audit of the financial statements	<u>9,500</u>	<u>10,500</u>

#### 7. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2021 £	2020 £
Remuneration	2,000	1,500
Sums paid to third parties in respect of directors' services	<u>—</u>	<u>600</u>
	<u>2,000</u>	<u>2,100</u>

#### 8. Other interest receivable and similar income

	2021 £	2020 £
Interest on bank deposits	<u>4</u>	<u>1</u>

#### 9. Interest payable and similar expenses

	2021 £	2020 £
Interest on banks loans and overdrafts	<u>133,271</u>	<u>147,637</u>

#### 10. Investments

	Capital in participating interests £	Loans to participating interests £	Total £
<b>Cost</b>			
At 1 April 2020	990	8,737,982	8,738,972
Repayments	<u>—</u>	<u>(631,790)</u>	<u>(631,790)</u>
<b>At 31 March 2021</b>	<u>990</u>	<u>8,106,192</u>	<u>8,107,182</u>
<b>Impairment</b>			
At 1 April 2020 and 31 March 2021	<u>—</u>	<u>—</u>	<u>—</u>

# NPF 2016 Limited

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

#### Year ended 31 March 2021

---

#### 10. Investments *(continued)*

	Capital in participating interests £	Loans to participating interests £	Total £
Carrying amount			
At 31 March 2021	990	8,106,192	8,107,182
At 31 March 2020	990	8,737,982	8,738,972

#### Investments in associates and joint ventures

Investments are capital and loans in North East Property LP (LP17936, registered in England & Wales), a joint venture limited partnership set up to manage funds to be used by borrowers for residential and commercial property development projects. Both capital and loans are interest free and repayable on the liquidation of the Limited Partnership, together with a share of distributable reserves. Partial repayment of loan investments are received in line with capital and interest payments made to Santander UK plc.

The company is one of two limited partners. There is one general partner. The liability of the company is limited to £990 being the amount of capital invested in the Limited Partnership.

At 31 March 2021 the net assets of North East Property LP were £8,341,792 (2020: £8,675,732) and the profit for the period was £297,850 (2020: £208,964).

#### 11. Creditors: amounts falling due within one year

	2021 £	2020 £
Bank loans and overdrafts	2,981,035	500,000
Accruals and deferred income	21,875	18,006
	<u>3,002,910</u>	<u>518,006</u>

#### 12. Creditors: amounts falling due after more than one year

	2021 £	2020 £
Debenture loans	5,700,000	5,700,000
Bank loans and overdrafts	–	2,958,415
	<u>5,700,000</u>	<u>8,658,415</u>

# NPF 2016 Limited

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

#### Year ended 31 March 2021

#### 12. Creditors: amounts falling due after more than one year *(continued)*

Bank loans - Santander UK plc holds a fixed and floating charge over the assets of the company, and over the assets of the general partner, North East Property GP Limited, to the extent of the assets available within the Limited Partnership, in respect of the non-current bank loans.

Other loans - NELEP holds a second ranking fixed and floating charge over the assets of the company, and over the assets of the general partner, North East Property GP Limited, to the extent of the assets available within the Limited Partnership, in respect of this loan.

	Face value 2021 £	Carrying amount 2021 £	Face value 2020 £	Carrying amount 2020 £
Santander UK (GBP)	3,000,000	2,981,035	3,500,000	3,458,415
NELEP (GBP)	5,700,000	5,700,000	5,700,000	5,700,000
	<u>8,700,000</u>	<u>8,681,035</u>	<u>9,200,000</u>	<u>9,158,415</u>

Santander UK plc has a nominal interest rate of LIBOR + 3% and a maturity date of 2022. NELEP has a nominal interest rate of nil and a maturity date of 2024.

Changes in liabilities from financing activities - loans and borrowings:

	2021 £	2020 £
Changes from financing cash flows		
Repayments of loans and borrowings	(500,000)	(500,000)
Other changes		
Interest expense	134,441	148,401
Interest paid	(111,821)	(152,091)
Total changes	(477,380)	(503,690)
Balance brought forward	<u>9,158,415</u>	<u>9,662,105</u>
Balance at 31 March 2021	<u>8,681,035</u>	<u>9,158,415</u>
	2021 £	2020 £
Loans and borrowings due within 1 year	2,981,035	500,000
Loans and borrowings due 1-5 years	<u>5,700,000</u>	<u>8,658,415</u>
	<u>8,681,035</u>	<u>9,158,415</u>

# NPF 2016 Limited

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

#### Year ended 31 March 2021

#### 13. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2021 £	2020 £
<b>Financial assets that are equity instruments measured at cost less impairment</b>		
Capital investment in participating interest	990	990
Loan to participating interest	8,106,192	8,737,982
	<u>8,107,182</u>	<u>8,738,972</u>
<b>Financial liabilities measured at amortised cost</b>		
Bank loans	2,981,035	3,458,415
Loan from NELEP	5,700,000	5,700,000
	<u>8,681,035</u>	<u>9,158,415</u>

A loan of £5.7m (2020: £5.7m) has been provided by the NELEP, which is interest free, but which attracts a share of the return generated by the North East Property Limited Partnership. The fair value of the borrowings as at the balance sheet date is considered to be materially equal to the carrying value. The key assumptions are the discount rate of 10% and the level of distributable reserves on liquidation. This is re-assessed on an annual basis and has been updated at the year end to include current market conditions.

#### 14. Analysis of changes in net debt

	At 1 Apr 2020 £	Cash flows £	At 31 Mar 2021 £
Cash at bank and in hand	221	(152)	69
Debt due within one year	(500,000)	(2,481,035)	(2,981,035)
Debt due after one year	(8,658,415)	2,958,415	(5,700,000)
	<u>(9,158,194)</u>	<u>477,228</u>	<u>(8,680,966)</u>



## **NPF 2016 Limited**

### **Company Limited by Guarantee**

#### **Notes to the Financial Statements** *(continued)*

##### **Year ended 31 March 2021**

---

##### **15. Related party transactions**

Identity of related parties with which the Company has transacted:

NE Property LP, a limited partnership in which the company is a limited partner, is considered to be a related party. The directors are considered to be key management personnel and also control 100% of the voting rights of the company.

During the period the following transactions took place with related parties:

	2021	2020
	£	£
Sums paid to third parties in respect of directors' services	–	600
Sums paid to directors in respect of services	2,000	1,500
Balance of loan to NE Property LP	8,106,192	8,737,982
(Decrease)/Increase in loan to NE Property LP	(631,790)	(660,997)