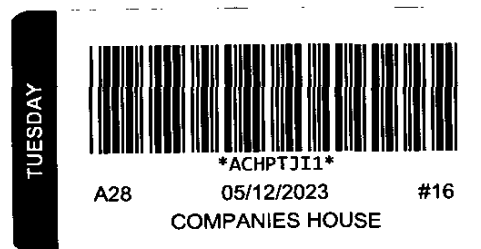


TVC LOANS NPIF GP LIMITED

Annual Report and Financial Statements

For the year ended 31 March 2023



**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
MARCH 2023**

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G Guest
J Whitfield
M Owen
G Thorley
D Staziker

SECRETARY

E Hichings

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 2023.

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

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The Company was originally incorporated on 2 February 2017, to manage a fund of £51 million established as part of the Northern Powerhouse Investment Fund (NPIF) ("the fund") initiative. NPIF is a collaboration between the British Business Bank and the 10 Local Enterprise Partnerships (LEP's) in the North West, Yorkshire and the Humber and the Tees Valley.

On 10 November 2021, a Deed of Amendment to the limited partnership, NPIF TVC Debt LP, was agreed to increase the commitment to the fund by £8,162,413, bringing the total commitment to £69,417,416.

The primary objective of the fund is to invest (without sectoral focus) in eligible Small and Medium Enterprises ("SMEs") situated in the NPIF area. Investments will be in the form of debt finance consisting of loans where the principal amount is generally between £100,000 and £750,000. There is a requirement that 50% of the funds managed by this company will be invested across the LEP areas of the Tees Valley and Cumbria. The investment period for the fund will end on 31 December 2023.

The results for the financial period are set out on page 8.

The Company's principal activity is to act as a vehicle to manage the relevant transactions in respect of NPIF contract and is structured such that the Company operates on a breakeven basis. This is expected to continue.

Since inception the fund has made 192 investments totalling £53.638m (2022: 163 investments totalling £45.833m).

GOING CONCERN

The directors have made an assessment of going concern, taking into account both current performance and the Company's outlook which considered the impact of macroeconomic uncertainties and financial market turmoil, the impact of the cost of living crisis, the conflict in Ukraine, and the UK's exit from the European Union.

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 at least the next 12 months subject to compliance with both arrangements. The directors expect the Company to comply with such arrangements for at least the next 12 months.

The going concern assessment for the Development Bank of Wales Group covers all its subsidiaries so all inputs and assumptions used to support our conclusion can be found within the publicly available Group financial statements of Development Bank of Wales. The going concern assessment period covers the period to 30 September 2024, 12 months subsequent to signing the annual report and financial statements for the year ended 31 March 2023.

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

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 2023 (2022: nil).

DIRECTORS' REPORT

SUBSEQUENT EVENTS

There are no subsequent events to report.

AUDITOR

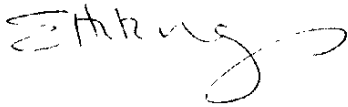
In the case of each of the persons who are directors of the Company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each of the directors have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Development Bank of Wales plc (the "Group") of which the Company is a subsidiary, has a policy of tendering the external audit every five years. The last time the audit was tendered was during 2021 when Mazars LLP were appointed.

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



E Hitchings
Company Secretary
11 October 2023

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
TVC LOANS NPIF GP LIMITED**

Opinion

We have audited the financial statements of TVC Loans NPIF GP Limited (the 'company') for the year ended 31 March 2023 which comprise the Profit and loss account, Balance sheet, Statement of changes in equity, 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" (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 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
TVC LOANS NPIF GP LIMITED**

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 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 4 of the annual report, 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
TVC LOANS NPIF GP LIMITED**

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.

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:

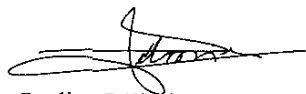
- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing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

11 October 2023

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2023

	Note	2023 £	2022 £
TURNOVER	3	1,700,939	1,566,185
Other administrative expenses	4	<u>(1,700,939)</u>	<u>(1,566,185)</u>
RESULT BEFORE TAXATION		-	-
Tax on result	7	<u>-</u>	<u>-</u>
RESULT FOR THE YEAR ATTRIBUTABLE TO OWNER OF THE COMPANY		<u>-</u>	<u>-</u>

All activities in the current and prior financial year derive from continuing operations.

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

BALANCE SHEET
As at 31 March 2023

		2023	2022
	Note	£	£
NON-CURRENT ASSETS			
Financial assets	8	1	1
Trade debtors and other receivables	9	24,452	76,781
		<u>24,453</u>	<u>76,782</u>
TOTAL ASSETS			
		<u>24,453</u>	<u>76,782</u>
NON-CURRENT LIABILITIES	10	(24,452)	(76,781)
		<u>(24,452)</u>	<u>(76,781)</u>
NET ASSETS		<u>1</u>	<u>1</u>
CAPITAL AND RESERVES			
Called up share capital	11	1	1
Profit and loss account		-	-
		<u>1</u>	<u>1</u>
SHAREHOLDER'S FUNDS		<u>1</u>	<u>1</u>

The financial statements of TVC Loans NPIF GP Limited, registered number 10597208, were approved by the Board of Directors and authorised for issue on 11 October 2023

Signed on behalf of the Board of Directors



D Staziker
 Director

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2023

	Called up share capital £	Profit and loss account £	Total £
Balance at 1 April 2021	1	-	1
Total comprehensive income for the year	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2022	1	-	1
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2023	1	-	1
	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 March 2023****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

TVC Loans NPIF GP Limited is a Company incorporated in the United Kingdom under the Companies Act 2006. The Company is a private Company limited by shares and is registered in England & 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 Directors' 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, 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 12.

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 period. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

1. ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax (continued)

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 period

Current and deferred tax are recognised in the profit and loss account, 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).

Financial instruments

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

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss (FVTPL)) are added or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the profit and loss account.

Financial assets

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost; and
- all equity investments are subsequently measured at FVTPL.

Impairment

No impairment loss is recognised on equity investments.

Write-off

Financial assets are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of payment that could generate sufficient cash flows to repay the amounts subject to write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains being recognised in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 March 2023****1. ACCOUNTING POLICIES (continued)****Financial instruments (continued)*****Financial liabilities and equity***

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

Financial liabilities

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

Equity instruments

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and are subject to an insignificant risk of changes in value.

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 £1,130,592 (2022: £992,645) being recognised before any potential liabilities are taken into account.

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.

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 March 2023****3. TURNOVER**

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

	2023	2022
	£	£
Management fees	1,700,939	1,566,185

4. OTHER ADMINISTRATIVE EXPENSES

	2023	2022
	£	£
Management fees payable	1,700,939	1,566,185

5. AUDITOR'S REMUNERATION

	2023	2022
	£	£
Fees borne by FW Capital Limited in relation to the audit of the company's annual financial statements	3,615	3,280

6. 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.

7. TAX ON RESULT

	2023	2022
	£	£
Current taxation		
UK corporation tax charge for the year	-	-
The charge for the period can be reconciled to the result in the profit and loss account as follows:		
	£	£
Result before tax	-	-
Tax on result at standard UK corporation tax rate of 19% (2022 – 19%)	-	-
Effects of		
Income not taxable for tax purposes	(323,178)	(297,575)
Partnership share	218,338	484,711
Amounts not recognised	104,840	(187,136)
Total taxation charge	-	-

A deferred tax asset of £1,130,592 (2022 - £992,645) has not been recognised in respect of timing differences relating to non-trade financial losses and excess management expenses. The asset would be recognised if there were sufficient suitable future profits to absorb all such assets.

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 2023

8. FINANCIAL ASSETS

	2023 £	2022 £
Equity investments	1	1

The investments represent shares in unlisted limited companies or partnerships.

9. OTHER FINANCIAL ASSETS

	2023 £	2022 £
Trade and other receivables		
Non-current assets:		
Amounts due from limited partnership	24,452	76,781

The amount shown above is due from NPIF TVC Debt LP and is reliant on achievement of specific KPI's. The amount will fall due after more than 5 years. There is no interest payable on this amount.

10. FINANCIAL LIABILITIES

	2023 £	2022 £
Non-current liabilities:		
Amounts owed to other group undertakings	24,452	76,781

The amount shown above is due to FW Capital and is reliant on achievement of specific KPI's. The amount will fall due after more than 5 years. There is no interest payable on this amount.

11. CALLED UP SHARE CAPITAL

	2023 £	2022 £
Authorised and allotted		
1 ordinary share of £1 each	1	1
Allotted, called up and fully paid		
1 ordinary share of £1 each	1	1

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

12. 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 company and ultimate controlling party.

Limited Partnership Registration Number LP017865

NPIF TVC DEBT LP

Annual Report and Financial Statements

For the year ended 31 March 2023



COMPANIES HOUSE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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PROFESSIONAL ADVISERS

REGISTERED OFFICE

Unit J
Yale Business Village
Ellice Way
Wrexham
LL13 7YI

BANKERS

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

AUDITOR

Mazars LLP
Statutory Auditor
London
United Kingdom

REPORT OF THE MANAGER

The Manager presents the Annual Report and the audited Financial Statements for the year ended 31 March 2023.

Under the terms of the Limited Partnership Agreement dated 17 February 2017, the Manager is responsible for preparing the Annual Report and the financial statements.

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

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

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The Partnership is established as a limited partnership under the laws of England and Wales and registered under number LP017865.

The principal activity of the Limited Partnership is to provide investment support to Small and Medium Enterprises ("SMEs") in certain areas of the North of England, namely Tees Valley and Cumbria.

Investment since the inception of the Partnership is as follows:

	2023 £	2022 £
Debt	53,637,500	45,832,500
	<u>53,637,500</u>	<u>45,832,500</u>

During the year, the Limited Partnership was an accredited lender under the Recovery Loan Scheme (RLS), Phase 1 (80% guaranteed by UK Government) and Phase 2 (70% guaranteed by UK Government). The RLS was established on 6 April 2021 by The Secretary of State for Business, Energy and Industrial Strategy with the aim of continuing to support the provision of finance to viable UK businesses during the Covid-19 outbreak and subsequent recovery period. Offers were made under RLS Phase 2 up to 30 June 2022.

After RLS Phase 2 expired, on 28 September 2022, the Limited Partnership entered into an agreement with The Secretary of State for Business, Energy and Industrial Strategy to become an accredited lender under RLS Phase 3 (70% guaranteed by UK Government). The lending limit provided under RLS Phase 3 expired on 31 March 2023 and was renewed on 1 April 2023, with a new expiry date of 30 June 2024, which is beyond the end of the investment period for the fund.

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

RESULTS

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

PARTNERS

The General Partner (GP) of the Partnership during the year was: TVC Loans NPIF GP Ltd.

The Limited Partners of the Partnership during the year were:

Northern Powerhouse Investments Limited
North West Loans Limited
FWC Loans (TVC) Limited

REPORT OF THE MANAGER 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 £1,600,176 (2022: £1,481,106) was distributed during the year in order to pay the management fee. There were no distributions made to the Limited Partner during the year.

GOING CONCERN

The Partnership uses funds provided by the Northern Powerhouse Investment Fund (NPIF) and FWC Loans (TVC) Limited to make loan investments over a six year ten month investment period. As at 31 March 2023, the amount invested by the Limited Partners is £56.7m, the committed amount left to invest is £12.7m and the amount that has returned to the Limited Partners is £27.3m. The value of investments held by the Partnership is shown in the balance sheet.

The Partnership pays its liabilities (fund management fees and fund operating costs such as audit and legal fees as disclosed in the income statement) from loan repayments received. If there are insufficient loan repayments received in a month to meet operating costs due (for example as a result of the timing of scheduled loan repayments or due to repayment defaults arising from factors including the impact of the cost of living crisis) then the Partnership makes a funding request to the Limited Partners to meet these costs from their undrawn investment commitments or repayments received. Any surplus from loan repayments received in a month after meeting the Partnership's liabilities is returned to the Limited Partners. Repayment of the Limited Partners' investment into the Partnership has no specified repayment amounts or timings and as such does not impact the Partnership's going concern assessment.

As at the signing date, no default event has occurred as specified by the Limited Partnership Agreement.

The Partnership has no concerns about the liquidity of its Limited Partners, in particular its largest Limited Partner, Northern Powerhouse Investments Limited, whose parent and ultimate controlling party is the Secretary of State for the Department for Business, Energy and Industrial Strategy, to meet any contractual funding requests.

The Partners have made an assessment of going concern, taking into account both current performance and the Partnership outlook which considered the impact of macroeconomic uncertainties, the impact of the cost of living crisis, the UK's exit from the EU and the conflict in Ukraine. The Partners have monitored the impact of market events in March 2023 on its cash holdings and have concluded that contagion risk for the Partnership is low. 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.

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Cash flow and liquidity risk

The Partnership uses funds provided to the Limited Partnership to make loan investments to Small and Medium Enterprises ("SMEs"). The Limited Partnership is charged with facilitating investment of the funds and subsequent management of such investments until maturity. Repayment of the loan investments together with future income, will allow repayment of the loans from partners held on the balance sheet, in accordance with the principal activity of the Partnership. There are no indications from the Limited Partner that there is any intention to change the objective of the funds and as such the Limited Partnership will continue to manage the fund until maturity.

REPORT OF THE MANAGER**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****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.

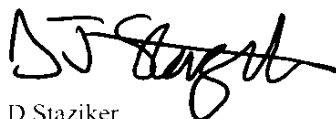
In previous years, the Partnership made a number of Coronavirus Business Interruption Loan Scheme (CBILS) loans, under the terms of which the UK Government provided the option to customers to make a Business Interruption Payment on their behalf to cover the first 12 months of interest payments and arrangement fees. The UK Government also provides a guarantee to protect 80% of any post recovery loss in the event of default. CBILS loans are monitored for credit risk in line with the Partnership's standard procedures.

During the year, the Partnership continued to make a number of RLS loans. For those RLS loans offered under Phase 1 of the scheme (before 31 December 2021) the UK Government provides a guarantee to protect 80% of any post recovery loss in the event of default. For those RLS loans offered under Phases 2 and 3 of the scheme, the size of guarantee provided by UK government reduced to 70%. RLS loans are monitored for credit risk in line with the Partnership's standard procedures.

AUDITOR

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

By order of the Manager



D Staziker
Director
FW Capital Limited
15 June 2023

MANAGER'S RESPONSIBILITIES STATEMENT

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

Company law as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 (the "Regulations") requires the Manager to prepare financial statements for each financial year. Under that law the Manager has prepared the Limited Partnership's Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102. Under company law as applied to qualifying partnerships the Manager must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Limited Partnership and of the profit or loss of the Limited Partnership for that period. In preparing these financial statements, the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to do so.

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

Information to auditor

In so far as the Manager is aware:

- There is no relevant audit information of which the Partnership's auditor is unaware; and
- The manager has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NPIF TVC DEBT LIMITED PARTNERSHIP

Opinion

We have audited the financial statements of NPIF TVC Debt LP (the 'qualifying partnership') for the year ended 31 March 2023 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 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NPIF TVC DEBT LIMITED PARTNERSHIP

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 has 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 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: anti-bribery, fraud, health and safety regulation and anti-money laundering regulation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NPIF TVC DEBT LIMITED PARTNERSHIP

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.

We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, as applied to qualifying partnerships.

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. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the qualifying partnership's partners 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 partners 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 partners 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

15 June 2023

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2023

	Note	2023 £	2022 £
TURNOVER	1	1,767,130	2,038,791
Administrative expenses:			
Impairment (losses)/gains recognised on loans receivable carried at amortised cost		(412,136)	670,303
Other administrative expenses	4	(1,806,023)	(1,639,090)
Total Administrative expenses		(2,218,159)	(968,787)
(LOSS)/PROFIT FOR THE YEAR BEFORE TAX		(451,029)	1,070,004
Tax on profit	5	-	-
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO PARTNERS		(451,029)	1,070,004

All results relate to continuing activities.

In accordance with the Limited Partnership Agreement, the General Partner has been paid a share of £1,600,176 (2022: £1,481,106) for the year, in relation to fund management fees.

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

BALANCE SHEET
As at 31 March 2023

	Note	2023 £	2022 £
CURRENT ASSETS			
Debtors: amounts falling due within one year	6	6,546,745	6,797,571
Debtors: amounts falling due after more than one year	6	16,422,090	17,750,577
Cash at bank and in hand		2,227,212	3,047,422
		<u>25,196,047</u>	<u>27,595,570</u>
CREDITORS: amounts falling due within one year	7	<u>(277,745)</u>	<u>(356,645)</u>
NET CURRENT ASSETS		24,918,302	27,238,925
CREDITORS: amounts falling due within one year	7	<u>(99,915)</u>	<u>(100,998)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS		<u><u>24,818,387</u></u>	<u><u>27,137,927</u></u>
Represented by:			
Capital contribution accounts			
- Partners' capital		83	83
Loan accounts			
- Loans from partners		29,436,518	31,305,029
Income accounts			
- Losses attributable to partners		<u>(4,618,214)</u>	<u>(4,167,185)</u>
		<u><u>24,818,387</u></u>	<u><u>27,137,927</u></u>

The financial statements of NPIF TVC Debt Limited Partnership, registered number LP017865, were approved by the Partners and authorised for issue on 15 June 2023.



D Staziker
For and behalf of the General Partner, TVC Loans NPIF GP Limited

RECONCILIATION OF MOVEMENTS IN PARTNERS' INTERESTS AND RESERVES
For the year ended 31 March 2023

	Partners' capital £	Loans from partners £	Loss attributable to partners £	Total partners' interests £
Partners' interests				
At 1 April 2021	73	30,847,752	(5,237,189)	25,610,636
Profit for the financial year	-	-	1,070,004	1,070,004
	<hr/>	<hr/>	<hr/>	<hr/>
Partners' interests after loss for the financial year	73	30,847,752	(4,167,185)	26,680,640
Funds introduced by partners	10	457,277	-	457,287
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2022	83	31,305,029	(4,167,185)	27,137,927
Loss for the financial year	-	-	(451,029)	(451,029)
	<hr/>	<hr/>	<hr/>	<hr/>
Partners' interests after loss for the financial year	83	31,305,029	(4,618,214)	26,686,898
Funds returned to partners	-	(1,868,511)	-	(1,868,511)
	<hr/>	<hr/>	<hr/>	<hr/>
Partners' interests at 31 March 2023	<hr/>	<hr/>	<hr/>	<hr/>
	83	29,436,518	(4,618,214)	24,818,387

The total capital committed by the Limited Partners is £82 (2022: £82), all of which has been contributed as at 31 March 2022 and 2023.

The total capital committed by the General Partner is £1 (2022: £1). This was unpaid as at the current year end and prior year end and is included within the debtor balance for the current and prior year end.

CASH FLOW STATEMENT
For the year ended 31 March 2023

	Note	2023	2022
		£	£
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	8	1,048,301	(828,539)
CASH FLOWS FROM FINANCING ACTIVITIES			
Partners' capital introduced		-	10
Partners' loan (returned)/introduced		<u>(1,868,511)</u>	<u>457,278</u>
NET CASH INFLOW FROM FINANCING ACTIVITIES		<u>(1,868,511)</u>	<u>457,288</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>(820,210)</u>	<u>(371,251)</u>
Cash and cash equivalents at beginning of year		3,047,422	3,418,673
Cash and cash equivalents at end of year	9	<u>2,227,212</u>	<u>3,047,422</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

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

NPIF TVC Debt LP is a limited partnership (LP) established under the laws of England and Wales and registered under number LP017865. The LP's registered office is Unit J, Yale Business Village, Ellice Way, Wrexham, LL13 7YL. The nature of the LPs operations and its principal activities are set out in the Report of the Manager on page 2.

These financial statements have been prepared 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 Sterling (£). This is the functional currency of the entity.

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

The Partnership has elected to apply the recognition and measurement provisions of IAS 39 'Financial Instruments: Recognition and Measurement' as permitted by section 11.2(b) of FRS 102.

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

Objective evidence of impairment could include:

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

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

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

The carrying amount of the financial asset is reduced by the impairment loss through the use of an allowance account. The CBILS and RLS guarantees are an integral part of the loan and as such impairment losses are calculated after reflecting recoveries via the guarantees.

Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Creditors

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

Turnover

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

1. ACCOUNTING POLICIES (continued)

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. Cash receipts include Business Interruption Payments received under the terms of CBILS Investments held.

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

Cash flow statement

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

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Limited Partnership's accounting policies, which are described in note 1 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements

There are no critical accounting judgements in applying the Limited Partnership's accounting policies.

Key sources of estimation uncertainty

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

Impairment of financial assets

The Partnership operates a prudent approach to the provisioning against financial assets primarily including investments. In accordance with the accounting policy on impairment of financial assets, a provision is made only when there is objective evidence that a loss has been incurred which can be determined both individually and collectively.

Where uncertainty exists, either about the viability of an investee business, or an inability to meet commitments as and when they fall due, a provision will be recognised. Each provision case is proactively managed to identify the causes for concern and to work with investee businesses to effect repayment or recovery of the at-risk investment. The determination of individual provisions requires the exercise of judgement by management involving matters such as the value of the security held. The actual amount of the future cash flows and their timing may differ from the assumptions made for the purposes of determining the provision and consequently these provisions can be subject to variation as time progresses.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

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

Key sources of estimation uncertainty (continued)

Impairment of financial assets (continued)

A collective assessment is made of the likelihood of assets being impaired at the balance sheet date and being identified subsequently; the length of time taken to identify that an impairment event has occurred is known as the loss emergence period, estimation of which requires input of management judgement. This judgement is supported by consideration of underlying trends of historical data regarding the probability of default or failure of the investee business.

3. EMPLOYEES

The NPIF TVC Debt Limited Partnership had no employees during the current or prior financial year.

4. OTHER ADMINISTRATIVE EXPENSES

	2023	2022
	£	£
Other administrative expenses includes:		
Auditor's remuneration - audit	12,600	8,780
General Partner's management fee	1,600,176	1,481,106
	<u>1,612,776</u>	<u>1,489,886</u>

5. TAX ON PROFIT

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

6. DEBTORS

	2023	2022
	£	£
Due within one year:		
Loans receivable	6,852,305	6,828,205
Less Impairment	(308,060)	(147,857)
Other Debtors	2,500	117,223
	<u>6,546,745</u>	<u>6,797,571</u>
Due after more than one year:		
Loans receivable	19,555,580	21,064,963
Less Impairment	(3,133,489)	(3,342,920)
Other Debtors	-	28,534
	<u>16,422,091</u>	<u>17,750,577</u>

The Partnership enters into agreements to advance loans to Small and Medium Enterprises (SMEs) in the North of England. The average term of loans entered into is five years. The interest rate inherent in the loans is fixed at the contract date for all of the loan term. The average effective interest rate contracted is approximately 7.0% (2022 – 7.2%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

7. CREDITORS

	2023 £	2022 £
Due within one year:		
Accruals	13,736	9,916
Sundry creditors	264,009	346,729
	<u>277,745</u>	<u>356,645</u>
Due after more than one year:		
Sundry creditors	<u>99,915</u>	<u>100,998</u>

8. NOTES TO THE CASH FLOW STATEMENT

	2023 £	2022 £
(Loss)/profit for the year attributable to partners	(451,029)	1,070,004
Released loans receivable	(49,228)	(1,803,795)
Loans made	(7,805,000)	(8,650,000)
Loans recovered	9,290,282	8,442,913
Decrease in debtors	143,258	140,639
Decrease in creditors	(79,983)	(28,300)
	<u>1,048,301</u>	<u>(828,539)</u>
Net cash outflow from operating activities		

9. ANALYSIS AND RECONCILIATION OF NET DEBT

	At 1 April 2022 £	Cash flow £	At 31 March 2023 £
Cash at bank and in hand	<u>3,047,422</u>	<u>(820,210)</u>	<u>2,227,212</u>

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

10. RELATED PARTY TRANSACTIONS AND CONTROLLING PARTY

During the financial year the Partnership paid fund management fees to the General Partner of £1,600,176 (2022: £1,481,106).

The immediate and ultimate parent and controlling party is Northern Powerhouse Investments Limited whose registered offices are located at Steel City House, West Street, Sheffield, S1 2GQ. 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.