Company Registration No. 09734101 (England and Wales)

# Triple Point Advancr Leasing plc

## Annual report and financial statements
## for the year ended 31 March 2023

## Company information

| | |
|---|---|
| **Directors** | Neil Richards<br>Peter Alderson<br>Michael Bayer<br>Toby Furnivall |
| **Secretary** | Triple Point Investment Management LLP |
| **Company number** | 09734101 |
| **Registered office** | 1 King William Street<br>London<br>EC4N 7AF |
| **Independent auditor** | Saffery LLP<br>71 Queen Victoria Street<br>London<br>EC4V 4BE |

**Contents**

The directors present the strategic report for the year ended 31 March 2023.

## Fair review of the business

Triple Point Advancr Leasing plc's (the "Company" or "Advancr") mission is to provide funding to UK based Small and Medium-sized Enterprises ('SME's), which is carefully structured to meet the specific needs of each business and delivered using thorough processes that are both responsive and responsible.

The Company continued to deploy funds into trading partnerships focussed on the provision of SME finance, whilst also growing levels of directly originated business written in its own name. The funds deployed into trading partnerships provide access to mature and diverse portfolios of loan agreements, generating income immediately from established and profitable partnerships.

As the Company grows business in its own name, it benefits from access to an experienced team recruited from the UK financial services sector, and supported by high quality credit, legal and operational teams. Over the year further resource has been added to all of these teams to support the growth ambitions of the Company. The team has developed a deep and broad introducer network, accessing good levels of lending opportunities. During the coming year the Company expects to continue its direct offering with a particular focus on providing finance to established and profitable SME businesses for growth and acquisition. The Company's proposition encompasses a range of funding types including: small scale funding of up to £5,000; leasing; secured lending via both its established SME debt finance and property development finance teams. The SME debt finance proposition is an increasingly significant sector for the business, providing finance for both growth and acquisition to businesses who we have security over their cashflows and/or assets.

Advancr works with business partners whom it considers to be the leaders in their field, benefitting from their knowledge, expertise, licences and technology. It also selectively funds other privately-owned lenders operating in the non-bank market, where they too require funding which is more flexible and pragmatic than conventional bank finance, which in turn can help to fuel their own growth.

Advancr focusses on actively engaging with its borrower and origination partners. We have continued to grow our origination network, through additional resources, to access greater volumes of deal flow across all lending activities to continue increasing levels of deployment within the Company.

New transactions are assessed by a committee which considers the nature of the counterparty, asset type, sector risk and terms such as maturity, structure and return. In January 2023, Triple Point (the Operator) was accredited as a BCorp, a designation that the business meets high standards of verified social and environmental performance, accountability, and transparency. Core to Triple Point's commitment to being a sustainable and responsible Operator is the integration of Environmental, Social and Governance "ESG" issues into all its analysis, acting as an additional risk assessment framework. We consider it important to act as a responsible lender and have worked pro-actively in helping borrowers through the challenging economic and trading environment of the last three years.

We are pleased to report that the Company's profit before tax this year increased to £2,280,983 (2022: £645,343) resulting from an increase in profit share received from the Partnerships through which the Company accesses lending opportunities, and a material uplift in arrangement fees earned in the year. After taxation, the retained profit for the year was also up at £1,712,842 which has been transferred to the Company's reserves (2022: £515,059). Over the period all bond holders were repaid in full and on time as has been the case since the Company's inception.

Although the Company experienced some bad debts during the year, as borrowers were subject to the challenges of the wider economy with increasing interest rates and stubbornly high inflation these were within the business' expected tolerance levels and overall underlying profits increased. Additionally the impact of these have been materially reduced by security over assets owned by the borrowers and the CBILS government loan scheme. The Company continues to monitor the levels of bad debt provision on a monthly basis and increases provisions where specific concerns arise in relation to a borrower, sector or further economic deterioration.

During the period, Triple Point Advancr Leasing Plc successfully passed a Resolution proposed at the Bondholder meeting which took place on 25 April 2023, to allow further headroom to issue more bonds. Amending the Bond Deed allowed for an additional £800 million Bonds to be issued, which in addition to the previous limit, brings the maximum aggregate nominal amount which can be issued up to £1 billion. As at 3 April 2023, over £189 million of the existing Bonds have been issued, of which over £118 million have been repaid to Bondholders. The New Bonds will rank pari passu with all existing Bonds. The modifications to the Bond Deed enables the Company to increase the asset base and in turn the size of its loan book, enabling further diversification within the Company. However more importantly, it will allow the Company to continue supporting SMEs across the country which will be to the advantage of all Bondholders.

Following the above, the Company has continued to issue bonds to raise finance for its business operations. During the year £53.5m (2022: £42.1m) was raised from new bond issues and the Company will continue to raise funding through further issues. All bonds are issued at fixed rates and for a fixed term.

The Company has remained resilient and achieved increased profits over the year and we believe the company remains well placed to continue growing.

**Principal risks and uncertainties**

The principal risks and uncertainties faced by the Company are liquidity, interest rate and credit risks.

Liquidity risk is the risk that the Company's assets will not generate sufficient liquidity – cash flow generated from loan interest and loan repayments, to meet its obligations to pay interest or capital to bond holders. The Company continually monitors bond maturities which are known in advance and is able to plan to ensure that sufficient liquidity is maintained to meet payment obligations.

Interest Rate risk is the risk of a mismatch of interest income from lending activities and interest expenditure on bonds issued. All lending and funding interest rates are fixed rate, and this risk is therefore managed.

Credit risk is the risk of loss arising from defaults in the Company's lending portfolio. New business lines are assessed by the Company's Board and by its appointed Investment Committee, and performance is regularly monitored in order to mitigate this risk – which is at the heart of the Company's lending business. During the current challenging economic climate both liquidity and portfolio performance monitoring continue to be a real focus. The Company and the partnerships of which it is a member, continue to monitor lending portfolios carefully, and maintain regular communication with all borrowers. In some instances, loan forbearance to borrowers has been granted, in order to support businesses that may benefit from a longer period in which to service and repay loans. Provisions have been increased where the Company's monitoring committees have deemed it prudent to do so, and the Company's liquidity position and profitability remain satisfactory. The higher levels of provisioning provide an increased buffer against future defaults.

With rising inflation, costs of raw materials, labour shortages and Covid-19 still being a feature, the Directors continue to review and monitor the health, business continuity, liquidity, and credit risks.

**Key Performance Indicators**

Monthly management accounts including KPIs are reviewed to monitor financial and non-financial business performance.

The key performance indicators which the Directors monitor include

- New lending levels
- Average return on loans and other receivables
- Net margin after interest costs

Currently the Company deploys all funds raised and expects levels of new business to match funds raised.

In the year to 31 March 2023 the average return on assets was 11.3% (2022: 8.6%) and net margin was 2.0% (2022: 1.0%).

**Section 172(1) statement**

The Company identifies its primary stakeholders as its customers, suppliers, and shareholders. During the year the Company has directly engaged with all primary stakeholders and has continued to build strong relationships. The Company looks to play an active part in the community and seeks always to minimise the environmental impact of its activities.

On behalf of the board

Toby Furnivall
**Director**
18 September 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

**Principal activities**
The principal activity of the company is the provision of leasing and debt finance to Small and Medium-Sized Enterprises.

**Directors**
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Neil Richards
Peter Alderson
Michael Bayer
Toby Furnivall

**Results and dividends**
The results for the year are set out on page 10.

Ordinary dividends were paid amounting to £800,000. The directors do not recommend payment of a further dividend.

**Auditor**
Saffery LLP have expressed their willingness to continue in office.

**Statement of directors' responsibilities**
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).

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Toby Furnivall
**Director**

18 September 2023

**Independent auditor's report**
**To the member of Triple Point Advancr Leasing plc**

## Opinion

We have audited the financial statements of Triple Point Advancr Leasing plc (the 'company') for the year ended 31 March 2023 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have 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 strategic report or 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.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:
We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with directors and by updating our understanding of the sector in which the company operates.

Laws and regulations of direct significance in the context of the company include The Companies Act 2006 and UK Tax legislation.

Audit response to risks identified
We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://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 member 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 member those matters we are required to state to the member 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 member, for our audit work, for this report, or for the opinions we have formed.

**Michael Di Leto**
**Senior Statutory Auditor**
**For and on behalf of Saffery LLP**

21 September 2023

**Chartered Accountants**
**Statutory Auditors**

71 Queen Victoria Street
London
EC4V 4BE

**Statement of comprehensive income**
**For the year ended 31 March 2023**

| | Notes | 2023<br>£ | 2022<br>£ |
|---|---|---|---|
| **Revenue** | **3** | 8,212,189 | 4,662,028 |
| Cost of sales | | (204,548) | (63,766) |
| **Gross profit** | | 8,007,641 | 4,598,262 |
| Administrative expenses | | (2,020,215) | (1,982,117) |
| **Operating profit** | **4** | 5,987,426 | 2,616,145 |
| Investment income | **8** | 6,030 | 820,056 |
| Finance costs | **9** | (3,712,473) | (2,790,858) |
| **Profit before taxation** | | 2,280,983 | 645,343 |
| Taxation | **10** | (568,141) | (130,284) |
| **Profit for the financial year** | | 1,712,842 | 515,059 |

The income statement has been prepared on the basis that all operations are continuing operations.

**Triple Point Advancr Leasing plc**

**Statement of financial position**
**As at 31 March 2023**

| | Notes | £ | 2023 £ | £ | 2022 £ |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Intangible assets | **12** | | 7,064 | | - |
| Investments | **13** | | 19,186,976 | | 16,647,061 |
| | | | 19,194,040 | | 16,647,061 |
| **Current assets** | | | | | |
| Trade and other receivables | **14** | 54,809,729 | | 31,587,363 | |
| Cash and cash equivalents | | 6,629,716 | | 16,304,987 | |
| | | 61,439,445 | | 47,892,350 | |
| **Current liabilities** | **15** | (51,082,728) | | (38,758,763) | |
| **Net current assets** | | | 10,356,717 | | 9,133,587 |
| **Total assets less current liabilities** | | | 29,550,757 | | 25,780,648 |
| **Non-current liabilities** | **16** | | (24,891,900) | | (22,104,993) |
| **Provisions for liabilities** | | | | | |
| Deferred tax liability | **18** | 231,144 | | 160,784 | |
| | | | (231,144) | | (160,784) |
| **Net assets** | | | 4,427,713 | | 3,514,871 |
| **Equity** | | | | | |
| Called up share capital | **19** | | 50,000 | | 50,000 |
| Retained earnings | | | 4,377,713 | | 3,464,871 |
| **Total equity** | | | 4,427,713 | | 3,514,871 |

The financial statements were approved by the board of directors and authorised for issue on 18 September 2023 and are signed on its behalf by:

Toby Furnivall
**Director**

**Company Registration No. 09734101 (England and Wales)**

## Statement of changes in equity
**For the year ended 31 March 2023**

| | Notes | Share capital £ | Retained earnings £ | Total £ |
|---|---|---|---|---|
| **Balance at 1 April 2021** | | 50,000 | 2,949,812 | 2,999,812 |
| **Year ended 31 March 2022:** | | | | |
| Profit and total comprehensive income for the year | | - | 515,059 | 515,059 |
| **Balance at 31 March 2022** | | 50,000 | 3,464,871 | 3,514,871 |
| **Year ended 31 March 2023:** | | | | |
| Profit and total comprehensive income for the year | | - | 1,712,842 | 1,712,842 |
| Dividends | **11** | - | (800,000) | (800,000) |
| **Balance at 31 March 2023** | | 50,000 | 4,377,713 | 4,427,713 |

Triple Point Advancr Leasing plc

**Statement of cash flows**
**For the year ended 31 March 2023**

| | Notes | £ | 2023 £ | £ | 2022 £ |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Cash generated from operations | **23** | | 4,750,363 | | 4,788,516 |
| Interest paid | | | (3,414,956) | | (2,417,999) |
| Income taxes paid | | | (546,349) | | (188,530) |
| **Net cash inflow from operating activities** | | | 789,058 | | 2,181,987 |
| **Investing activities** | | | | | |
| Purchase of intangible assets | | (11,773) | | - | |
| Additions to partnership investments | | (1,338,987) | | (2,293,208) | |
| Net loan (advances)/repayments | | (21,957,773) | | (7,807,788) | |
| **Net cash used in investing activities** | | | (23,308,533) | | (10,100,996) |
| **Financing activities** | | | | | |
| Net proceeds/(repayments) of bonds | | 13,644,204 | | 19,025,376 | |
| Dividends paid | | (800,000) | | - | |
| **Net cash generated from financing activities** | | | 12,844,204 | | 19,025,376 |
| **Net (decrease)/increase in cash and cash equivalents** | | | (9,675,271) | | 11,106,367 |
| Cash and cash equivalents at beginning of year | | | 16,304,987 | | 5,198,620 |
| **Cash and cash equivalents at end of year** | | | 6,629,716 | | 16,304,987 |

## 1 Accounting policies

**Company information**

Triple Point Advancr Leasing plc is a private company limited by shares incorporated in England and Wales. The registered office is 1 King William Street, London, EC4N 7AF.

### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

### 1.3 Revenue

Turnover represents the share of profits received from the LLPs in which the company is a member, income from assets leased to customers, interest earnings from loans and similar advances, and fee income.

### 1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|---|---|
| Software | Straight line over 5 years |

### 1.5 Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

## 1 Accounting policies (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### 1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

### 1.7 Financial instruments

The company has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instruments Issues’ of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

***Basic financial assets***

Basic financial assets, which include trade and other receivables, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

***Other financial assets***

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

## 1 Accounting policies (continued)

***Impairment of financial assets***
Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end 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 have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

***Derecognition of financial assets***
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

***Classification of financial liabilities***
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

***Basic financial liabilities***
Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

***Other financial liabilities***
Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

## 1 Accounting policies (continued)

***Derecognition of financial liabilities***
Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.8 Equity instruments
Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.9 Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

***Current tax***
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

***Deferred tax***
Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

### 1.10 Employee benefits
The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

## 2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company’s accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

## 3 Revenue

An analysis of the company's revenue is as follows:

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| **Revenue analysed by class of business** | | |
| Profit share received from investments | 1,194,898 | 1,145,435 |
| Arrangement fees | 2,670,597 | 1,094,888 |
| Income from leased assets | 29,423 | 22,455 |
| Interest income from loans and similar advances | 3,562,545 | 2,224,030 |
| Other income | 754,726 | 175,220 |
| | 8,212,189 | 4,662,028 |

## 4 Operating profit

| | 2023 | 2022 |
|---|---|---|
| Operating profit for the year is stated after charging: | £ | £ |
| Provision for bad and doubtful debts | 352,972 | 1,558,420 |
| Amortisation of intangible assets | 4,709 | - |

## 5 Auditor's remuneration

| | 2023 | 2022 |
|---|---|---|
| Fees payable to the company's auditor and associates: | £ | £ |
| **For audit services** | | |
| Audit of the financial statements of the company | 16,450 | 15,000 |
| **For other services** | | |
| Audit-related assurance services | 17,000 | 15,000 |
| Taxation compliance services | 1,925 | 1,800 |
| All other non-audit services | 1,850 | 1,750 |
| | 20,775 | 18,550 |

## 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

| | 2023<br>Number | 2022<br>Number |
|---|---|---|
| | 1 | 1 |

Their aggregate remuneration comprised:

| | 2023<br>£ | 2022<br>£ |
|---|---|---|
| Wages and salaries | 21,584 | 21,540 |

## 7 Directors' remuneration

| | 2023<br>£ | 2022<br>£ |
|---|---|---|
| Remuneration for qualifying services | 21,584 | 21,540 |

## 8 Investment income

| | 2023<br>£ | 2022<br>£ |
|---|---|---|
| **Other income from investments** | | |
| Gains on financial instruments measured at fair value through profit or loss | 6,030 | 820,056 |

## 9 Finance costs

| | 2023<br>£ | 2022<br>£ |
|---|---|---|
| **Interest on financial liabilities measured at amortised cost:** | | |
| Interest payable on bonds in issue | 3,712,473 | 2,790,858 |

## 10 Taxation

| | 2023<br>£ | 2022<br>£ |
|---|---|---|
| **Current tax** | | |
| UK corporation tax on profits for the current period | 497,781 | - |
| Adjustments in respect of prior periods | - | (30,500) |
| Total current tax | 497,781 | (30,500) |

## 10 Taxation

| | 2023 £ | 2022 £ (continued) |
|---|---|---|
| **Deferred tax** | | |
| Origination and reversal of timing differences | 70,360 | 160,784 |
| Total tax charge | 568,141 | 130,284 |

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

| | 2023 £ | 2022 £ |
|---|---|---|
| Profit before taxation | 2,280,983 | 645,343 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%) | 433,387 | 122,615 |
| Tax effect of expenses that are not deductible in determining taxable profit | 302,091 | - |
| Tax effect of income not taxable in determining taxable profit | (237,291) | (11,034) |
| Gains not taxable | 19,859 | (155,811) |
| Unutilised tax losses carried forward | - | 44,230 |
| Change in unrecognised deferred tax assets | (3,275) | - |
| Adjustments in respect of prior years | 43,091 | (30,500) |
| Effect of change in corporation tax rate | 17,672 | - |
| Permanent capital allowances in excess of depreciation | (7,393) | - |
| Deferred tax charge | - | 160,784 |
| Taxation charge for the year | 568,141 | 130,284 |

## 11 Dividends

| | 2023 £ | 2022 £ |
|---|---|---|
| Final paid | 800,000 | - |

## 12 Intangible fixed assets

| | Software |
|---|---|
| | £ |
| **Cost** | |
| Additions | 11,773 |
| At 31 March 2023 | 11,773 |
| **Amortisation and impairment** | |
| Amortisation charged for the year | 4,709 |
| At 31 March 2023 | 4,709 |
| **Carrying amount** | |
| At 31 March 2023 | 7,064 |
| At 31 March 2022 | - |

## 13 Fixed asset investments

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| LLP interest | 19,186,976 | 16,647,061 |

**Movements in non-current investments**

| | LLP interest |
|---|---|
| | £ |
| **Cost or valuation** | |
| At 1 April 2022 | 16,647,061 |
| Additions | 4,419,076 |
| Valuation changes | 6,030 |
| Profit share | 1,194,899 |
| Withdrawn in period | (3,080,090) |
| At 31 March 2023 | 19,186,976 |
| **Carrying amount** | |
| At 31 March 2023 | 19,186,976 |
| At 31 March 2022 | 16,647,061 |

## 14 Trade and other receivables

| Amounts falling due within one year: | 2023 £ | 2022 £ |
|---|---|---|
| Corporation tax recoverable | 444,180 | 395,612 |
| Other receivables | 5,289,954 | 4,564,800 |
| | 5,734,134 | 4,960,412 |

| Amounts falling due after more than one year: | 2023 £ | 2022 £ |
|---|---|---|
| Other receivables | 49,075,595 | 26,626,951 |
| **Total debtors** | 54,809,729 | 31,587,363 |

## 15 Current liabilities

| | Notes | 2023 £ | 2022 £ |
|---|---|---|---|
| Bonds | 17 | 48,437,480 | 37,453,639 |
| Other taxation and social security | | 217,433 | 126,455 |
| Other payables | | 1,672,633 | 723,295 |
| Accruals and deferred income | | 755,182 | 455,374 |
| | | 51,082,728 | 38,758,763 |

## 16 Non-current liabilities

| | Notes | 2023 £ | 2022 £ |
|---|---|---|---|
| Bonds | 17 | 24,891,900 | 21,934,020 |
| Other taxation and social security | | - | 170,973 |
| | | 24,891,900 | 22,104,993 |

## 17 Borrowings

| | 2023 £ | 2022 £ |
|---|---|---|
| Bonds | 73,329,380 | 59,387,659 |
| Payable within one year | 48,437,480 | 37,453,639 |
| Payable after one year | 24,891,900 | 21,934,020 |

## 17 Borrowings (continued)

The bonds issued are secured. The interest rate on the bonds ranges between 4.5% and 6.25% per annum. The amounts above are inclusive of interest accrued, payable on maturity of the bonds.

## 18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

| Balances: | Liabilities 2023 £ | Liabilities 2022 £ |
|---|---|---|
| Tax losses | - | (44,230) |
| Revaluations | 231,144 | 205,014 |
| | 231,144 | 160,784 |

| Movements in the year: | 2023 £ |
|---|---|
| Liability at 1 April 2022 | 160,784 |
| Charge to profit or loss | 70,360 |
| Liability at 31 March 2023 | 231,144 |

## 19 Share capital

| | 2023 £ | 2022 £ |
|---|---|---|
| **Ordinary share capital** | | |
| **Issued and fully paid** | | |
| 50,000 Ordinary shares of £1 each | 50,000 | 50,000 |

## 20 Related party transactions

**Transactions with related parties**
The company has taken advantage of the exemption in FRS 102 from disclosing related party transactions with wholly owned members of the same group.

## 21 Ultimate controlling party

The parent undertaking is Triple Point LLP. The directors do not consider there to be any one ultimate controlling party.

## 22 Financial risk management

The company's activities are exposed to market risk, credit risk and liquidity risk.

*Market risk*
Market risk is the risk of financial loss to the company resulting from the poor performance of the markets in which the company operates. The company considers its market risk to be low. The trading partnership offers leasing and finance to Small and Medium-Sized Enterprises across a number of industries which mitigates the market risk.

*Credit risk*
Credit risk is the risk of financial loss to the company resulting from counterparties failing to discharge their obligations to the company. The company considers its credit risk to be low. The trading partnership offers leasing and finance to a large number of Small and Medium-Sized Enterprises which are not individually material to the company.

*Liquidity risk*
Liquidity risk is the risk of the company being unable to meet its liabilities as they fall due. The company manages liquidity risk by maintaining sufficient cash reserves and planning bond repayments through forecasts and cash flow monitoring. The company is a cash generative business.

## 23 Cash generated from operations

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Profit for the year after tax | 1,712,842 | 515,059 |
| **Adjustments for:** | | |
| Profit share from LLP interest | (1,194,898) | (1,145,435) |
| Taxation charged | 568,141 | 130,284 |
| Finance costs | 3,712,473 | 2,790,858 |
| Investment income | (6,030) | (820,056) |
| Amortisation and impairment of intangible assets | 4,709 | - |
| (Decrease)/increase in provisions | (440,958) | 1,376,556 |
| **Movements in working capital:** | | |
| (Increase)/decrease in trade and other receivables | (775,067) | 872,609 |
| Increase in trade and other payables | 1,169,151 | 1,068,641 |
| **Cash generated from operations** | 4,750,363 | 4,788,516 |

## 24 Analysis of changes in net debt

| | 1 April 2022 | Cash flows | 31 March 2023 |
|---|---|---|---|
| | £ | £ | £ |
| Cash at bank and in hand | 16,304,987 | (9,675,271) | 6,629,716 |
| Borrowings excluding overdrafts | (59,387,659) | (13,941,721) | (73,329,380) |
| | (43,082,672) | (23,616,992) | (66,699,664) |