Company Registration No. 09734101 (England and Wales)

Triple Point Advancr Leasing plc

Annual report and financial statements for the year ended 31 March 2024

Triple Point Advancr Leasing plc

Company information

Directors	Peter Alderson Michael Bayer Toby Furnivall Sean Brophy
Secretary	Triple Point Investment Management LLP
Company number	09734101
Registered office	1 King William Street London EC4N 7AF
Independent auditor	Saffery LLP 71 Queen Victoria Street London EC4V 4BE

Triple Point Advancr Leasing plc

Contents

The directors present the strategic report for the year ended 31 March 2024.

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), carefully structuring transactions to meet the specific needs of each business and delivered using robust underwriting 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 ticket leasing; secured lending via both its established SME Debt Finance, Specialty Finance and Property Development Finance teams. The SME Debt Finance proposition remains an increasingly significant sector for the business, providing finance for both growth and acquisition to businesses, with the Company maintaining security over their cashflows and/or assets.

Advancr works with business partners and management teams 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. As a B-Corp registered business, Triple Point (the provider of services to TPAL and associated businesses) maintains a commitment to being sustainable and responsible for the integration of Environmental, Social and Governance (ESG) issues into all its analysis, acting as an additional risk assessment framework. Advancr considers it important to act as a responsible lender and have worked pro-actively in helping borrowers through some challenging economic and trading environments.

We are pleased to report that the Company delivered another year of positive profit before tax (PBT) this year of £1.8m (2023: £2.3m). Whilst down on 2023 profitability, given the turbulent economic environment, the FY24 PBT is considered to be a positive performance overall. The reduction in profitability is driven by three main factors: i. a c.26% increase in finance costs which represents the increased rates paid to Bondholders in the financial year to keep the offering relevant in the higher interest rate environment; & ii. Increase in bad and doubtful debts to £1.3m vs £0.4m prior year (see below for further commentary) & iii. an increase in admin costs to £1.9m vs £1.1m prior year which reflects an increased headcount to manage the more active portfolio. After taxation, the profit for the year was £1,652,711 (2023: £1,712,842). Over the period all Bondholders were repaid in full and on time as has been the case since the Company's inception.

The Company experienced some bad debts during the year, as borrowers were subject to the challenges of the wider economy, most notably stubborn levels of high inflation for most of the 12 month period. The impact of these bad debts have been 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 31 March 2024, over £235 million of the existing Bonds have been issued, of which over £166 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 facilitating diversification within the Company.

Following the above, the Company has continued to issue bonds to raise finance for its business operations. During the year £43.8m (2023: £53.5m) 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 delivered 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.

Whilst there are some elements of improving economic conditions in the 3 months post financial year end, notably reducing inflation and the first interest rate cut by the Bank of England, SMEs are still facing volatile trading conditions driven by the appointment of a new government, outbreak of wars which impact on commodity and raw material prices as well as labour costs.

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 Bondholders. 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. The majority of lending and funding interest rates are fixed rate and are priced to ensure the rates charged to borrowers are in excess of the rates paid to Investors. This risk is managed closely by the Private Credit team.

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.

In light of ongoing economic volatility, 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, 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.

The Directors continue to review and monitor the health, business continuity, liquidity, and credit risks.

Key Performance Indicators

Monthly management accounts including key performance indicators 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.

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
9 October 2024

The directors present their annual report and financial statements for the year ended 31 March 2024.

Principal activities

The principal activity of the company is the provision of leasing and 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	(Resigned 28 November 2023)
Peter Alderson	
Michael Bayer	
Toby Furnivall	
Sean Brophy	(Appointed 28 November 2023)

Results and dividends

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

Ordinary dividends were paid amounting to £800,000.

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

9 October 2024

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 2024 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 2024 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.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our 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

9 October 2024

Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

Triple Point Advancr Leasing plc

Statement of comprehensive income
For the year ended 31 March 2024

	Notes	2024 £	2023 £
Revenue	**3**	10,049,566	8,212,189
Cost of sales		(146,301)	(204,548)
Gross profit		9,903,265	8,007,641
Administrative expenses		(3,616,545)	(2,020,215)
Operating profit	**4**	6,286,720	5,987,426
Investment income	**8**	141,507	6,030
Finance costs	**11**	(4,684,000)	(3,712,473)
Other gains and losses	**9**	41,549	-
Profit before taxation		1,785,776	2,280,983
Taxation	**10**	(133,065)	(568,141)
Profit for the financial year		1,652,711	1,712,842

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 2024

	Notes	£	2024 £	£	2023 £
Non-current assets					
Intangible assets	**13**		12,678		7,064
Membership interests	**14**		19,385,893		19,186,976
			19,398,571		19,194,040
Current assets					
Trade and other receivables	**15**	55,940,389		54,809,729	
Cash and cash equivalents		1,691,658		6,629,716	
		57,632,047		61,439,445	
Current liabilities	**16**	(35,630,199)		(51,082,728)	
Net current assets			22,001,848		10,356,717
Total assets less current liabilities			41,400,419		29,550,757
Non-current liabilities	**17**		(36,119,995)		(24,891,900)
Provisions for liabilities					
Deferred tax liability	**19**	-		231,144	
			-		(231,144)
Net assets			5,280,424		4,427,713
Equity					
Called up share capital	**20**		50,000		50,000
Retained earnings			5,230,424		4,377,713
Total equity			5,280,424		4,427,713

The financial statements were approved by the board of directors and authorised for issue on 9 October 2024 and are signed on its behalf by:

Toby Furnivall
Director

Company Registration No. 09734101

Triple Point Advancr Leasing plc

Statement of changes in equity
For the year ended 31 March 2024

	Notes	Share capital £	Retained earnings £	Total £
Balance at 1 April 2022		50,000	3,464,871	3,514,871
Year ended 31 March 2023:				
Profit and total comprehensive income		-	1,712,842	1,712,842
Dividends	**12**	-	(800,000)	(800,000)
Balance at 31 March 2023		50,000	4,377,713	4,427,713
Year ended 31 March 2024:				
Profit and total comprehensive income		-	1,652,711	1,652,711
Dividends	**12**	-	(800,000)	(800,000)
Balance at 31 March 2024		50,000	5,230,424	5,280,424

Triple Point Advancr Leasing plc

Statement of cash flows
For the year ended 31 March 2024

	Notes	2024 £	2024 £	2023 £	2023 £
Cash flows from operating activities					
Cash generated from operations	**25**		5,422,588		4,750,363
Interest paid			(4,684,000)		(3,414,956)
Income taxes paid			(575,883)		(546,349)
Net cash inflow from operating activities			162,705		789,058
Investing activities					
Purchase of intangible assets		(7,969)		(11,773)	
(Additions)/disposals to partnership investments		1,412,675		(1,338,987)	
Net loan (advances)/repayments		(1,557,334)		(21,957,773)	
Net cash used in investing activities			(152,628)		(23,308,533)
Financing activities					
Repayment of borrowings		(4,148,135)		13,644,204	
Dividends paid		(800,000)		(800,000)	
Net cash (used in)/generated from financing activities			(4,948,135)		12,844,204
Net decrease in cash and cash equivalents			(4,938,058)		(9,675,271)
Cash and cash equivalents at beginning of year			6,629,716		16,304,987
Cash and cash equivalents at end of year			1,691,658		6,629,716

1 Accounting policies

Company information

Triple Point Advancr Leasing plc is a public 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.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

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 Non-current investments

Membership interests are initially measured at cost less impairment, and subsequently remeasured to fair market value at each balance sheet date. Gains and losses on remeasurement are recognised in the profit or loss for the period.

1 Accounting policies (continued)

1.6 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.

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.

1.7 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.

1.8 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.

1 Accounting policies (continued)

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.

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.

1 Accounting policies (continued)

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.

Derecognition of financial liabilities

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

1.9 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.

1.10 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.11 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.

1 Accounting policies (continued)

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.

1.12 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.

1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.14 Interest income and expense

Interest income and expense includes interest income and expense on the Company's financial instruments owned, short-term and long-term borrowings. These are recorded using the effective interest rates of the financial assets or financial liabilities to which they relate.

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.

The key assumptions or estimation uncertainties at the statement of financial position 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.

(i) Recoverability of assets
Determining whether loan balances are fully recoverable requires an estimation of the value of the future cash flows against carrying balance of the debt. At the year end the partnership assesses recoverability of each balance through the access of available information. This may include discounted cashflow modelling and latest management accounts.

(ii) Investment fair value
The investments in the accounts are recorded at fair market value at the year end date, this can involve an element subjectivity. At the year end, the partnership remeasurement the investments based upon third party valuation reports.

3 Revenue

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

	2024	2023
	£	£
Revenue analysed by class of business		
Profit share received from investments	1,470,085	1,194,898
Arrangement fees	2,677,633	2,670,597
Income from leased assets	34,782	29,423
Interest income from loans and similar advances	4,488,065	3,562,545
Other income	1,379,001	754,726
	10,049,566	8,212,189

4 Operating profit

	2024	2023
Operating profit for the year is stated after charging:	£	£
Provision for bad and doubtful debts	1,320,997	352,972
Amortisation of intangible assets	2,355	4,709

5 Auditor's remuneration

	2024	2023
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the company	18,600	16,450
For other services		
Audit-related assurance services	20,000	17,000
Taxation compliance services	2,050	1,925
All other non-audit services	2,000	1,850
	24,050	20,775

6 Employees

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

	2024 Number	2023 Number
	1	1

Their aggregate remuneration comprised:

	2024 £	2023 £
Wages and salaries	21,504	21,584

7 Directors' remuneration

	2024 £	2023 £
Remuneration for qualifying services	21,504	21,584

8 Investment income

	2024 £	2023 £
Other income from investments		
Gains on financial instruments measured at fair value through profit or loss	141,507	6,030

9 Other gains and losses

	2024 £	2023 £
Changes in the fair value of investments	41,549	-

10 Taxation

	2024 £	2023 £
Current tax		
UK corporation tax on profits for the current period	-	497,781
Adjustments in respect of prior periods	3,967	-
Group tax relief	463,718	-
Total current tax	467,685	497,781
Deferred tax		
Origination and reversal of timing differences	(334,620)	70,360
Total tax charge	133,065	568,141

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021.

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:

	2024 £	2023 £
Profit before taxation	1,785,776	2,280,983
Expected tax charge based on the standard rate of corporation tax in the UK of 25.00% (2023: 19.00%)	446,444	433,387
Tax effect of expenses that are not deductible in determining taxable profit	309,485	302,091
Tax effect of income not taxable in determining taxable profit	(413,338)	(237,291)
Gains not taxable	37,905	19,859
Change in unrecognised deferred tax assets	-	(3,275)
Adjustments in respect of prior years	(248,228)	43,091
Effect of change in corporation tax rate	797	17,672
Group relief	(463,718)	-
Permanent capital allowances in excess of depreciation	-	(7,393)
Payment for group relief	463,718	-
Taxation charge for the year	133,065	568,141

11 Finance costs

	2024	2023
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest payable on bonds in issue	4,684,000	3,712,473

12 Dividends

	2024	2023
	£	£
Final paid	800,000	800,000

13 Intangible fixed assets

	Software
	£
Cost	
At 1 April 2023	11,773
Additions	7,969
At 31 March 2024	19,742
Amortisation and impairment	
At 1 April 2023	4,709
Amortisation charged for the year	2,355
At 31 March 2024	7,064
Carrying amount	
At 31 March 2024	12,678
At 31 March 2023	7,064

14 Membership interests

	2024	2023
	£	£
Membership interests	19,385,893	19,186,976

14 Membership interests (continued)

Movements in non-current investments

	Membership interests £
Cost or valuation	
At 1 April 2023	19,186,976
Additions	11,932,987
Profit share	1,611,592
Withdrawn in period	(13,345,662)
At 31 March 2024	19,385,893
Carrying amount	
At 31 March 2024	19,385,893
At 31 March 2023	19,186,976

The membership interests represent interests in EPayments Trading Partners LLP, Lendnet LLP, Telecom Capital Trading Partners LLP, Triple Point IGF LLP and Triple Point IGF2 LLP, all limited liability partnerships registered in England and Wales. The registered office of these partnerships is 1 King William Street, London, EC4N 7AF.

15 Trade and other receivables

Amounts falling due within one year:	**2024 £**	**2023 £**
Corporation tax recoverable	552,377	444,180
Other receivables	31,454,759	5,289,954
	32,007,136	5,734,134

Amounts falling due after more than one year:	**2024 £**	**2023 £**
Other receivables	23,829,777	49,075,595
Deferred tax asset (note 19)	103,476	-
	23,933,253	49,075,595
Total debtors	55,940,389	54,809,729

Debtors are stated after a deduction for bad debt provisions against loan receivables amounting to £1,960,890 (2023: £1,687,487).

16 Current liabilities

	Notes	2024 £	2023 £
Bonds	18	33,061,250	48,437,480
Amounts due to group undertakings		463,718	-
Other taxation and social security		259,487	217,433
Other payables		1,656,159	1,672,633
Accruals and deferred income		189,585	755,182
		35,630,199	51,082,728

17 Non-current liabilities

	Notes	2024 £	2023 £
Bonds	18	36,119,995	24,891,900

18 Borrowings

	2024 £	2023 £
Bonds	69,181,245	73,329,380
Payable within one year	33,061,250	48,437,480
Payable after one year	36,119,995	24,891,900

The bonds issued are secured by both a fixed and floating charge. The interest rate on the bonds ranges between 4.5% and 7.75% per annum. The amounts above are inclusive of interest accrued, payable on maturity of the bonds.

19 Deferred taxation

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

Balances:	Liabilities 2024 £	Liabilities 2023 £	Assets 2024 £	Assets 2023 £
Revaluations	-	231,144	103,476	-

19 Deferred taxation (continued)

Movements in the year:	**2024** **£**
Liability at 1 April 2023	231,144
Credit to profit or loss	(334,620)
Asset at 31 March 2024	(103,476)

20 Share capital

	2024 **£**	**2023** **£**
Ordinary share capital		
Issued and fully paid		
50,000 Ordinary shares of £1 each	50,000	50,000

21 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.

22 Ultimate controlling party

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

The smallest and largest group in which the results of the Company are consolidated is that headed by Triple Point LLP, 1 King William Street, London, United Kingdom, EC4N 7AF. Copies of the group financial statements are available to the public at 1 King William Street, London, United Kingdom, EC4N 7AF.

23 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.

24 Analysis of changes in net debt

	1 April 2023	Cash flows	31 March 2024
	£	£	£
Cash at bank and in hand	6,629,716	(4,938,058)	1,691,658
Borrowings excluding overdrafts	(73,329,380)	4,148,135	(69,181,245)
	(66,699,664)	(789,923)	(67,489,587)

25 Cash generated from operations

	2024	2023
	£	£
Profit for the year after tax	1,652,711	1,712,842
Adjustments for:		
Profit share from LLP interest	(1,470,085)	(1,194,898)
Taxation charged	133,065	568,141
Finance costs	4,684,000	3,712,473
Investment income	(141,507)	(6,030)
Bad debts written off	1,047,594	-
Fair value gain on investment	(41,549)	-
Amortisation and impairment of intangible assets	2,355	4,709
Increase/(decrease) in provisions	273,403	(440,958)
Movements in working capital:		
Increase in trade and other receivables	(641,100)	(775,067)
(Decrease)/increase in trade and other payables	(76,299)	1,169,151
Cash generated from operations	5,422,588	4,750,363