ANNUAL FINANCIAL REPORT

DEVELOP NORTH PLC

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CHAIRMAN'S STATEMENT

HIGHLIGHTS

- Net Asset Value total return of 1.4% (November 2022: 2.3%)
- Continued reduction in the Company's risk profile as the collective LTV reduced to 65.1% from c.67% a year earlier
- Decrease in earnings per share from 3.7p to 2.5p
- £1.1m distributed to shareholders during the year
- Re-pricing of loan book in line with higher interest rates created a c.9% year-on-year increase in average rates charged
- Total dividends of 4 pence per share paid or payable for the year
- Share buybacks during the year enhanced the NAV per share for remaining shareholders by 0.3%
- Loan facility with Shawbrook Bank Limited renewed to May 2025

INTRODUCTION

I am pleased to present the Company's results for the year ended 30 November 2023, during which the Company entered its seventh year of trading.

Once again the economic backdrop, especially with regard to real estate-linked investment, has been hallmarked by increases in interest rates, together with high but generally easing inflation figures as 2023 progressed.

UK base rates rose from 3% at the start of our financial year in December 2022 to 5.25% by August 2023. This figure was a little higher than the Office of Budgetary Responsibility's predicted 2023 peak of 4.8% which we reported last year. However, no further rate rises occurred during the remainder of the year and into early 2024.

A combination of soaring energy prices, supply chain disruptions caused by global geopolitical events, not least Russia's invasion of Ukraine, triggered price rises that reached a 41-year high of 11.1% in October 2022. Underlying pressures gradually eased over the following twelve months such that inflation had fallen to 4.6% by the beginning of November 2023.

Turning to property prices, the latest ONS figures show that the average house price was £6,000 cheaper in November 2023 than a year earlier, a trend generally attributed to a combination of high mortgage rates, cost of living increases and low market confidence.

Prospects have undoubtedly improved as borrowing rates have come down and cost price inflation has eased. Our Investment Adviser has prudently adopted Zoopla's prediction of a 2% fall in house prices across our regions, while reporting improved confidence of stability within cost budgets and a further improvement in the availability of labour and sub-contractors, with the potential to shorten build programmes.

OBJECTIVE; MANAGERIAL ARRANGEMENTS; COMPANY NAME

The Company seeks to achieve its investment objective primarily through a diversified portfolio of fixed rate loans predominantly secured over land and/or property in the UK and managed by its Investment Adviser, Tier One Capital Ltd ('TOC').

The change of the Company's name to Develop North PLC, as reported last year, has had a positive impact since its implementation on 6 May 2022.

The name not only has the benefit of brevity but gives an immediate insight into the Company's ambitions and regionally focused investment objective. The Company's upgraded web site, www.developnorth. co.uk, has had a similarly beneficial effect while being readily accessed via a simple internet search using the Company's name.

PERFORMANCE; NET ASSET VALUE

The Company's net asset value ('NAV') fell to 78.9 pence per share as at 30 November 2023, having been 81.8 pence per share twelve months earlier. Taking into account dividends paid or declared for the period, this equates to a net asset value total return for the financial year of approximately +1.4% and after a modest increase in the impairment charge, reflecting the Investment Adviser's expectations for the UK economy in the year ahead.

This figure may be placed into context by comparison with the total return figures over the same period of the Association of Investment Companies' ('AIC') 'Property-Debt' sector, of which the Company is a component member, of +4.5% and of the AIC's 'Debt-Loans' sector of +9.9% (Source: AIC).

The total value of the Company's portfolio now stands at £19.5 million.

REVENUE AND DIVIDENDS

The Company has adhered to the dividend policy established in 2021, namely to pay dividends at a rate of 1 penny per share per quarter, equivalent to 4 pence per share per year in aggregate.

For the year to 30 November 2023, revenue decreased to 2.5 pence per share (November 2022: 3.7 pence).

The fall in revenue per share is a result of an increase in impairments this year linked to legacy projects, which are substantially concluded.

The Board has declared and paid three quarterly interim dividends of 1.0 pence per share for the year ended 30 November 2023 and I am pleased to report that a fourth interim dividend of 1.0 pence per share has been declared. This dividend will be paid on 28 March 2024 to shareholders on the register at the close of business on 8 March 2024 (ex-dividend date 7 March 2024).

SHARE BUYBACKS

In November 2023 the Company announced the introduction of a share buyback programme to repurchase an initial figure of up to £500,000 of its Ordinary shares. The programme's objective is to reduce the discount to net asset value at which the shares may be trading.

As at 30 November 2023 the Company had repurchased 689,838 Ordinary shares at an average discount to NAV of 10%.

GEARING

Loan facilities during the year consisted of a £6.5 million credit facility with Shawbrook Bank Limited. There were no funds drawn under the loan facility at 30 November 2023. £1.5m has been drawn down since the year end.

The Shawbrook loan facility was renewed to May 2025, thereby providing adequate liquidity for the Investment Adviser to take advantage of lending opportunities as they arise.

INVESTMENT PORTFOLIO; NEW INVESTMENTS; PROJECT IMPAIRMENTS

The total value of the Company's portfolio now stands at £19.5m, from 17 projects, a decrease of £5.0m since last year. The quality of the underlying loan book continues to improve with the Loan to Value moving from 66.8% at 30 November 2022 to 65.1% at year end.

New Investments The Company agreed four new loans during the year, including a £2.2 million, 30-month facility to fund the construction of a new warehouse in Darlington, Durham; a £1.1 million, 18-month facility to refurbish a hotel and wedding venue in North Yorkshire and two residential developments for a combined £2.4 million in Aberdeenshire, Scotland.

The change in interest rate environment is also being reflected in the net rates of interest on new and refinanced projects. This will help to mitigate the higher interest and higher inflation that the Company is facing.

Exits There were three portfolio exits, bringing total exits to eighteen since inception. In addition, partial redemptions occurred for three other projects in the portfolio.

Impairments As required under the stringent requirements of accountancy standard IFRS 9, the Company has reflected the more uncertain economic conditions resulting in an increased general provision at year end.

All loans are written balancing risk and return, whereby contingencies are put in place, typically in the form of capital/equity in the projects subordinate to the Company's loan. This arrangement protects the Company in the event that the underlying properties being supported do not realise the full expected value and/or that the return of capital could be delayed by sales taking longer than anticipated. The Board and the Investment Adviser believe that this substantially mitigates the risks associated with the downturn.

The Investment Adviser's Report provides further detail on performance and the activity within the loan portfolio. This includes information on deployment of capital, progress on projects undertaken as well as any profit share received, impairments and uplifts on loans and loan
redemptions.

LONG TERM PERFORMANCE

The Company was incorporated in 2016, and as is set out in the Investment Advisor's Report included in this Annual Report, it has reinvested its entire capital base more than twice, supporting SME developers and similar entrepreneurs predominantly in the North of England and Scotland.

The strategy adopted shortly after incorporation has been applied consistently and has proven successful. A deep understanding of the local market, of the individual sites that our lending supports, and of the borrowers themselves, coupled with financial and credit disciplines has meant that loans issued since 2018 (22 loans and over £41 million) have produced an IRR to date of 9.6%, with a loss of capital of only 0.5%. Given the conservative Loan to Value and the protection this security over the underlying property affords, this is a very acceptable outcome, particularly in the very low interest rate environment that has prevailed through most of this period. I believe this compares favourably with comparative alternative lenders and highlights the differentiators inherent in localised lending. I also note the not inconsiderable support that this lending has provided to the local economies in the areas the loans have been made, making a significant social impact in regional communities.

When the Company was incorporated in 2016, it took onto its balance sheet loans to ten existing projects, and made four additional loans in the first year of trading. Several of these loans resulted in a capital loss, and not all were able to service their interest, leading to historic impairments. The substantial majority of these loans have now been concluded, and as such the Board and the Investment Advisor are confident that the level of impairment that has been necessary historically will not recur.

BOARD OF DIRECTORS

In accordance with the requirements of the UK Corporate Governance Code all Directors will stand for re-appointment at the AGM.

ANNUAL GENERAL MEETING

The Company's AGM will be held at The Grey Street Hotel, 2-12 Grey Street, Newcastle on Thursday, 25 April 2024 at 12 noon. Visitors are requested to arrive at the hotel reception no later than 11:50 a.m.

The Board strongly encourages all shareholders to exercise their votes in respect of the meeting in advance, by completing and returning their proxy forms to the Company's registrar. This will ensure that the votes are registered.

In addition, shareholders are encouraged to raise any questions in advance of the AGM with the Company Secretary via email to cosec@MaitlandGroup.com or by post to the Company Secretary at the address set out in the Annual Report.

Any questions received will be replied to by the Company after the AGM.

OUTLOOK

Notwithstanding one major political event looking increasingly likely at some stage during 2024 - namely, a general election - a degree of market confidence and property transaction volumes is expected in 2024 as interest rates ease and affordability improves.

As well as inflation continuing a generally downward trend, financial markets are pricing in cuts to the base rate during 2024. Looking forward, the Bank of England now expects to see a further slowing down in headline inflation to a likely 3.1% in the final quarter of 2024 before returning to normalised levels of around 2% in 2025. Economic growth is expected to remain weak, on the other hand, with unemployment rising and frozen tax thresholds limiting any increase, in real terms, in take home earnings.

With the return of both interest rate and construction cost stability, our Investment Adviser has adopted a more positive outlook for 2024, citing relative confidence in property as an asset class, a continuing shortage in housing and an increasing ability to compete in debt markets. Key risks remain, nevertheless, and a contraction in asset values cannot be discounted, though any downturn is expected to be shallow.

We are transitioning to the higher interest rate world, and recent lending reflects this in the rates at which we are now lending. While the outlook for business is challenging, I am confident the Company has placed itself in a good position for the current year and beyond.

The property markets where the Company lends, while not immune to wider economic trends, have not suffered the turbulence experienced in other parts of the UK (in particular the South East). As such, the affordability of home prices has been less stretched and there has consequently been only a modest correction in prices in response to the changing interest rate regime.

Moreover, I believe the lending disciplines which the Investment Advisor has in place will continue to provide protection to our loan portfolio; the relationships with developers, the maintenance of prudent Loan to Value ratios and the knowledge of each site and developments to which we lend. In short, Develop North will press ahead with identifying and investing in real estate projects of the highest quality, continuing to enhance the Company's portfolio and strengthen its reputation in the market. This should lead to the creation of shareholder value that is sustainable in the longer term, while also providing a positive social impact to the communities within which many of us live and work.

John Newlands
Chairman

25 March 2024

INVESTMENT ADVISER'S REPORT:
REVIEW OF THE 12 MONTHS TO 30 NOVEMBER 2023

Investment Adviser's Highlights:

- Exits of three portfolio projects, bringing the number of exits since inception to eighteen
- NAV Total Return of 1.4% for the year to 30 November 2023 and an annualised dividend yield of 4.7%, resulting in £1.1m of income distributed to shareholders
- £3.4m deployed into 6 projects
- Loan to Value ('LTV') has decreased to 65.1% from 66.8%, delivering on our strategy to build risk resilience and improve the credit quality of our loan book
- 71.2% of funds deployed in North East England reflecting the Company's ongoing commitment to focus operations on our chosen regional markets.

This Annual Report covers the sixth full year of performance and seventh audit review of the Company since its listing in January 2017.

The Company's primary purpose is to provide debt finance to the property sector. The Company also benefits from a small number of equity positions attained at nil cost in six of the borrowing entities which it supports. In addition, the Company benefits from exit fees on redemption of other projects that additionally contribute to the Senior & Profit lending type.

Progress on the Company's Strategic Objectives:

- Weighted Average interest generated was 8.2% - up from 7.56% in the prior year
- Size of investment portfolio year-on-year decreased due to three successful exits
- Prudent cost control saw overheads maintained at £0.5m
- Portfolio Loan to Value ('LTV') improved at 65.1%
- Further progress in managing non-performing assets and improvement in loan book quality, including £0.36m repaid by legacy projects.
- Fund liquidity further improved, enabling the commencement of the first Company share buyback exercise in November 2023.

The Economic Backdrop and Outlook:
The year had seen continued strategic risk challenges presented in both significant inflation and increased borrowing rates. Average inflation in the year was 6.7%, albeit down from 10.7% in the previous 12 months. UK base rates saw six consecutive increases from 3% to 5.25%. Notwithstanding those challenges, the UK economy avoided falling into the recession predicted at the start of the year. Looking forward, the Bank of England ('BoE') expects to see a slowing down in headline inflation from 4.6% at 30 November 2023 to a likely 3.1% in the final quarter of 2024 before returning to normalised levels of around 2% in 2025. Markets are predicting that inflationary control will calm interest rate movements and see some relief built in to lower the base rate to 4.25% by the end of 2024, although the BoE themselves are more pessimistic at 5.1%.

The end of 2022 saw house prices come off a peak, coupled with lower supply of new builds as volume housebuilders reduced the number of new site starts. A slower market was seen across the North East and Scotland in 2023, partly driven by increased mortgage costs relative to wage growth. Looking forward, we have adopted Zoopla's prediction of a 2% fall in house prices across our regions; however, we are encouraged by recent pay settlements above inflation to bring some confidence back to mortgage affordability.

This financial year also saw an easing to both build cost inflation and labour rates. Building Cost Information Service Construction Data ('BCIS') material price increases peaked at 18% in 2022 before dropping to zero for the 12 months to September 2023 and forecasting 2% in 2024. That stability was coupled with a 6% contraction in new work output in 2023 and a further 1% fall forecast in 2024. These factors combined, this then gives some confidence of stability within cost budgets and a further improvement in the availability of labour and sub-contractors to aid the shortening of build programmes.

With the return of both interest rate and construction cost stability we have adopted a more positive outlook for 2024. Key risks remain and a contraction in asset values cannot be discounted, although we anticipate any downturn to be shallow.

The increased rate environment saw us set higher targets for Investment Rate of Return ('IRR') on projects.

Despite the ongoing uncertainties, we are pleased to report an active year for new transactions and deployments to existing projects, together with full and partial exits:

- Croft, North Yorkshire - £1.1m 18-month facility
- Aberdeen, Scotland - £1.7m 24-month facility
- Aberdeen, Scotland - £0.8m 10-month facility
- Darlington, North East England - £2.2m 30-month facility

During the year a total of £3.4m was deployed into six projects, including the four new projects mentioned above.
At the year-end, fund deployment totalled £19.5m. The quality of the underlying loan book continues to improve with the Loan to Value moving from 66.8% at 30 November 2022 to 65.1% at 30 November 2023

Portfolio Exits
Three loans were repaid during the year, bringing the number of exits in the portfolio to eighteen since inception.

Partial Redemptions Update
During the year there were £8.6m of partial redemptions across six of the portfolio projects, including the three exits in the year

Impairments
In accordance with IFRS 9, the Company recognises the gross interest receivable on all its loans, and then recognises an impairment charge if that interest is not paid by the borrower and there is not a clear expectation that this can be recovered subsequently. During the year, there were two projects unable to meet their interest requirements in full.
IFRS 9 also requires the Company to consider various credit loss scenarios and assign a risk weighting to these. This calculation generates a provision which is taken as a general impairment for the year. In this period the Company has increased the provision to £146,000 from the £114,000 that was in place at 30 November 2022. This provision is based on forward looking scenarios to withstand market-related shocks reflecting current economic uncertainties.

Gearing
In May 2023, the Company renewed its committed revolving credit facility with Shawbrook Bank for a further two years. As previously, the key driver was headroom and liquidity and its renewal demonstrates the support that the Company has from its lender, and the growing confidence in future deployment given the current strength of pipeline.

PROFIT SHARE PROJECTS
There are currently four Profit Share projects in the portfolio (November 2022: six) reflecting further progress in our strategic aim to simplify and focus on debt-only products.

BUYBACK PROGRAMME
In November 2023, the Company announced the commencement of a share buyback programme. The Company repurchased 689,838 Ordinary shares in November 2023. A further 566,369 Ordinary shares were repurchased in December 2023. The shares are held in treasury

OUTLOOK
Residential
As at 30 November 2023, 73.9% of deployed funds were invested across twelve projects with a residential focus with a further £1.6m committed to live projects.

This represented a 20.4% decrease over 2022 and formed part of our response to the pressures across the Residential sector in 2023.

Commercial
As at 30 November 2023, 24.6% of deployed funds were invested across five projects with a commercial focus.

PIPELINE
There is currently £5.2m at various stages of due diligence across two commercial projects in the North East, one of which was completed post financial year end.

PERFORMANCE SINCE 2018
Ten projects were brought into the portfolio on listing, with a further four projects supported in the first year of trading. Of these fourteen projects, six had capital write-offs of circa £4m.

Since 1 June 2018, the Company has provided loans totalling £40m across twenty new projects. These projects have generated an average IRR of 9.6% with only 0.5% of capital write-offs which have been more than covered by associated exit and plot fees. These projects have also been lower risk projects with LTVs lower than the legacy projects.

The quality and experience of each management team that we are in discussions with will continue to enhance the Company's portfolio and strengthen its reputation in the market. This should lead to the creation of shareholder value that is sustainable in the longer term.

With input cost stability predicted to emerge, relative confidence in property as an asset class, a continuing shortage in housing and an increasing ability to compete in debt markets, we are looking forward to growing fund deployment post the year end.

Ian McElroy
Tier One Capital Ltd
25 March 2024

THE INVESTMENT PORTFOLIO AS AT 30 NOVEMBER 2023

Sector	% of Portfolio	LTV* (Nov 22)	Loan Value (Nov 23) £'000s	LTV* (Nov 22)	Loan Value (Nov 22) £'000s
Residential	69.8%	62.1%	14,221	69.0%	17,111
Commercial	24.5%	73.6%	5,005	61.9%	7,508
Cash	5.7%	-	1,154	-	638
General Impairment	-	-	(146)	-	(114)
Total/Weighted Average	**100.0%**	**65.1%**	**20,235**	**66.8%**	**25,143**

*LTV has been calculated using the carrying value of the loans as at the balance sheet date

PRINCIPAL AND EMERGING RISKS

The Board of Directors has overall responsibility for risk management and internal control within the context of achieving the Company's objectives.

The Directors confirm that they have carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity, as they operated during the year and up to the approval of the Annual Report.

The Board agrees the strategy of the Company, taking into consideration the Company's risk appetite. With the assistance of the Investment Adviser, the Board has drawn up a risk matrix, which identifies the key risks to the Company, as well as emerging risks. In assessing the risks and how they can be mitigated, the Board has given particular attention to those risks that might threaten the viability of the Company. These key risks fall broadly under the following categories:

- Investment and strategy risk

The Company's targeted returns are targets only and are based on estimates and assumptions about a variety of factors including, without limitation, yield and performance of the Company's investments, which are inherently subject to significant business, economic and market uncertainties and contingencies, all of which are beyond the Company's control and which may adversely affect the Company's ability to achieve its targeted returns. Accordingly, the actual rate of return achieved may be materially lower than the targeted returns, or may result in a partial or total loss, which could have a material adverse effect on the Company's profitability, the net asset value ('NAV') and the price of Ordinary shares.

Borrowers under the loans in which the Company invests may not fulfil their payment obligations in full, or at all, and/or may cause, or fail to rectify, other events of default under the loans.

The Board is responsible for setting the investment strategy to achieve the targeted returns and for monitoring the performance of the Investment Adviser and the implementation of the agreed strategy.

An inappropriate strategy could lead to poor capital performance and lower than targeted income yields.

This risk is mitigated through regular reviews and updates with the Investment Adviser, monitoring of the portfolio sectors against the investment restrictions on a quarterly basis and tracking of loan to value ratios of the underlying property projects

- Market risk

The Company's investment strategy relies in part upon local credit and real estate market conditions. Adverse conditions may prevent the Company from making investments that it might otherwise have made, leading to a reduction in yield and an increase in the default rate.

The Company holds 100% of its assets in the United Kingdom.

To mitigate the market risks, the Board receives quarterly updates from the Investment Adviser containing information on the local market conditions and trends. This information is reviewed alongside the sector split of the portfolio to ensure the portfolio is aligned to meet future challenges.

- Financial risk

The Company's activities expose it to a variety of financial risks that include interest rate risk, liquidity risk and credit risk. Further details on these risks and the way in which they are mitigated are disclosed in the notes to the financial statements.

- Operational risk

The Company has no employees and relies upon the services provided by third parties. It is primarily dependent on the control systems of the Investment Adviser and Administrator who respectively maintain the assets and accounting records.

Failure by any service provider to carry out its obligations in accordance with the terms of their appointment could have a detrimental effect on the Company.

To mitigate these risks, the Board reviews the overall performance of the Investment Adviser and other key third-party service providers on a regular basis and has the ability to terminate agreements if necessary. The business continuity plans of key third-party service providers are subject to Board scrutiny.

- **Legal and Regulatory risk**

In order to qualify as an investment trust, the Company must comply with section 1158 of the Corporation Tax Act 2010. The Company has been approved by HM Revenue & Customs as an investment trust. The Company is listed on the London Stock Exchange. Non-compliance with the taxes act or a breach of listing rules could lead to financial penalties and reputational loss.

These risks are mitigated by the Board's review of quarterly financial information and compliance with the relevant rules.

MANAGEMENT REPORT AND DIRECTORS' RESPONSIBILITY STATEMENT

Management report

Listed companies are required by the DTRs to include a management report in their Financial Statements. The information is included in the Strategic Report on pages 12 to 19 inclusive (together with the sections of the Annual Report and Accounts incorporated by reference) and the Directors' Report on pages 22 to 26. Therefore, a separate management report has not been included.

Directors' responsibility statement

The Directors are responsible for preparing the Annual Report and 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 UK adopted International Financial Reporting Standards ("UK adopted IFRS") and with the Companies Act 2006, as applicable to companies reporting under international accounting standards.

Under Company law the Directors must not approve the financial statements unless they are satisfied that, taken as a whole, they are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy and that they give a true and fair view of the state of affairs of the Company and of the total return or loss of the Company for that period. In order to provide these confirmations and in preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK adopted IFRS have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business and the Directors confirm that they have done so.

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, where applicable. They are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The financial statements are published on www. DevelopNorth.co.uk which is a website maintained by the Company's Investment Adviser. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Under applicable UK law and regulations, the Directors are also responsible for preparing a Strategic Report, a Directors' Report, Statement of Corporate Governance and Directors' Remuneration Report that complies with that law and those regulations.

Directors' confirmation statement

Each of the Directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with UK adopted IFRS and with the Companies Act 2006, as applicable to companies reporting under international accounting standards, give a true and fair view of the assets, liabilities and financial position and total return or loss of the Company; and
- The Management Report, referred to herein, which comprises the Chairman's Statement, the Investment Adviser's Report, Strategic Report (including risk factors) and note 17 of the Financial Statements includes a fair review of the development and performance of the business and position of the Company, together with the principal risks and uncertainties that it faces.

The Directors consider that the Annual Report and Accounts taken as a whole, is fair, balanced and understandable and it provides the information necessary to assess the Company's position and performance, business model and strategy.

On behalf of the Board
John Newlands, Chairman
25 March 2024

INCOME STATEMENT

		Year ending 30 November 2023			Year ending 30 November 2022		
	Notes	Revenue £'000	Capital £'000	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
REVENUE							
Investment interest	2	1,722	-	**1,722**	1,787	-	1,787
Total revenue		1,722	-	**1,722**	1,787	-	1,787
Losses on investments held at fair value through profit or loss	4, 8	(201)	(2)	**(203)**	(36)	(342)	(378)
Amortisation of exit fees		-	32	**32**	-	-	-
Total net income		1,521	30	**1.551**	1,751	(342)	1,409
EXPENDITURE							
Investment adviser fee	3	(65)	-	**(65)**	(67)	-	(67)
Impairments on investments held at amortised cost	4, 9	(116)	(441)	**(557)**	(12)	(136)	(148)
Other expenses	4	(513)	-	**(513)**	(548)	-	(548)
Total expenditure		(694)	(441)	**(1,135)**	(627)	(136)	(763)
Profit/(loss) before finance costs and taxation		827	(411)	**416**	1,124	(478)	646
FINANCE COSTS							
Interest payable		(155)	-	**(155)**	(132)	-	(132)
Profit/(loss) before taxation		672	(411)	**261**	992	(478)	514
TAXATION	5	-	-	**-**	-	-	-
Profit/(loss) for the year		672	(411)	**261**	514	(478)	514
Basic earnings per share	7	2.50p	(1.53)p	**0.97p**	3.68p	(1.78)p	1.90p

The accompanying notes form an integral part of the financial statements.

The total column of this statement represents the Company's Income Statement, prepared in accordance with UK adopted IFRS. The supplementary revenue return and capital return columns are both prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations.

There is no other comprehensive income as all income is recorded in the statement above.

STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 November 2023	As at 30 November 2022
		£'000	£'000
NON-CURRENT ASSETS			
Loans at amortised cost	9	6,208	12,659
		6,208	12,659
CURRENT ASSETS			
Investments held at fair value through profit or loss	8	3,024	4,874
Loans at amortised cost	9	10,496	7,948
Other receivables and prepayments	10	13	11
Cash and cash equivalents		1,154	638
		14,687	13,471
TOTAL ASSETS		20,895	26,130
CURRENT LIABILITIES			
Loan facility	11	-	(4,000)
Other payables and accrued expenses	12	(191)	(109)
TOTAL LIABILITIES		(191)	(4,109)
NET ASSETS		20,704	22,021
SHARE CAPITAL AND RESERVES			
Share capital	13	269	269
Share premium		9,094	9,094
Special distributable reserve		12,267	12,849
Capital reserve		(1,059)	(644)
Revenue reserve		133	453
EQUITY SHAREHOLDERS' FUNDS		20,704	22,021
Net asset value per ordinary share		78.92p	81.79p

The accompanying notes form an integral part of the financial statements.

These financial statements were approved by the Board of Directors of Develop North PLC (a public limited company incorporated in England and Wales with company number 10395804) and authorised for issue on 25 March 2024. They were signed on its behalf by:

John Newlands
Chairman

STATEMENT OF CHANGES IN EQUITY

For the year ending 30 November 2023	Share capital	Share premium	Special distributable reserve	Capital reserve	Revenue reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000
AT BEGINNING OF THE YEAR	269	9,094	12,849	(644)	453	22,021
Total comprehensive profit for the year:						
Profit for the year	-	-	-	(411)	672	261
TRANSACTIONS WITH OWNERS						

RECOGNISED DIRECTLY IN EQUITY:						
Dividends paid	-	-	(85)	-	(992)	(1,077)
Repurchase of shares into treasury	-	-	(497)	(4)	-	(501)
At 30 November 2023	269	9,094	12,267	(1,059)	133	20,704

For the year ending 30 November 2022	Share capital	Share premium	Special distributable reserve	Capital reserve	Revenue reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000
AT BEGINNING OF THE YEAR	269	9,094	13,093	(166)	294	22,584
Total comprehensive profit for the year:						
Profit for the year	-	-	-	(478)	992	514
TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY:						
Dividends paid	-	-	(244)	-	(833)	(1,077)
At 30 November 2022	269	9,094	12,849	(644)	453	22,021

CASH FLOW STATEMENT

		Year ending 30 November 2023	Year ending 30 November 2022
	Notes	£'000	£'000
OPERATING ACTIVITIES			
Profit before taxation		261	514
Losses on investments held at fair value through profit and loss		213	342
Impairments on loans at amortised cost		592	136
Gains on investments held at fair value through profit and loss		(10)	-
Uplifts on loans at amortised cost		(35)	-
Amortisation of exit fees		(32)	-
Interest expense		155	132
Changes in working capital			
Increase in loan interest receivable on investments held at fair value through profit and loss		(93)	(147)
Increase in loan interest receivable on loans at amortised cost		(133)	(249)
(increase)/decrease in other receivables		(2)	16
Increase/(decrease) in other payables		82	(26)
NET CASH INFLOW FROM OPERATING ACTIVITIES AFTER TAXATION		998	718
INVESTING ACTIVITIES			
Loans given		(3,369)	(10,986)
Loans repaid		8,620	3,570
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		5,251	(7,416)
FINANCING			

Equity dividends paid		(1,077)	(1,077)
Repurchase of shares into Treasury	13	(501)	-
Bank loan drawn down	14	-	4,251
Repayment of bank loan	14	(4,000)	(251)
Interest paid		(155)	(132)
NET CASH (OUTFLOW)/INFLOW FROM FINANCING		(5,733)	2,791
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		516)	(3,907)
Cash and cash equivalents at the start of the year		638	4,545
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		1,154	638

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES
SIGNIFICANT ACCOUNTING POLICIES
(A) BASIS OF PREPARATION

The financial statements of Develop North plc have been prepared in accordance with UK adopted International Financial Reporting Standards ("UK adopted IFRS") and with the Companies Act 2006, as applicable to companies reporting under international accounting standards. The financial statements were also prepared in accordance with the Statement of Recommended Practice, Financial Statements of Investment Trust Companies and Venture Capital Trusts ("SORP") issued by the AIC (as issued in July 2022), where this guidance is consistent with UK adopted IFRS.

The financial statements have been prepared on a going concern basis under the historical cost convention, except for certain investment valuations which are measured at fair value.

The notes and financial statements are presented in pounds sterling (being the functional currency and presentational currency for the Company) and are rounded to the nearest thousand except where otherwise indicated.

The Company reviews forthcoming changes to UK adopted IFRS and does not anticipate material changes as a result of these.

NEW STANDARDS OR AMENDMENTS FOR 2023 FOR FORTHCOMING REQUIREMENTS
New standards, interpretations and amendments issued which are not yet effective and applicable for the periods beginning on or after 1 December 2023:

Effective date accounting periods on or after 1 January 2024:

IAS 1 Amendments to accounting for non-current liabilities with covenants

GOING CONCERN
The financial statements have been prepared on a going concern basis. At the forthcoming AGM shareholders are invited to vote on the continuation of the Company. The Board understands that the Investment Adviser has taken soundings of major shareholders and therefore it has a high degree of confidence that this vote will be passed by shareholders; however, the vote is outside the control of the Board and thus, in the context of assessing the future prospects of the Company, it represents a material uncertainty which (if the vote were to be lost) may cast significant doubt upon the ability of the company to continue as a going concern. The financial statements do not include the adjustments that may be necessary should a positive vote from the shareholders to continue not be received and the Company was not able to continue as a going concern. The disclosures on going concern on page 25 of the Directors' Report form part of these financial statements.

INTEREST INCOME
For financial instruments measured at amortised cost, the effective interest rate method is used to measure the carrying value of a financial asset or liability and to allocate associated interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts over the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. In calculating the effective interest rate, the cash flows are estimated considering all contractual terms of the financial instrument but does not consider expected credit losses. The calculation includes all fees received and paid and costs borne that are an integral part of the effective interest rate.

On an ongoing basis the Investment Adviser assesses whether there is evidence that a financial asset is impaired. The basis of calculating interest income on the three stages of impairment (detailed below) are as follows:

Stage 1 Interest is calculated on the gross outstanding principal

Stage 2 Interest is calculated on the gross outstanding principal

Stage 3 Interest is calculated on the principal amount less impairment

EXPENSES

Expenses are accounted for on an accruals basis. The Company's administration fees, finance costs and all other expenses are charged through the Income Statement and are charged to revenue. Fees incurred in relation to operational costs of the loan portfolio, such as legal fees, are charged through the Income Statement and are charged to capital.

DIVIDENDS TO SHAREHOLDERS

Interim dividends declared during the year are recognised when they are paid. Any final dividends declared are recognised when they are approved by the Shareholders at the Annual General Meeting.

TAXATION

Taxation on the profit or loss for the period comprises current and deferred tax. Taxation is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates and laws enacted or substantively enacted at the reporting date.

Deferred income taxes are calculated using rates and laws that are enacted or substantivity are expected to apply as or when the associated temporary differences reverse. Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. Deferred income is recognised in profit or loss unless it relates to a transaction recorded in other comprehensive income or equity, in which case it is also recognised in other comprehensive income or directly in equity respectively.

FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The financial assets and financial liabilities are classified at inception into the following categories:

Amortised cost:

Financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI ('solely payment of principal and interest') and that are not designated at fair value through profit and loss are measured at amortised cost. At initial recognition, these assets are recognised as the amounts advanced to customers on the trade date. Financial assets are derecognised when the rights to receive cashflows from the financial assets no longer exists. The carrying amount of these assets is adjusted by any expected credit loss allowance as described in the impairment note below. Interest income from these financial assets is included in Investment Interest using the effective interest rate method. Any gain or loss on derecognition is recognised directly in the Income Statement. Impairment losses are presented as separate line item in the Income Statement.

The Company's cash and cash equivalents, other receivables, other payables and accruals, and the Company's loan facility are included within this category.

Fair value through profit and loss:

The Company has a number of borrower facilities in which it received a minority equity stake or exit fee mechanism in conjunction with providing those loan facilities. These loans are recognised at fair value through profit and loss. At initial recognition, these assets are recognised as the amounts advanced to customers on the trade date. Financial assets are derecognised when the rights to receive cashflows from the financial assets no longer exists. The fair value of the contracts is monitored and reviewed quarterly using discounted cash flow forecasts based on the estimated cash flows that will flow through from the underlying development project. Interest income from these financial assets is included in Investment Interest using the effective interest rate method. Any gain or loss on derecognition is recognised directly in the Income Statement. Impairment losses are presented as separate line item in the Income Statement. A sensitivity analysis is included in note 16.

Any values attributed to the equity stakes of these borrowers are incorporated into the overall loan valuation.

Exit fees:

Some of the financial assets measured at amortised costs have an exit fee. There are two types of exit fees; those recognised at the end of the term of the financial asset once it has been repaid, and those recognised during the term of the financial instrument where here they are linked to specific events such as plot sales.

IMPAIRMENT

At initial recognition, an impairment allowance is required for expected credit losses ('ECL') resulting from possible default events within the next 12 months. When an event occurs that increases the credit risk, an allowance is required for ECL for possible defaults over the term of the financial instrument.

The key inputs into the measurement of ECL are probability of default ('PD'), loss given default ('LGD'), and exposure at default ('EAD'). These inputs are then considered and applied against residential and commercial facilities in the loan book. ECL are calculated by multiplying the PD by LGD and EAD.

PD has been determined by considering the local market where the underlying assets are situated, economic indicators including inflationary pressures on build costs, government policy, and market sentiment. For residential loans this has been further broken down into two scenarios; where only sales risk is still present, and where both construction risk and sales risk still exist. LGD is the magnitude of the likely loss if there is a default. The LGD models consider the structure, collateral, seniority of the claim, and recovery costs of any collateral that is integral to the financial asset. LTV ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for lending collateralised by property, to reflect possible changes in property prices. EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the borrower. The EAD of a financial asset is its gross carrying amount at the time of default. EAD for residential facilities has been further broken down into two scenarios; where the build is complete, and where construction is ongoing.

A financial asset is credit-impaired when one or more events that have occurred have a significant impact on the expected future cash flows of the financial asset. It includes observable data that has come to our attention regarding one or more of the following events:

- delinquency in contractual payments of principal and interest;
- cash flow difficulties experienced by the borrower;
- initiation of bankruptcy proceedings;
- the borrower being granted a concession that would otherwise not be considered;
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio; and
- a significant decrease in assets values held as security.

Impairment of financial assets is recognised on a loan-by-loan basis in stages:

- **Stage 1:** A general impairment covering what may happen within the next 12 months, based on the adoption of BIS standards as outlined below.
- **Stage 2:** Significant increase in credit risk, where the borrower is in default, potentially in arrears, where full repayment is expected and the underlying asset value remains robust. The ECL calculation recognises the lifetime of the loan.
- **Stage 3:** Credit impaired, where the borrower is in default of their loan contract, in arrears, full loan repayment is uncertain and there is a shortfall in underlying asset value. The ECL calculation recognises likely failure of the borrower.

As at 30 November 2023, there were eighteen loans in the portfolio. Four of those projects supported included either an equity stake of at least 25.1% for the Company or an exit fee mechanism. Please see note 8 for details on these four projects.

The Board has deemed that six projects (November 2022: five); are currently impaired and specific additional provisions have been made against these facilities in these financial statements.

The other twelve loans have been assessed as not impaired.

The Company's response to IFRS 9 requirements has been based on the Bank for International Settlements ('BIS') Basel Supervisory Committee liquidity risk tool recommendations.

FAIR VALUE HIERARCHY

Accounting standards recognise a hierarchy of fair value measurements for financial instruments which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The classification of financial instruments depends on the lowest significant applicable input, as follows:

- Level 1 - Unadjusted, fully accessible and current quoted prices in active markets for identical assets or liabilities. Examples of such instruments would be investments listed or quoted on any recognised stock exchange.
- Level 2 - Quoted prices for similar assets or liabilities, or other directly or indirectly observable inputs which exist for the duration of the period of investment. Examples of such instruments would be forward exchange contracts and certain other derivative instruments.
- Level 3 - External inputs are unobservable. Value is the Directors' best estimate, based on advice from relevant knowledgeable experts, use of recognised valuation techniques and on assumptions as to what inputs other market participants would apply in pricing the same or similar instrument.

All loans are considered Level 3.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand and short-term deposits in banks with an original maturity of three months or less from inception.

OTHER RECEIVABLES

Other receivables do not carry interest and are short-term in nature. There were no irrecoverable amounts accounted for at the year end or the prior period end.

RESERVES

SHARE PREMIUM

The surplus of net proceeds received from the issuance of new shares over their par value is credited to this account and the related issue costs are deducted from this account.

CAPITAL RESERVE

The following are accounted for in the capital reserve:

- Capital charges;
- Increases and decreases in the fair value of and impairments of loan capital held at the year end

As at year end the Capital Reserve comprises both realised and unrealised gains and losses and so does not contain distributable reserves.

REVENUE RESERVE

The net profit/(loss) arising in the revenue column of the Income Statement is added to or deducted from this reserve which is available for paying dividends.

SPECIAL DISTRIBUTABLE RESERVE

Created from the Court of Session cancellation of the initial launch share premium account and is available for paying dividends and the repurchase of shares. The Special distributable reserve is used to prevent the Revenue reserve going into a negative position when paying distributions.

REPURCHASE OF SHARES TO HOLD IN TREASURY

The cost of repurchasing ordinary shares to hold in Treasury is charged to the Special distributable reserve and the related stamp duty and transaction cost is charged to the 'capital reserve' and dealt with in the Statement of Changes in Equity. Share repurchase transactions are accounted for on a trade date basis.

SEGMENTAL REPORTING

The Chief Operating Decision Maker is the Board of Directors. The Directors are of the opinion that the Company is engaged in a single segment of business, being the investment of the Company's capital in financial assets comprising loans. All loan income is derived from the UK. The Company derived revenue totalling £714,000 (November 2022: £978,000) where the amounts from two (November 2022: four) individual borrowers each exceeded 10% or more of the Company's revenue. The individual amounts were £354,000 and £360,000, (November 2022: £282,000, £256,000, £243,000 and £196,000).

USE OF SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenue and expenses during the year. The nature of the estimation means that actual outcomes could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key driver to determine whether loans are classified as fair value through profit or loss or amortised cost is if the facility has an exit fee or equity stake attached. Where these are present the loan is classified as fair value through profit or loss.

The following are areas of particular significance to the Company's financial statements and include the use of estimates or the application of judgement:

CRITICAL JUDGEMENTS AND ESTIMATES IN APPLYING THE COMPANY'S ACCOUNTING POLICIES - INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS:

The Company owns profit share holdings or has exit fees mechanism in relation to 6 of the borrowers in place as at the year end. The loans held have been designated at fair value through profit and loss. The determination of the fair value requires the use of estimates. A sensitivity analysis is included in note 16. The key uncertainties are around the timings and amounts of both drawdown and repayments as these are determined by construction progress and the timing of sales.

CRITICAL JUDGEMENTS AND ESTIMATES IN APPLYING THE COMPANY'S ACCOUNTING POLICIES - LOANS AMORTISED COST CLASSIFICATION AND IMPAIRMENTS:

The Company uses critical judgements to determine whether it accounts for its loans at either amortised cost using the effective interest rate method less impairment provisions or at fair value through profit and loss. The determination of the required impairment adjustment requires the use of estimates. The key uncertainties are around the timings and amounts of both drawdown and repayments as these are determined by construction progress and the timing of sales. See notes 8 and 9 for further details.

2. REVENUE

	30 November 2023 £'000	30 November 2022 £'000

Interest from loans	1,722	1,787
Total income	1,722	1,787

3. INVESTMENT ADVISER'S FEES

INVESTMENT ADVISER

In its role as the Investment Adviser, Tier One Capital Ltd is entitled to receive from the Company an investment adviser fee which is calculated and paid quarterly in arrears at an annual rate of 0.25% per annum of the prevailing Net Asset Value if less than £100m; or 0.50%. per annum of the prevailing Net Asset Value if £100m or more.

There is no balance accrued for the Investment Adviser for the period ended 30 November 2023 (year to 30 November 2022: £nil).

There are no performance fees payable

	30 November 2023 £'000	30 November 2022 £'000
Investment Adviser fee	65	67

4. OPERATING EXPENSES

	30 November 2023		30 November 2022	
	Revenue	Capital	Revenue	Capital
	£'000	£'000	£'000	£'000
Legal & professional	20	-	13	-
Directors' fees	85	-	85	-
Audit fees related to the audit of the financial statements	77	-	57	-
Fund Administration and Company Secretarial	97	-	85	-
Brokers' fees	30	-	30	-
Marketing fees	1	-	18	-
AIFM fee	18	-	17	-
Impairments on loans amortised at cost*	116	476	12	136
Uplifts on loans amortised at cost*	-	(35)	-	-
Losses on investments held at fair value through profit or loss*	201	2	36	342
Other expenses	185	-	243	-
Total other expenses	830	443	596	478

*Loan impairments consist of impairments to interest on loans of £317,000 (November 2022: £48,000) and a capital impairment on the loan of £478,000 (November 2022: £478,000). Loan uplifts consist of a capital uplift on the loans of £35,000 (November 2022: £nil).

All expenses are inclusive of VAT where applicable. Further details on Directors' fees can be found in the Directors' Remuneration Report within the Annual Report.

5. TAXATION

As an investment trust the Company is exempt from corporation tax on capital gains. The Company's revenue income from loans is subject to tax, but offset by any interest distribution paid, which has the effect of reducing the corporation tax. The interest distribution may be taxable in the hands of the Company's shareholders.

	30 November 2023 £'000	30 November 2022 £'000
Current corporation tax at 23% (November 2022:19%)	-	-
Deferred taxation	-	-
Tax on profit on ordinary activities	-	-

RECONCILIATION OF TAX CHARGE		
Profit on ordinary activities before taxation	261	514
Taxation at standard corporation tax rate 23% (November 2022: 19%)	60	98
EFFECTS OF:		
Expenses/(income) not subject to tax	95	91
Interest distributions	(248)	(205)
Tax losses not recognised within deferred tax	93	16
Tax charge for the year	-	-

* With effect from 1 April 2023, the main rate of Corporation tax increased from 19% to 25%, therefore a hybrid rate of 23% has been used.

There is an unrecognised deferred tax asset not recognised on losses of £331,409 (November 2022: £230,408) calculated at the relevant deferred tax rate of 25%. There is no expiry date for the recognition of the unrecognised deferred tax asset.

6. ORDINARY DIVIDENDS

	30 November 2023		30 November 2022	
	Pence per share	£'000	Pence per share	£'000
Dividends paid in the year relating to previous year:				
Interim dividend for the quarter ended August, paid in December	1.0	269	1.0	269
Interim dividend for the quarter ended November, paid in April	1.0	269	1.0	269
Dividends paid during and relating to the year:				
Interim dividend for the quarter ended February, paid in June	1.0	269	1.0	269
Interim dividend for the quarter ended May, paid in September	1.0	270	1.0	269
Total dividends paid in the year		1,077		1,077

Of the dividends paid in the year, £85,000 (November 2022: £244,000) has been paid from the Special distributable reserve. This is to ensure the Revenue reserve does not go into a negative position.

The Company intends to distribute at least 85% of its distributable income earned in each financial year by way of interest distribution. A third interim dividend of 1.00 pence per share was declared on 23 November 2023, payable on 28 December 2023. On 29 February 2024, the Company declared a fourth interim dividend of 1.00 pence per share for the quarter ended 30 November 2023, payable on 28 March 2024.

7. EARNINGS PER SHARE

The revenue, capital and total return per ordinary share is based on each of the profit after tax and on 26,907,053 ordinary shares, being the weighted average number of ordinary shares in issue (excluding shares held in Treasury) throughout the year. During the year there were no dilutive instruments held, therefore the basic and diluted earnings per share are the same.

8. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company's investment held at fair value through profit or loss represents its profit share arrangements whereby the Company owns 25.1% or has an exit fee mechanism for four companies.

	30 November 2023 £'000	30 November 2022 £'000
Opening Balance	4,874	7,589
Loans deployed	59	80
Principal repayments	(1,802)	(2,600)
Movements in interest receivable	93	183
Unrealised losses on investments held at fair value through profit or loss	(203)	(378)
Amortisation of exit fees	3	-
Total investments held at fair value through profit and loss	3,024	4,874
Split:		
Non-current assets: Investments held at fair value through profit and loss due for repayment after one year	-	-

Current assets: Investments held at fair value through profit and loss due for repayment under one year	3,024	4,874

Please refer to note 16 for details of the approach to valuation and sensitivity analysis.

9. LOANS AT AMORTISED COST

	30 November 2023 £'000	30 November 2022 £'000
Opening balance	20,607	10,558
Loans deployed	3,310	10,906
Principal repayments	(6,818)	(970)
Movements in interest receivable	133	261
Movement in impairments	(557)	(148)
Amortisation of exit fees	29	-
Total loans at amortised cost	16,704	20,607
Split: Non-current assets: Loans at amortised cost due for repayment after one year	6,283	12,659
Current assets: Loans at amortised cost due for repayment under one year	10,421	7,948

The Company's loans held at amortised cost are accounted for using the effective interest method. The carrying value of each loan is determined after taking into consideration any requirement for impairment provisions during the year, allowances for impairment losses amounted to £557,000 (November 2022: £148,000). Further details on impairment can be found within the accounting policies note above.

Movements in allowances for impairment losses in the year

	Nominal value £'000
at 1 December 2022	3,227
Provisions for impairment losses	475
Write off prior year impairment	(1,560)
at 30 November 2023	**2,142**
Stage 1 provisions at 1 December 2022	114
Provisions for impairment losses	32
Stage 1 provisions at 30 November 2023	**146**
Stage 2 provisions at 1 December 2022	-
Provisions for impairment losses	-
Stage 2 provisions at 30 November 2023	**-**
Stage 3 provisions at 1 December 2022	3,113
Provisions for impairment losses	443
Write off prior year impairment	(1,560)
Stage 3 provisions at 30 November 2023	**1,996**

Stage 1, 2, and 3 are referenced in more detail below.

10. RECEIVABLES

	30 November 2023 £'000	30 November 2022 £'000
Prepayments	13	11
Total receivables	13	11

11. LOAN FACILITY

	30 November 2023 £'000	30 November 2022 £'000
Bank loan	-	4,000

In May 2023 the Company renewed its £6.5m committed revolving facility with Shawbrook Bank Limited, expiring in May 2025. No balance was drawn down at the year end.
The facility is secured against a debenture over the assets of the Company.

12. OTHER PAYABLES

	30 November 2023 £'000	30 November 2022 £'000
Accruals	191	109
Total other payables	191	109

13. SHARE CAPITAL

	2023	2022
Allotted, issued and fully paid	£'000	£'000
26,234,225 (November 2022: 26,924,063) ordinary shares of 1p each*	262	269
689,838 (November 2022: nil) ordinary shares of 1p each	7	-
26,924,063 (November 2022: 26,924,063) total ordinary shares of 1p each	269	269

* The Ordinary Shares (excluding shares held in Treasury) are eligible to vote and have the right to participate in either an interest distribution or participate in a capital distribution (on winding up).

No shares were issued by the Company during the year (November 2022: nil).

During the year, the Company bought back 689,838 shares to be held in Treasury at a cost of £501,000 (November 2022: nil).

Between 1 December 2023 and 20 March 2024, the Company bought back a further 566,369 shares into Treasury.

14. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	At 30 November 2022 £'000	Cash flows £'000	Non-cash flows £'000	At 30 November 2023 £'000
Short term borrowings	4,000	(4,000)	-	-
Total liabilities from financing activities	4,000	(4,000)	-	-

	At 30 November 2021 £'000	Cash flows £'000	Non-cash flows £'000	At 30 November 2022 £'000
Short term borrowings	-	4,000	-	4,000
Total liabilities from financing activities	-	4,000	-	4,000

15. RELATED PARTIES

The Directors are considered to be related parties. No Director has an interest in any transactions which are, or were, unusual in their nature or significant to the nature of the Company.

The Directors of the Company received £85,000 fees for their services during the year to 30 November 2023 (30 November 2022: £85,000). £nil was payable at the period and prior year end.

Ian McElroy is Chief Executive of Tier One Capital Ltd and is a founding shareholder and director of the firm.

Tier One Capital Ltd received £65,000 investment adviser's fee during the year (30 November 2022: £67,000) and £nil was payable at the year end (30 November 2022: £nil). Tier One Capital Ltd receives up to a 20% margin and arrangement fee for all loans it facilitates.

There are various related party relationships in place with the borrowers as below:

The following related parties arise due to the opportunity taken to advance the profit share contracts:

- **Thursby Homes (Springs)**
  The Company owns 25.1% of the borrower Thursby Homes (Springs) Ltd. The loan amount outstanding as at 30 November 2023 was £36,000 (30 November 2022: £1.3m). Transactions in relation to loans repaid during the year amounted to (£1.5m) (30 November 2022: £918,000). Interest due to be received as at 30 November 2023 was £1,000 (30 November 2022: £213,000). Interest received during the year amounted to £33,000 (30 November 2022: £157,000).

- **Northumberland**
  Develop North PLC owns 25.1% of the borrower Northumberland Ltd. The loan amount outstanding as at 30 November 2023 was £42,000 (30 November 2022: £356,000). Transactions in relation to loans repaid during the year amounted to £288,000 (30 November 2022: £911,000). Interest due to be received as at 30 November 2023 was £2,000 (30 November 2022: £3,000). Interest received during the year amounted to £3,000 (30 November 2022: £32,000).

- **Coalsnaughton**
  Develop North PLC owns 40.1% of the borrower Kudos Partnership. The loan amount outstanding as at 30 November 2023 was £2.0m (30 November 2022: £2.2m). Transactions in relation to loans made during the year amounted to £nil (30 November 2022: £80,000). Interest due to be received as at 30 November 2023 was £424,000 (30 November 2022: £324,000). Interest received during the year amounted to £108,000 (30 November 2022: £196,000).

- **Oswald Street**
  Develop North PLC owns 25.1% of the Riverfront Property Limited Partnership. The loan amount outstanding as at 30 November 2023 was £448,000 (30 November 2022: £388,000). Transactions in relation to loans made during the year amounted to £59,000 (30 November 2022: £nil). Interest due to be received as at 30 November 2023 was £8,000 (30 November 2022: £5,000). Interest received during the year amounted to £47,000 (30 November 2022: £31,000).

16. FINANCIAL INSTRUMENTS
Consistent with its objective, the Company holds a diversified portfolio of fixed rate loans secured with collateral in the form of; land or property in the UK, charges held over bank accounts and personal or corporate guarantees. The benefit of a related profit share or exit fee mechanism may also be agreed. In addition, the Company's financial instruments comprise cash and receivables and payables that arise directly from its operations. The Company does not have exposure to any derivative instruments.

The Company is exposed to various types of risk that are associated with financial instruments. The most important types are credit risk, liquidity risk, interest rate risk and market price risk. There is no foreign currency risk as all assets and liabilities of the Company are maintained in pounds sterling.

The Board reviews and agrees policies for managing the Company's risk exposure. These policies are summarised below:

CREDIT RISK
Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company.

In the event of default by a borrower if it is in financial difficulty or otherwise unable to meet its obligations under the agreement, the Company will suffer an interest shortfall and potentially a loss of capital. This potentially will have a material adverse impact on the financial condition and performance of the Company and/or the level of dividend cover. Management determines concentrations of risk by assessing the characteristics of each borrower and including these in the underwriting process. The most applicable of these are the geographical location of the projects and the economic sector the borrowers operate in. The Board receives regular reports on concentrations of risk and the performance of the projects underlying the loans, using loan to value percentages to help monitor the level of risk. The Investment Adviser monitors such reports in order to anticipate, and minimise the impact of, default.

There were financial assets which were considered impaired at 30 November 2023, with impairments amounting to £557,000 (30 November 2022: £148,000). Our maximum exposure to credit risk as at 30 November 2022 was £20,895,000 (30 November 2022: £26,130,000).

All of the Company's cash is placed with financial institutions with a long-term credit rating of A or better. Bankruptcy or insolvency of such financial institutions may cause the Company's ability to access cash placed on deposit to be delayed or limited. Should the credit quality or the financial position of the banks currently employed significantly deteriorate, cash holdings would be moved to another bank.

The carrying amount for investments held at fair value through profit or loss best represents the maximum exposure to credit risk. The Company holds assets as collateral against loans issued. The Company does not have assets held as collateral.

Further details on the exposure to, and management of, credit risk by the Company is included in both the Investment Advisor's report and the Strategic Report within the Annual Report.

Loans held at amortised cost as at 30 November 2023

	Total £'000
Stage 1	16,390
Stage 2	275
Stage 3	39
	16,704

Loans held at amortised cost as at 30 November 2022

	Total £'000
Stage 1	20,000
Stage 2	378
Stage 3	229
	20,607

LIQUIDITY RISK

Liquidity risk is the risk that the Company will encounter difficulties in realising assets or otherwise raising funds to meet financial commitments. The Company's investments comprise loans.

Property and property-related assets in which the Company invests via loans are not traded in an organised public market and are relatively illiquid assets, requiring individual attention to sell in an orderly way. As a result, the Company may not be able to liquidate quickly its investments in these loans at an amount close to their fair value in order to meet its liquidity requirements.

The Company's liquidity risk is managed on an ongoing basis by the Investment Adviser and monitored on a quarterly basis by the Board. In order to mitigate liquidity risk the Company has a comprehensive three-year cash flow forecast that aims to have sufficient cash balances, taking into account projected drawdowns on the live facilities to meet its obligations for a period of at least 12 months. At the reporting date, the maturity of the financial assets and liabilities was:

Financial assets as at 30 November 2023

	In one year £'000	In two or more years £'000	Total £'000
Cash and cash equivalents	1,154	-	1,154
Loans at amortised cost	10,421	6,283	16,704
Investments held at fair value	3,024	-	3,024
Total	**14,599**	**6,283**	**20,882**

Financial assets as at 30 November 2022

	In one year £'000	In two or more years £'000	Total £'000
Cash and cash equivalents	638	-	638
Loans at amortised cost	7,948	12,659	20,607
Investments held at fair value	4,874	-	4,874
Total	**13,460**	**12,659**	**26,119**

Financial liabilities as at 30 November 2023

	In one year £'000	In two or more years £'000	Total £'000
Bank loan	-	-	-
Total	**-**	**-**	**-**

Financial liabilities as at 30 November 2022

	In one year	In two or more	Total

	£'000	years £'000	£'000
Bank loan	4,000	-	4,000
Total	**4,000**	**-**	**4,000**

INTEREST RATE RISK

The interest rate profile of the Company was as follows:

as at 30 November 2023

	Financial net assets on which no interest is paid £'000	Fixed rate Financial Assets £'000	Variable rate financial net assets £'000	Total £'000
Other receivables and prepayments	13	-	-	13
Loan Interest receivable	766	-	-	766
Other payables and accrued expenses	(191)	-	-	(191)
Cash and cash equivalents	-	-	1,154	1,154
Investments held at fair value through profit and loss	-	2,588	-	2,588
Loans at amortised cost	-	16,374	-	16,374
Total	**588**	**18,962**	**1,154**	**20,704**

as at 30 November 2022

	Financial net assets on which no interest is paid £'000	Fixed rate Financial Assets £'000	Variable rate financial net assets £'000	Total £'000
Other receivables and prepayments	11	-	-	11
Loan Interest receivable	976	-	-	976
Other payables and accrued expenses	(109)	-	-	(109)
Cash and cash equivalents	-	-	638	638
Loan facility	-	-	(4,000)	(4,000)
Investments held at fair value through profit and loss	-	4,329	-	4.329
Loans at amortised cost	-	20,176	-	20,176
Total	**878**	**24,505**	**(3,362)**	**22,021**

Shawbrook provide a working capital facility which is capped at 30% of the Net Asset value of the Company. Using forward looking SONIA figures as at November 2023, the forecast decrease in interest rates will see £2k less of finance costs over the next twelve months assuming an average drawn balance of £1.4m in the year. Since year end, the outlook for interest rate rises has eased.

Sensitising the equity discount rate has immaterial impact on the loans held at fair value.

MARKET PRICE RISK

The management of market price risk is part of the investment management process and is typical of an investment company. The portfolio is managed with an awareness of the effects of adverse valuation movements through detailed and continuing analysis, with an objective of maximising overall returns to shareholders. Investments in property and property-related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where such sales occur shortly after the valuation date. Such risk is minimised through the appointment of external property valuers. The basis of valuation of the loan portfolio is set out in detail in the accounting policies. The inputs into the DCF models are the forecast monthly cashflows including sales values and build costs, the discount rate which is the imputed interest rate at the time the facility was entered into adjusted for any movements in the risk free rate as at current year end, and a 30% (November 2022: 30%) discount rate for the equity element to reflect the higher level of uncertainty. Any changes in market conditions will directly affect the profit and loss reported through the Income Statement. Details of the Company's investment portfolio held at the balance sheet date are disclosed in the Investment Adviser's Review on page 11. A 10% fall in the sales value of the residential development projects and a 10% reduction in asset value of commercial and investment property assets for those loans held at fair value would have resulted in a further impairment to the portfolio of £254,000 as at 30 November 2023 (30 November 2022: £330,000). The calculations are based on the property valuations at the respective balance sheet date and are not representative of the year as a whole, nor reflective of future market conditions.

VALUATION OF FINANCIAL INSTRUMENTS

Accounting standards recognise a hierarchy of fair value measurements for financial instruments which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The classification of financial instruments depends on the lowest significant applicable input, as follows:

- **Level 1** - Unadjusted, fully accessible and current quoted prices in active markets for identical assets or liabilities. Examples of such instruments would be investments listed or quoted on any recognised stock exchange.
- **Level 2** - Quoted prices for similar assets or liabilities, or other directly or indirectly observable inputs which exist for the duration of the period of investment. Examples of such instruments would be forward exchange contracts and certain other derivative instruments.
- **Level 3** - External inputs are unobservable. Value is the Directors' best estimate, based on advice from relevant knowledgeable experts, use of recognised valuation techniques and on assumptions as to what inputs other market participants would apply in pricing the same or similar instrument.

30 November 2023

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments held at fair value through profit and loss	-	-	3,024	3,024
Total	**-**	**-**	**3,024**	**3,024**

30 November 2022

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments held at fair value	-	-	4,874	4,874
Total	**-**	**-**	**4,874**	**4,874**

A reconciliation of fair value measurements in Level 3 is set out in the following table:

	30 November 2023 £'000	30 November 20 £'0
Opening Balance	4,874	7,5
Loans deployed	59	
Principal repayments	(1,802)	(2,60
Movements in interest receivable	93	1
Unrealised losses on investments held at fair value through profit or loss	(203)	(37
Amortisation of exit fees	3	
Closing Balance	**3,024**	**4,8**

17. CAPITAL MANAGEMENT

The Company's capital is represented by the Ordinary Shares, share premium, capital reserves, revenue reserve and special distributable reserve. The Company is not subject to any externally imposed capital requirements.

The capital of the Company is managed in accordance with its investment policy, in pursuit of its investment objective. Capital management activities may include the allotment of new shares, the buy back or re-issuance of shares from treasury, the management of the Company's discount to net asset value and consideration of the Company's net gearing level.

18. POST BALANCE SHEET EVENTS

- Since the year end £1,475,000 has been drawn down on the Shawbrook loan facility
- on 23 November 2023, a third interim dividend of 1.00 pence per share was declared, payable on 28 December 2023
- on 8 December 2023, the Company bought back a further 436,532 shares into Treasury
- on 13 December 2023, the Company bought back a further 20,834 shares into Treasury

- on 18 December 2023, the Company bought back a further 81,037 shares into Treasury
- on 21 December 2023, the Company bought back a further 27,966 shares into Treasury
- on 13 February 2024, a new loan was issued to Almscliffe Dhesi Developments (1) Ltd with an initial drawdown of £576,000
- on 29 February 2024, a fourth interim dividend of 1.00 pence per share was declared, payable on 28 March 2024

For further information regarding the Company (Ticker: DVNO) (LEI: 213800EXPWANYN3NEV68) please call:

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Cavendish Capital Markets Ltd (Financial Adviser and Broker) *James King / Andrew Worne*	+44 (0) 207 220 0500
Apex Fund Administration Services (UK) Limited (Secretary)	+44 (0) 1245 398950

ENDS

Annual Report and Financial Statements
The Annual Report and Financial Statements will be posted to shareholders and will shortly be available on the Company's website (www.DevelopNorth.co.uk) or in hard copy format from the Company's Registered Office.

A copy of the annual report will be submitted to the FCA's National Storage Mechanism and will be available for inspection at https://data.fca.org.uk/#/nsm/nationalstoragemechanism

END

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