

**ENTERPRISE DEVELOPMENT NORTH
EAST LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

Annual Report and Financial Statements

For the Year Ended 31 March 2014

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ENTERPRISE DEVELOPMENT NORTH EAST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

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ENTERPRISE DEVELOPMENT NORTH EAST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr A J Fielder (Chair)
Mr G M Hodgson
Ms K L H Winskell

REGISTERED OFFICE

Floor 10
Baltic Place West
South Shore Road
Tyne and Wear
NE8 3AE

BANKERS

Barclays Bank plc
Barclays House
5 St Ann's Street
Quayside
Newcastle upon Tyne
NE1 3DX

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Newcastle upon Tyne
United Kingdom

ENTERPRISE DEVELOPMENT NORTH EAST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company together with the financial statements and auditors' report for the year ended 31 March 2014.

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

PRINCIPAL ACTIVITIES

Enterprise Development North East was initially comprised of three divisions, but the sole outstanding activity is to monitor and manage investments in the Three Pillars Fund and the Design and Creative Fund. Other activities ceased in prior years.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The Department for Business, Innovation and Skills ('BIS') took over the monitoring rights in relation to Single Programme investments in 2011 which include the company's investments in the Three Pillars Fund and the Design and Creative Fund.

The financial statements include an amount of £1,479,460 (2013: £1,350,536) within creditors falling due after more than one year, described as the Legacy Creditor. This amount, which is matched by investments at their estimated recoverable value and cash balances derived from the realisations up to the balance sheet date of investments, represents monies held on behalf of the Three Pillars and Design and Creative Funds.

As highlighted in the profit and loss account on page 7, the company made a loss before tax of £897 during the year. (2013: £23,961).

After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the Directors continue to adopt the going concern basis in preparing the annual report and financial statements. Further details are set out within note 1.

RESULTS

The results of the company for the year are set out in detail on page 7.

DIRECTORS

The directors who served throughout the year were as follows:

Mr A. J. Fielder
Mr G. M. Hodgson
Ms K. L. H. Winskell

ENTERPRISE DEVELOPMENT NORTH EAST LIMITED
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DIRECTORS' REPORT (continued)

AUDITOR

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

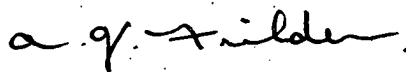
- as far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the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

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

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors

and signed on behalf of the Board on 8 August 2014



A J Fielder
Chair

ENTERPRISE DEVELOPMENT NORTH EAST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent; and
- (c) 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ENTERPRISE DEVELOPMENT NORTH EAST LIMITED (A COMPANY LIMITED BY GUARANTEE)

We have audited the financial statements of Enterprise Development North East Limited for the year ended 31 March 2014 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its loss 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.

Opinion on other matter prescribed by the Companies Act 2006

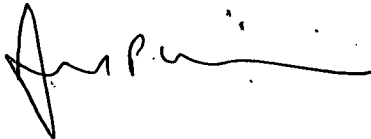
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ENTERPRISE
DEVELOPMENT NORTH EAST LIMITED (A COMPANY LIMITED BY
GUARANTEE) (Continued)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from preparing a strategic report or in preparing the directors' report.



David Wilkinson FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Newcastle upon Tyne, United Kingdom

Date: 8 August 2014

ENTERPRISE DEVELOPMENT NORTH EAST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2014

	Note	£	2014 £	£	2013 £
TURNOVER	2				
Investment income		33,509		38,631	
Grants and contributions		-		10,224	
			33,509		48,855
Administration expenses		(102,675)		(140,231)	
Movement in provision against fixed asset investments	8	69,598		(116,350)	
			(33,077)		(256,581)
OPERATING PROFIT/(LOSS)			432		(207,726)
Interest receivable and other similar income	5		8,969		4,145
Other recharges	6		(10,298)		179,620
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION			(897)		(23,961)
Tax on loss on ordinary activities	7		-		-
LOSS FOR THE FINANCIAL YEAR			(897)		(23,961)

All activities are derived from ongoing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 March 2014

	Note	£	2014 £	£	2013 £
Loss for the financial year			(897)		(23,961)
Unrealised surplus on investments	8		36,287		167,687
Other recharges	6		(36,287)		(167,687)
Total losses recognised in the year			(897)		(23,961)

ENTERPRISE DEVELOPMENT NORTH EAST LIMITED
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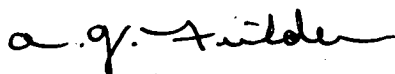
BALANCE SHEET
As at 31 March 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Investments	8		397,493		421,446
			<u>397,493</u>		<u>421,446</u>
CURRENT ASSETS					
Debtors	9	673		672	
Cash investments		436,211		669,382	
Cash at bank and in hand		791,551		487,192	
		<u>1,228,435</u>		<u>1,157,246</u>	
CREDITORS: amounts falling due within one year	10	(65,857)		(146,259)	
NET CURRENT ASSETS			<u>1,162,578</u>		<u>1,010,987</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,560,071		1,432,433
CREDITORS: amounts falling due after more than one year	11		(1,560,071)		(1,431,536)
TOTAL NET ASSETS			<u>-</u>		<u>897</u>
RESERVES					
Profit and loss account	14		-		897
TOTAL MEMBER'S FUNDS			<u>-</u>		<u>897</u>

These financial statements have been prepared in accordance with the special provisions relating to small companies under Section 415a of the Companies Act 2006.

The financial statements of Enterprise Development North East Limited (registered number 04312847), on pages 7 to 14 were approved by the Board of Directors and authorised for issue on 8 August 2014.

Signed on behalf of the Board of Directors



A J Fielder

Chair

ENTERPRISE DEVELOPMENT NORTH EAST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements in both the current and previous financial years.

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention except for fixed asset investments and in accordance with applicable United Kingdom accounting standards.

Basis of preparation

The financial statements have been prepared on a going concern basis which assumes the company will continue in operational existence for the foreseeable future. The main uncertainty impacting on the balance sheet is the valuation of investments. This valuation is impacted by the underlying performance of the investee companies. However, as any gains or losses are borne by the legacy funds, there is no impact on the going concern of the company.

As highlighted in the profit and loss account, the company made a loss during the year of £897.

Based on the company's forecasts and projections and taking into account reasonably possible changes in trading performance, the directors are confident that the company has sufficient funding in place for the next twelve months.

After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the Directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Turnover

Turnover represents the value of services provided during the year net of discounts and Value Added Tax.

For services provided, turnover is recognised to the extent that and when there is a right to consideration.

Investment income

Investment income relates to interest on long term loans, dividend income and capital gains from equity investments made. Investment income is recognised as received.

Grants

The company received grants of a revenue nature from Single Programme. Grants are credited to the profit and loss account as the related expenditure is incurred.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and the law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Fixed asset investments

Fixed asset investments in the form of unsecured loans and equity investments are made in small and medium sized enterprises.

Investments are valued according to the International Private Equity and Venture Capital Valuation Guidelines issued by the British Venture Capital Association and the alternative valuation rules. In the case of unquoted investments, the value is established by using measurements of value such as the price of recent investments, earnings multiple and net assets; where no reliable value can be estimated using such techniques, unquoted investments are carried at cost subject to provision for impairment where necessary. Provisions and the reversal of previously booked provisions are charged/credited to the profit and loss account. Unrealised surpluses on investments are credited to the revaluation reserve.

ENTERPRISE DEVELOPMENT NORTH EAST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

1. ACCOUNTING POLICIES (CONTINUED)

Investments by way of loans are stated at the amount advanced, less repayment of principal and amounts written off to reflect a provision for impairment.

Investment funding

The company received funding from One North East which was for the purpose of investing in Small and Medium sized enterprises. Until the funding is applied to investment, the funding is repayable.

The funding is transferred into the legacy fund once investments are made. All interest and dividends received plus capital gains and impairment losses are rolled into the legacy fund. Interest received on invested funds is also rolled to the legacy fund. These investment related income and losses flow through the profit and loss account and are subsequently transferred to the legacy fund.

The funding from Single Programme has been treated as a funding liability. The liabilities are stated at an amount that reflects the ongoing capital adjusted for investment income and gains less investment losses. Such movements flow through the financial statements and are allocated to the resulting legacy funds as other recharges. The legacy funds are liabilities which can only be applied under the direction of the fund provider, the Department for Business, Innovation and Skills.

Cash Investments and Cash at Bank

Cash investments represent cash held on deposit with a maturity date of seven days or more post year end. All other cash held with banks or financial institutions is disclosed as cash at bank and in hand.

Cash flow statement

The company has taken advantage of the exemptions of FRS 1 - Cash flow statements, not to prepare a cash flow statement on the basis that it is a small company as defined by Section 382 of the Companies Act 2006.

2. TURNOVER

The turnover and loss before tax are attributable to the principal activities of the company. An analysis of turnover is given below:

	2014 £	2013 £
Income from Investments	33,509	48,855

3. DIRECTORS AND EMPLOYEES

	2014 £	2013 £
Directors' remuneration	10,000	8,167

Three (2013: three) directors of the company received remuneration in the year. There were no other employees of the company in the year ended 31st March 2014.

	2014 £	2013 £
Staff costs during the period (including directors)		
Wages and salaries	10,000	8,167
	10,000	8,167

ENTERPRISE DEVELOPMENT NORTH EAST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 March 2014

4. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging:

	2014 £	2013 £
Auditor's remuneration		
- Audit fees payable to the company's auditor for the audit of the company's annual financial statements	5,000	6,800
- Non-audit fee payable to the company's auditor and their associates in respect of tax services	1,925	1,625
	<u>6,925</u>	<u>8,425</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014 £	2013 £
Other interest receivable and similar income	8,969	4,145
	<u>8,969</u>	<u>4,145</u>

6. OTHER RECHARGES

	2014 £	2013 £
Charged through profit and loss:		
- Release of Single Programme funding against operating costs	100,339	105,427
- Recharge against legacy funding	(110,637)	74,193
	(10,298)	179,620
Credited through statement of total recognised gains and losses	(36,287)	(167,687)
	<u>(46,585)</u>	<u>11,933</u>

ENTERPRISE DEVELOPMENT NORTH EAST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

7. TAXATION ON ORDINARY ACTIVITIES

	2014 £	2013 £
Analysis of charge in the period		
Current tax:		
Corporation tax	-	-
Adjustments to tax of prior period	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

i) Factors affecting tax charge for the current year

The tax assessed for the year is higher than that resulting from applying the standard rate of corporation tax in the UK: 23 % (2013: 24%).

The differences are explained below:

	2014 £	2013 £
Loss on ordinary activities before tax	(897)	(23,961)
Tax at 23% (2013: 24%) thereon:	(206)	(5,751)
Income not taxable	(23,715)	(49,516)
Expenses not deductible	23,715	49,516
Capital allowance for period in excess of depreciation	-	-
Losses not provided	206	5,751
Adjustments to tax charge in respect of previous period	-	-
Current tax credit/(charge) for the year	<u>-</u>	<u>-</u>

ii) Factors that may affect the future tax charge

A deferred tax asset has not been recognised in respect of timing differences relating to revenue losses and capital allowances as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £4,972 (2013: £5,511). The asset would be recovered if sufficient profits are generated in the next year to utilise the losses.

Finance Act 2013, which provided for a reduction in the main rate of UK corporation tax to 21% effective from 1 April 2014 and to 20% effective from 1 April 2015, was enacted on 2 July 2013. The unrecognised deferred tax asset as at 31 March 2014 has therefore been calculated at 20% which was the rate substantively enacted at the balance sheet date.

ENTERPRISE DEVELOPMENT NORTH EAST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

8. INVESTMENTS

	Unlisted Investments Total £
Cost	
At 1 April 2013	3,665,082
Revaluation	36,287
Repayments	(129,838)
Investments written off	(777,279)
	<u>2,794,252</u>
At 31 March 2014	<u>2,794,252</u>
Provision	
At 1 April 2013	3,243,636
Movement in provision in year	(69,598)
Investments written off	(777,279)
	<u>2,396,759</u>
At 31 March 2014	<u>2,396,759</u>
Net book value	
At 31 March 2014	<u>397,493</u>
At 31 March 2013	<u>421,446</u>

9. DEBTORS

	2014 £	2013 £
Prepayments and accrued income	673	672
	<u>673</u>	<u>672</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Trade creditors	84	-
Amounts owed to group undertakings	1,463	-
Accruals and deferred income	64,310	146,259
	<u>65,857</u>	<u>146,259</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014 £	2013 £
Deferred Income	62,611	81,000
Legacy funds	1,497,460	1,350,536
	<u>1,560,071</u>	<u>1,431,536</u>

ENTERPRISE DEVELOPMENT NORTH EAST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

12. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available in Financial Reporting Standard No. 8 – 'Related Party Disclosures', not to disclose transactions with entities that are part of the same group.

13. COMPANY LIMITED BY GUARANTEE

The company is limited by guarantee and has no share capital. In the event of a winding-up the member undertakes to contribute such an amount, as may be required for the payment of liabilities, not exceeding £1.

14. RECONCILIATION OF MOVEMENT IN RESERVES AND MEMBER'S FUNDS

	Revaluation reserve	Profit and loss account	2014 Member's funds	2013 Member's funds
	£	£	£	£
Balance brought forward	-	897	897	24,858
Loss for the financial year	-	(897)	(897)	(23,961)
Unrealised surplus on investments	36,287	-	36,287	167,687
Other recharges	(36,287)	-	(36,287)	(167,687)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>897</u>
Balance carried forward	-	-	-	897

15. ULTIMATE CONTROLLING PARTY

North East Access to Finance Limited is the parent company as at 31 March 2014, and in the opinion of the directors, the ultimate controlling parties were the four members of North East Access to Finance Limited. These were Ms Susan Wilson CBE, Mr Graham Thrower, Ms Lucy Winkell and Mr Mark Bridgeman.

North East Access to Finance Limited is limited by guarantee of members and does not have a share capital. The liability of every member is limited to £1 (2013: £1). On winding up of the company, any surplus assets that exist must be transferred to another body or a charitable institution or other institutions having objects similar to the object of the company.

The parent company of the largest and smallest group which includes the company and for which group financial statements are prepared, is North East Access to Finance Limited, a company registered in Great Britain. Copies of the group financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The company has taken advantage of the exemption available in Financial Reporting Standard No. 8 'Related Party Disclosures', not to disclose transactions with entities that are part of the same group.