

ET Business Funding Limited

Unaudited Financial Statements

For the year ended

5 April 2018



UNW LLP

Chartered accountants
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JE

ET Business Funding Limited

Officers and Professional Advisers

The board of directors

J A Charteris
J W Clough
R D Marr
S J G McAleavey
P D White

Company secretary

UNW Company Secretary Limited

Registered office

Third Floor
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JE

Accountants

UNW LLP
Chartered Accountants
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JE

Bankers

HSBC
Maingate
Kingsway North
Team Valley Trading Estate
Gateshead
Tyne and Wear
NE11 0BE

Solicitors

Ward Hadaway
Sandgate House
102 Quayside
Newcastle upon Tyne
NE1 3DX

Turcan Connell
Princes Exchange
1 Earl Grey Street
Edinburgh
EH3 9EE

ET Business Funding Limited

Directors' Report

Year ended 5 April 2018

The directors present their report and the unaudited financial statements of the company for the year ended 5 April 2018.

Directors

The directors who served the company during the year were as follows:

J W Clough
P D White
R D Marr
P D Burns (Resigned 31 May 2018)
J A Charteris
S J G McAleavey

Results and Dividends

The loss for the year amounted to £45,727. The directors have not recommended a dividend.

Review of the business and future developments

In the year ended 5 April 2018 there were 96 (2017: 88) applications for business start-up loans from beneficiaries of the eaga Trust of which 25 (2017: 33) were approved.

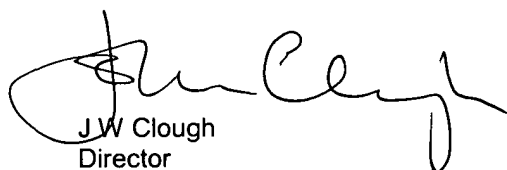
The company made a loss of £45,727 (2017: loss of £23,025) for the year but the controlling parties of the company have at their disposal sufficient resources for the company to continue in operational existence for the foreseeable future and the directors of the controlling parties have confirmed their willingness to continue with this support.

As a consequence, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

Small company provisions

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

This report was approved by the board of directors on ~~7 November 2018~~ 7 November 2018 and signed on behalf of the board by:



J W Clough
Director

Registered office:
Third Floor
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JE

ET Business Funding Limited

Directors' Responsibilities Statement

Year ended 5 April 2018

The directors are responsible for preparing the directors' 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 the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ET Business Funding Limited
Statement of Comprehensive Income
Year ended 5 April 2018

	Note	2018 £	2017 £
Turnover		–	–
Administrative expenses		<u>(42,647)</u>	<u>(31,579)</u>
Operating loss	3	(42,647)	(31,579)
Interest receivable and similar income	4	135	8,554
Interest payable and similar charges	5	<u>(3,215)</u>	<u>–</u>
Loss on ordinary activities before taxation		(45,727)	(23,025)
Tax on loss on ordinary activities	7	<u>–</u>	<u>–</u>
Loss for the financial year and total comprehensive income		<u>(45,727)</u>	<u>(23,025)</u>

All the activities of the company are from continuing operations.

The notes on pages 8 to 14 form part of these financial statements.

ET Business Funding Limited

Statement of Financial Position

5 April 2018

	Note	2018 £	£	2017 £
Current assets				
Debtors: due within one year	8	128,993		71,916
Debtors: due after more than one year	8	190,256		276,584
Cash at bank and in hand		106,039		95,567
		<u>425,288</u>		<u>444,067</u>
Creditors: amounts falling due within one year	9	<u>(733,799)</u>		<u>(706,851)</u>
Net current liabilities			<u>(308,511)</u>	<u>(262,784)</u>
Total assets less current liabilities			<u>(308,511)</u>	<u>(262,784)</u>
Net liabilities			<u>(308,511)</u>	<u>(262,784)</u>
Capital and reserves				
Called up share capital	11		2	2
Profit and loss account	12		<u>(308,513)</u>	<u>(262,786)</u>
Total equity			<u>(308,511)</u>	<u>(262,784)</u>

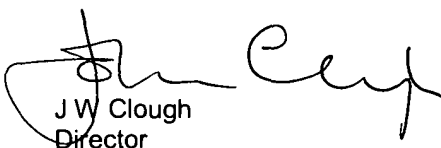
For the year ending 5 April 2018 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These unaudited financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

These unaudited financial statements were approved by the board of directors and authorised for issue on 7 November 2018, and are signed on behalf of the board by:


J W Clough
Director

Company registration number: 08026173

The notes on pages 8 to 14 form part of these financial statements.

ET Business Funding Limited

Statement of Changes in Equity

Year ended 5 April 2018

	Called up share capital £	Profit and loss account £	Total £
At 6 April 2016	2	(239,761)	(239,759)
Loss for the year	—	(23,025)	(23,025)
Total comprehensive income for the year	—	(23,025)	(23,025)
At 5 April 2017	2	(262,786)	(262,784)
Loss for the year	—	(45,727)	(45,727)
Total comprehensive income for the year	—	(45,727)	(45,727)
At 5 April 2018	<u>2</u>	<u>(308,513)</u>	<u>(308,511)</u>

The notes on pages 8 to 14 form part of these financial statements.

ET Business Funding Limited

Statement of Cash Flows

Year ended 5 April 2018

	Note	2018 £	2017 £
Cash (used by)/generated from operations	13	(16,543)	(25,744)
Net cash from operating activities		<u>(16,543)</u>	<u>(25,744)</u>
Cash flows from investing activities			
Interest received		135	179
Net cash from investing activities		<u>135</u>	<u>179</u>
Cash flows from financing activities			
Proceeds from borrowings		26,880	25,742
Net cash from financing activities		<u>26,880</u>	<u>25,742</u>
Net increase in cash and cash equivalents		10,472	177
Cash and cash equivalents at beginning of year		95,567	95,390
Cash and cash equivalents at end of year		<u>106,039</u>	<u>95,567</u>

The notes on pages 8 to 14 form part of these financial statements.

ET Business Funding Limited

Notes to the Financial Statements

Year ended 5 April 2018

1. General information

ET Business Funding Limited ("the company") is a limited company domiciled and incorporated in England.

The address of the company's registered office is Third Floor, Citygate, St James Boulevard, Newcastle upon Tyne, NE1 4JE. The principal place of operations is 25 Main Street, Ponteland, Northumberland, NE20 9NH.

The principal activity of the company during the year was the provision of business start up loans. The loans made during the year are interest free. The company continues with the on-going support of Eaga Partnership Trustee Limited and Eaga Partnership Trustee Two Limited.

2. Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the requirements of the Companies Act 2006 as applicable to companies under the small companies regime and under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the company, and are rounded to the nearest pound.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report.

The company continues to enjoy the support of its controlling parties Eaga Partnership Trustee Limited and Eaga Partnership Trustee Two Limited. The controlling parties of the company have at their disposal sufficient resources for the company to continue in operational existence for the foreseeable future and the directors of the controlling parties have confirmed their willingness to continue with this support.

As a consequence, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. They have therefore adopted the going concern basis of accounting in preparing these financial statements.

Foreign currencies

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

ET Business Funding Limited

Notes to the Financial Statements *(continued)*

Year ended 5 April 2018

2. Accounting policies *(continued)*

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

ET Business Funding Limited

Notes to the Financial Statements *(continued)*

Year ended 5 April 2018

2. Accounting policies *(continued)*

Financial instruments

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

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument, and are offset only when the company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Business start up loans

Loans that are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Loans over one year are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the loan constitutes a financing transaction, the loan is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A loan is considered to be a financing transaction where repayments are deferred beyond normal business terms or it is financed at a rate of interest that is not a market rate.

A provision for impairment of loans receivable is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in net income and expenditure for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in net income or expenditure.

Loans outstanding are stratified by reference to their arrears status. A relevant percentage is applied to each stratified balance in order to arrive at a suitable provision for impairment. The percentage rate applied is based on the judgement and experience of the directors and management.

Financial liabilities and equity

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

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

ET Business Funding Limited

Notes to the Financial Statements *(continued)*

Year ended 5 April 2018

2. Accounting policies *(continued)*

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges. Commitments to receive a loan are measured at cost less impairment.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Loan provisions

Business funding loans are reviewed and reconciled on a regular basis to ensure that they are appropriately stated in the accounts and a provisioning policy is adopted to reflect any potential defaults. The provisioning policy considers recoverability against individual loans with regard to specific circumstances and the net total of the business funding loans are then subject to a fair value adjustment to reflect the discounted future value of the loans.

3. Operating loss

Operating is stated after (crediting)/charging:

	2018	2017
	£	£
Foreign exchange differences	<u>(2,070)</u>	<u>(3)</u>

ET Business Funding Limited

Notes to the Financial Statements *(continued)*

Year ended 5 April 2018

4. Interest receivable and similar income

	2018 £	2017 £
Interest on bank deposits	135	179
Movement in discounting provision	-	8,375
	<u>135</u>	<u>8,554</u>

5. Interest payable and similar charges

	2018 £	2017 £
Movement in discounting provision	(3,215)	-
	<u>(3,215)</u>	<u>-</u>

6. Directors' remuneration

None of the directors received any remuneration from the company.

7. Tax on loss on ordinary activities

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19% (2017: 20%).

	2018 £	2017 £
Loss on ordinary activities before taxation	(45,727)	(23,025)
Loss on ordinary activities by rate of tax	(8,688)	(4,602)
Tax losses not recognised as a deferred tax asset	8,688	4,602
Tax on loss on ordinary activities	<u>-</u>	<u>-</u>

The company has approximately £308,213 of trading losses carried forward at 5 April 2018 (2017: £262,486) available for offset against future profits of the same trade. No deferred tax asset has been recognised in relation to these losses, due to the uncertainty as to the timing of the utilisation.

8. Debtors

Debtors falling due within one year are as follows:

	2018 £	2017 £
Business start up loans	<u>128,993</u>	<u>71,916</u>

Debtors falling due after one year are as follows:

	2018	2017
Business start up loans	190,256	276,584
	<u>319,249</u>	<u>348,500</u>

ET Business Funding Limited

Notes to the Financial Statements *(continued)*

Year ended 5 April 2018

9. Creditors: amounts falling due within one year

	2018 £	2017 £
Accruals and deferred income	3,462	3,394
Loans from related parties	<u>730,337</u>	<u>703,457</u>
	<u>733,799</u>	<u>706,851</u>

10. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2018 £	2017 £
Financial assets		
Financial assets measured at undiscounted amount receivable	106,039	95,567
Financial assets that are debt instruments measured at amortised cost	<u>319,249</u>	<u>348,500</u>
	<u>425,288</u>	<u>444,067</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(730,337)</u>	<u>(703,457)</u>

Financial assets that are debt instruments measured at amortised cost comprise business start up loans

Financial assets measured at undiscounted amount receivable comprise cash at bank and in hand.

Financial liabilities measured at amortised cost comprise loans from related parties.

11. Called up share capital

Issued, called up and fully paid

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

12. Reserves

Reserves of the company are represented by retained earnings which are the cumulative profit and loss net of distributions.

ET Business Funding Limited

Notes to the Financial Statements *(continued)*

Year ended 5 April 2018

13. Cash generated from operations

	2018 £	2017 £
Loss for the financial year	(45,727)	(23,025)
<i>Adjustments for:</i>		
Interest receivable and similar income	(135)	(171)
Accrued expenses/(income)	-	-
<i>Changes in:</i>		
Trade and other debtors	29,251	(2,540)
Trade and other creditors	68	-
	<u>(16,543)</u>	<u>(25,744)</u>

14. Related party transactions

During the year the company received loans totalling £26,880 (2017: £25,742) jointly from Eaga Partnership Trustee Limited and Eaga Partnership Trustee Two Limited as trustees of their respective trusts. The total outstanding balance at the year end was £730,337 (2017: £703,457). These loans are interest free and repayable on demand although the lenders reserve the right to charge interest.

15. Ultimate controlling party

In the opinion of the directors, the ultimate controlling parties are Eaga Partnership Trustee Limited and Eaga Partnership Trustee Two Limited which each hold 50% of the company's issued share capital on behalf of their respective trusts and have directors in common.