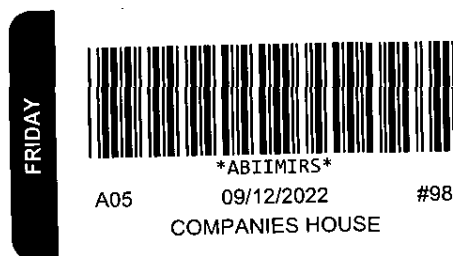


Parent accounts for  
Ekas Consulting (UK) Limited  
Company No: SC 229 257  
Note on page 32

**THE GROWTH COMPANY LIMITED**

**Report and Financial Statements**

**Year ended 31 March 2022**



Company Registration Number: 02443911 (England and Wales)

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## **THE GROWTH COMPANY LIMITED**

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**THE GROWTH COMPANY LIMITED**  
**COMPANY INFORMATION**

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**Non-Executive Directors**

R Topliss  
M Blackburn OBE  
J Boardman  
E Sheldon  
V Murray OBE  
Cllr E A Wilson  
B Craig  
N Rehman  
Cllr J North

**Executive Directors**

M Hughes MBE  
P A Simpson

**Company Secretary**

P A Simpson

**Registered office**

Lee House  
90 Great Bridgewater Street  
Manchester  
M1 5JW

**External Auditor**

RSM UK Audit LLP  
Chartered Accountants  
3 Hardman Street  
Manchester  
M3 3HF

**Bankers**

National Westminster Bank PLC  
19 Market Street  
Manchester  
M1 1WR

## THE GROWTH COMPANY LIMITED

### STRATEGIC REPORT – GROUP POSITION

#### For the year ended 31 March 2022

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The directors present the strategic report, the directors' report and financial statements for the year ended 31 March 2022.

#### Overview

The Growth Company is the holding company for the Growth Company group of companies (the 'group' or 'GC'). It sets strategy, oversees operations and provides a range of corporate services to its subsidiaries. It contracts with the Education and Skills Funding Agency (ESFA), Department of Business, Energy and Industrial Strategy (BEIS), Department of Work & Pensions (DWP), Ministry of Justice (MOJ) and others to deliver, both through its subsidiaries and other providers:

- Learning, including Apprenticeships and other workforce development initiatives;
- Further Education, including provision for unemployed adults;
- The National Citizen Service programme on behalf of the National Citizen Trust for the North West;
- The National Careers Service across Greater Manchester, the North West and Staffordshire;
- The Work Programme and other employment initiatives;
- The International Trade contract on behalf of Department of International Trade ('DIT'); and
- A programme of business support activities including a loans programme through its own Community Development Finance Initiative ('CDFI'), European funded programmes and the Business Growth Hub.

The group is structured to deliver programmes in the following areas:

- Business;
- Employment;
- Education and Skills;
- Organisational Improvement; and
- Internationalisation and Marketing.

#### Business activities and strategic achievements

During 2019/20, GC set out its vision and ambition for the next three years through the development of a new strategy. In light of Covid-19 and its impact, this strategy was further reviewed during 2020/21 with the revised vision, ambition and objectives agreed by the Board.

GC's vision is for a society where economic growth and prosperity is inclusive, sustainable and leaves no person or community behind. The future we will help to create will be founded on the principle of Good Growth (a broader measure of economic well-being including jobs, income, health, skills, work-life balance and the environment) with thriving businesses, creating well-paid jobs for talented and empowered individuals across our diverse communities.

The **Ambition** for GC is to be the UK's most successful provider of development services to people, places and businesses. We will achieve these aims through operating under five themes:

1. **To be a market leader** – GC aims to be the best-performing provider of business, people and place-based support services.
2. **Increasing reach** – GC collaborates with government, businesses and communities across the UK, in all major cities and target international markets.
3. **Attracting and retaining the brightest and the best** – GC will be recognised and accredited as a leading employer, attracting and retaining highly skilled staff.
4. **Financial sustainability** – within five years, GC will be generating, at least, a 5% net surplus from all non-grant funded activity and will have increased its turnover year on year throughout the five-year period.
5. **Social value and environmental sustainability** – GC will be an accredited social enterprise and will be widely recognised as a leading provider of social value impact in the way it delivers each service.

The strategy sets out a series of strategic priorities and defined measures of success. It is then delivered through the production of an annual business plan, approved by the GC Board and managed and monitored through quarterly performance reports aligned to the strategic priorities.

**THE GROWTH COMPANY LIMITED**  
**STRATEGIC REPORT – GROUP POSITION**  
**For the year ended 31 March 2022**

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**Covid-19 – Impact on the business and the three-year strategy**

The GC three-year strategy was developed and approved at the end of 2019, just before the impact of Covid-19 was felt. The impact of the pandemic on the business during the early part of 2019/20 was significant, with the focus of the management team at this time being entirely on business sustainability, meeting contractual requirements, delivering to clients and supporting our staff. Covid-19 has subsequently impacted on every strand of the business and has changed both the way that we deliver activity and how our staff operate. As we emerge out of the pandemic, and the constraints that have been placed on the way we work and deliver activity over the past two years, whilst much of our delivery and client engagement has returned to face-to-face, some parts of the Group have only started to recover from the challenges faced. For example, Marketing Manchester, which operates within the tourism and hospitality sector, is still finding its way back to pre-Covid-19 levels and dealing with pent-up demand with reduced staff availability. The Education and Skills part of the Group (within Skills & Work Solutions) has encouraged learners and businesses back into in-person delivery within technical sectors which have historically struggled even pre-pandemic regarding volume and achievements. This part of the business saw a reduction in new learners across several delivery streams, such as Apprenticeships. However, the reduced volume aligns to the strategic plan in terms of refining delivery areas in this space to ensure a more robust, streamlined focus on those key sector areas which will be required to support the economic recovery and are in line with localised demand.

In the area of supporting young people back into work through Education Skills Funding (ESF) and Study Programme contracts, we have continued to support a significant number of young people and we see this evolving as we support the recovery phase. Furthermore, following increasing levels of unemployment, together with changes within the labour market, we have seen a wave of new government funding to support the individuals and businesses that we work with. This includes the Restart scheme, where we were awarded £95m of funding to deliver services to unemployed residents across South Yorkshire and the North West, as well as the implementation of the Kickstart scheme and the JETS (Job Entry Targeted Support) programme in Greater Manchester.

The three-year strategy, however, has remained in place and performance against original objectives has continued to be measured and reported. Whilst, clearly, the way that the strategy will now be delivered has changed, the five strategic priorities were deemed as remaining both appropriate and essential, and the 2022/23 business plan was developed and presented to the Board in March 2022 based on these strategic priorities.

However, as we start to develop the new three-year strategy in 2022/23, this will be against a very different economic landscape from three years ago which presents different challenges economically, financially, politically and globally. Rising costs, reduced public spending and the centralisation of services into national bodies, including international trade and Investors in People, will all present new challenges, all of which have part of their roots in the legacy from Covid-19 but also, of course, arise as a result of the exit from the EU, global recession and the war in Ukraine.

**EU exit - Impact on the business and three year strategy**

Given the impact of Covid-19, it has been difficult to assess the impact of Brexit on our ability to deliver our strategic objectives on the basis that most of our activity is undertaken within the UK and is not susceptible to European funding. However, our Business Growth Hub (GM Business Support) is in receipt of significant levels of European Regional Development Funds (ERDF) with current contracts due to end in June 2023. We are engaged with Local Enterprise Partnerships and key government departments to ensure that we are well placed to draw down any funding streams that may replace ERDF in the future. However, as reported above, the public sector funding landscape has shifted considerably as the UK government seeks to find ways to pay for the significant intervention it made as a result of the pandemic. One of the greatest immediate unknowns for the future is how the Shared Prosperity Fund will replace ESF provision, which is a key funding stream throughout the employment, and education and skills provisions.

**War in Ukraine - Impact on the business and the three year strategy**

As with Covid-19 and the exit from the EU, whilst GC does not operate in Russia and Belarus, it has been impacted with rising energy and material prices. The increasing threat of cyber attacks from Russia has led to us enhancing our cyber security measures and devising a revised cyber security strategy which was produced at the end of 2021/22. The war itself will not directly impact on our ability to deliver the strategy but it will shift some of the focus towards enhancing cost reduction measures, improving cyber security, increasing due diligence across our supply chain and providing any reactive support where we are able. A good example of this has been the creation of the United for Ukraine website ([www.unitedforukraine.org.uk](http://www.unitedforukraine.org.uk)), set up in March 2022 to provide support to Ukrainian evacuees seeking refuge in the North West and providing links and contacts with employers

**THE GROWTH COMPANY LIMITED**  
**STRATEGIC REPORT – GROUP POSITION**  
**For the year ended 31 March 2022**

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**Notable strategic priority achievements in 2021/22 have included:**

- Contributing £881m of additional GVA to the economy;
- Delivering nearly 40,000 business assists, creating 17,658 jobs, and placing 19,296 people into work;
- Securing £16m economic impact from conferences;
- Winning 42 Foreign Direct Investment projects for GM;
- Supporting £740m of export sales across the whole NW Region;
- Achieved 1,000 new apprenticeship starts;
- Placed 586 starts into the Kickstart programme;
- Secured 52 members and 300 supported for the GM Mayor's Employment Charter;
- Launched, in response to the Covid-19 pandemic, the #HereforBusiness campaign reaching out to over 35,000 businesses through advisor interaction, webinar attendance or engagement on social media and achieving over 1.3m unique visitors to the website;
- With the Greater Manchester Chamber of Commerce, secured and launched the Skills for Growth SME brokerage service supporting 4,000 GM SME productivity plans and 17,000 individual skills plans;
- As an approved CBILS (Coronavirus Business Improvement Lending Scheme) provider, invested £3.9m to date;
- As an approved BBLS (Bounce Back Loans Scheme) provider, invested £2.8m to date;
- Launched Bee Net Zero website to help businesses access information to support their carbon reduction journey, along with the Journey to Net Zero programme;
- Achieved Social Enterprise Mark accreditation with Gold Standard subsequently achieved in April 2022;
- Secured re-accreditation of ISO9001 and ISO27001; and
- Secured Cyber Essentials and Cyber Essentials Plus re-certification.

**Section 172(1) Statement**

s172(1)(a) to (f) of the Companies Act 2006 sets out how directors have had regard to the interests of the group's employees and stakeholders, including the impact of its activities on the community, the environment and the group's reputation, when making decisions. Acting in good faith and fairly between its stakeholder groups, the directors consider what is most likely to promote the success of the group for its stakeholders in the long term.

The stakeholder groups engaged by the group, and reported through to the Board, are its customers & clients, commissioners, our people, suppliers, lenders and partners. The group's Senior Management team (SMT) acts as an executive team on behalf of the Board to engage with its stakeholders and has internal mechanisms in place such as the Audit Committee, the three advisory boards across all major aspects of the group activity (workforce development, internationalisation and marketing and business support) and a contract review group to ensure that any conflicts of interest are managed.

Set out herein in relation to each of the group's principal stakeholder groups are:

- Why the directors believed it was important to engage with that group;
- The main methods the directors used to engage and so understand the issues to which they had to have regard (including those used by management); and
- Information on the effect of that regard on the group's decisions and strategies during the period.

**THE GROWTH COMPANY LIMITED**  
**STRATEGIC REPORT – GROUP POSITION**  
**For the year ended 31 March 2022**

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***Customers/clients***

Approximately 12% of the group's revenue is generated through commercial activity across a range of services from accreditation consultancy through to recruitment agency services. Lower revenue across this activity is likely to lead to a lower surplus and the directors recognise that customers do have a choice in the provision of these services and that customer service is critical in retaining existing and generating new business. This principle also applies where revenue is non-fee generating, for example, through business support, work programme and learner activity. Again, client progression, such as through apprenticeship programmes or business support activity is critical to the success of the group's key purpose of "Enabling Growth, Improving Lives, Creating Jobs".

Using a variety of platforms, from social media via both on-line and face-to-face engagement, the group advised nearly 1,000 (2021: 400) clients on starting a business through the Enterprising You programme and issued over 10,000 start-up loans to new businesses (2021: 11,000). The group also secured and launched the Skills for Growth SME brokerage service (in conjunction with the Greater Manchester Chamber of Commerce) supporting 4,000 GM SME productivity plans and 17,000 individual skills plans. The '#HereforBusiness' campaign continued, including a dedicated Covid-19 business support microsite and a proactive outbound calling campaign, which achieved over 1,300,000 unique visits and led to engagement with 35,577 businesses through advisor interaction, webinar attendance or engagement on social media. The campaign won the Chartered Institute of PR North West Pride Award – Best Covid response. The group also, through its business support engagement, operates quarterly customer feedback surveys. During the year, this has resulted in the Growth Company improving its service design through the development and enhancement of the digital offer.

***Suppliers***

The group relies on a large number of suppliers supplying products and services across a wide range of activity. It is important to the group that it has good, strong and mutually beneficial business relationships with the right suppliers and, on the basis that a significant element of some of our Skills and Employment programmes are sub-contracted, this would also include those sub-contractors as the quality of their activity reflects on the group.

Supply chain partners are a key part of our success in meeting and exceeding the needs of commissioners and stakeholders. We work with a diverse cross-sector of Supply Chains and partners who add value to our capabilities and help us deliver better outcomes for our customers. Our Supply Chain Partners are supported from initial contract agreement and throughout the lifetime of the contract. This includes: supply chain and contract manager support with performance management; regular reviews, and network meetings; compliance monitoring and due diligence activities; administration of claims and data management; quality assurance and oversight; advice and guidance; mandatory training and development opportunities such as cyber security awareness raising, mental health awareness and safeguarding sessions.

With the introduction of a dedicated procurement function in 2016, the approach to supplier engagement has improved as the group seeks to leverage the relationship it has with its suppliers through an increase in social value, now accounting for a significant part of any tendering exercise. During the year, a new inclusive procurement approach was developed and approved by the Board. This will align procurement to both the group's purpose and vision and includes the introduction of key responsible business criteria in our tendering and contracting covering carbon reduction, good employment, real living wage, equality, diversity and inclusion. The new approach will lower the access and resource barriers for small, diverse-led or VCSE (Voluntary, Community and Social Enterprise) businesses. We will also uplift our social value criteria in tenders from 10% to 20%. Over the past six years, the directors have also reviewed, annually, the group's Modern Slavery and Human Trafficking Statement which sets out steps to prevent modern slavery in our business and supply chains through engagement with its suppliers and the development of an action plan regularly monitored and managed by SMT. This has resulted in enhanced supplier relationships providing greater social value to the geographical areas in which the group operates

**THE GROWTH COMPANY LIMITED**  
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**For the year ended 31 March 2022**

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***Commissioners***

An integral part of the success of the group is down to its relationships with all of its commissioners. Commissioners such as the ESFA (Education and Skills Funding Agency), DWP (Department of Work and Pensions), National Citizen Service, GMCA (Greater Manchester Combined Authority) and Ministry of Justice (MOJ) provide the opportunity for the group to make a difference across the sectors in which it operates. This funding is the lifeblood of the group and allows the group to operate as a prime or sub-contractor across a number of geographical areas in England. The continuation of these relationships and associated funding is down to quality of service and regular engagement with all of the group's commissioners.

This engagement takes place across several levels of the business, such as regular commissioner meetings, delivery partner meetings, external audits and one-to-one contact and became even more critical throughout the Covid-19 pandemic where it was necessary to alter service delivery models, all of which have been done in conjunction with the group's commissioners and all have helped ensure the continuation of activity and survival of many of its smaller clients through business support and business finance activity. One recent example of strong commissioner collaboration was the decision taken in December 2021 by Department of International Trade (DIT) to centralise all of its regional international trade operations. The group has worked closely with DIT to ensure a smooth handover, ensuring the needs of employees are maintained during an orderly transition that took place on 30 June 2022.

***Our people***

The commitment, skills and experience of the people employed throughout the group are integral to the group's long-term success and embodiment of its values. Staff attraction and retention is crucial to this success and the group continues to strive to become an 'employer of choice' through the support of physical and mental well-being of its staff, in turn, creating the environment for individuals to develop.

Engagement with our people is paramount with the primary mechanism for staff engagement and feedback is through the Employee Consultative Committees (ECCs). The ECCs have been established for several years and act as conduits for decisions/ consultations affecting staff. During 2021/22, whilst all the ECC meetings were virtual, the focus of meetings has been around continued staff engagement focused on mental health and wellbeing and returning to face-to-face activity. During the year, the group successfully completed all of its actions from the Time to Change pledge, supporting the change to the way people think and act about mental health problems. The group also signed up to the All Equals Charter providing greater access to benchmark EDI activity against industry standards. The Race at Work charter was also signed up to, amplifying the group's commitment to improving equality and the group also achieved member status with the Good Employment Charter.

***Partners***

The group operates in partnership with a number of key public and private sector stakeholders, integral to the achievement of community and environmental objectives wider than its own. These partners include, but are not limited to, the GMCA, represented on the Growth Company Board, and the GMLEP (Greater Manchester Local Enterprise Partnership). The group recognises that it can add value to local communities by regular engagement with such stakeholders, through attendance at board meetings, one-to-one meetings at all levels and working on mutually beneficial projects and programmes.

During 2021/22, the group supported the LEP and the GMCA through the development of the 2022-25 Greater Manchester Internationalisation Strategy as well as working with the GMCA and the GM Mayor in developing content and events in the lead up to, and during COP26 both in Manchester and at the event itself in Glasgow.

***Lenders***

Continued access to finance is of vital importance to the success of the group, particularly, given the nature of its funding. Whilst the group tries to limit debt, there are occasions when debt finance is required though this has been limited to specific parts of the group which are in receipt of funding in arrears.

Whilst access to finance remains critical, during the year, there were no new loan requirements. However, engagement has remained strong between the group and the group's bank, NatWest. This relationship remains important as the bank continues to be updated with potential future funding requirements based on potential investments.



**THE GROWTH COMPANY LIMITED**  
**STRATEGIC REPORT - GROUP POSITION**  
**For the year ended 31 March 2022**

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**Principal decisions**

For the purposes of this statement, the directors regard their principal decisions as not only those that are material to the Group but also those that are significant to any of the Group's principal stakeholder groups. Implicit in making these decisions was the desirability to maintain a reputation for high standards of conduct and the need to act fairly between members of the group. The following specific decisions were taken by the Board during 2021/22:

***Repayment of salary reductions and increase in retrospective furlough payment as a result of the impact of Covid-19***

During 2020/21, as part of a cost reduction exercise to mitigate the impact of Covid-19 on the business, all staff were asked to volunteer up to a six month salary reduction. As a result of a better than expected financial performance at the end of 2020/21, all volunteered salary reductions were fully repaid to affected staff and, for those staff that had received 80% of their salary whilst in furlough, it was agreed that this would be topped up to 90% retrospectively.

***Approval of 2022/23 business plan and budget***

The annual business plan and budget was developed from the agreed three year strategy and presented to the Board in February. The strategic priorities had been reviewed during 2021/22 in light of the impact of Covid-19. Following this review, it was agreed that these priorities were still appropriate for GC for the remainder of the strategy. The business plan was developed using the key themes with updated milestones for the final year of the strategy (2022/23). The Board remained proactively engaged in monitoring and approving key decisions to ensure continuance of activity and sustainable financial performance. As with the strategy, this will impact on all of the group's stakeholders.

***Capital investment in IT***

As part of the need to remain resilient and responsive to changing business needs, the Board approved a two-year contract on all end-user IT equipment as well as the upgrade and migration to cloud of the integrated finance, HR and payroll system. This was successfully upgraded and implemented in April 2022. The main stakeholder beneficiaries of this investment will be our people, clients and commissioners as we seek to improve both internal and external IT systems.

***Approval of new inclusive procurement approach***

The Board approved a new inclusive procurement approach which will align procurement to both the group's purpose and vision and includes the introduction of key responsible business criteria in our tendering and contracting covering carbon reduction, good employment, real living wage, equality, diversity and inclusion. The new approach will lower the access and resource barriers for small, diverse-led or VCSE (Voluntary, Community and Social Enterprise) businesses. The main beneficiaries of this decision will be our suppliers as we seek to create a more inclusive environment ensuring that smaller, local suppliers who align with our vision and values are as equally competitive as larger suppliers.

***Closure of Challenge 4 Change charity***

Covid-19 impacted the group in different ways and, unfortunately, Challenge 4 Change, a charity that specialised in delivering in-person activity at its centre in Trafford Park, Greater Manchester was particularly impacted by the pandemic. With a client group focusing on school groups and community-based groups, the various lockdown measures took their toll severely affecting footfall and future business opportunities. As a result, the Board had to take the difficult decision during 2021/22 to close the charity. The centre is now being developed to deliver part of the company's green skills agenda. The main impact of this decision was on our customers, clients and our people who worked directly within the centre.

**THE GROWTH COMPANY LIMITED**  
**STRATEGIC REPORT – GROUP POSITION**  
**For the year ended 31 March 2022**

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**Corporate Social Responsibilities (CSR)**

**Streamlined Energy and Carbon Reporting Regulations (SECR)**

While some of the Growth Company's (GC) subsidiaries are not obligated to report under the SECR requirements, the company has, as in previous years, chosen to report its carbon emissions for the entire group for financial year 2021/22. This reflects the fact that as we use our office space in an agile way, apportionment of emissions to specific companies could not be based on actual usage of space. In addition, the group is constantly evolving with new sites and acquisitions, including these will enable us to continue to measure our carbon emissions across those areas over which we have financial control. We have continued to include Scope 1 and Scope 2 emissions as well as some Scope 3 emissions which relate to business travel.

**Our Road to Zero Carbon**

In February 2022, GC set a target to be Net Zero by 2035. The GMCA target is to be Carbon Neutral by 2038, recognising both the latest scientific evidence and the early adopter advantages which can be secured by making a transition to a zero-carbon economy. As an anchor institution in Greater Manchester and a key partner to the GMCA, GC supports this ambition. As of 2020/21, GC has been Carbon Neutral across our Scope 1 and 2 emissions, as well as the five Scope 3 categories defined in Procurement Policy Note 06/21 and will continue to off-set its measured carbon emissions year-on-year.

As Covid-19 restrictions ease, GC has started to see its activities increase in terms of face-to-face engagement and employees returning to the workplace. Therefore, although we recognise that our carbon footprint will increase this year, it is expected that it will not return to pre-Covid levels, and in fact, our response to Covid-19 has helped us to accelerate our Net Zero ambitions with permanent changes to our business as usual activities, such as the digitalisation of processes and expanded use of agile working. The group has also seen growing interest and concern from our employees and other stakeholders to better communicate our 'Journey to Net Zero'. We are reviewing options to highlight the good practices occurring through our internal activities and also the support we provide businesses, learners and clients. In addition, new reporting and contractual requirements, as well as the changes to UK law to being Net Carbon Zero by 2050, ensures that as a business we continue to focus on reducing our environmental impact. There is no requirement within SECR for our report to be internally or externally verified, however we have a long term aim to seek independent assurance for these metrics.

Building on the back of our ESOS (Energy Savings Opportunity Scheme) assessment we undertook, our first carbon footprint was for calendar year 2018, and since then we have followed the same data collection protocols for the SECR, namely:

**Electricity** - We use an energy broker, Apollo, for all the electricity we directly purchase from suppliers. Where available, readings are collected via AMR's (Automatic Meter Reading) and collated and provided to us by the broker. This includes Warren Bruce Court where we let space to tenants and whose rental costs include utilities. For those sites where we do not buy electricity directly, we use data provided to us by our landlords from sub meters. All sites where we directly purchase electricity now have renewable energy tariffs in place and are sourced either via wind or hydro projects. For this report we have used a location as opposed to a market based mechanism, converting kWh to CO<sub>2</sub>e using the combined (Supply, Transmission & Distribution, Well to Tank) Greenhouse Gas Reporting Conversion Factor 2021 of 0.2913kgCO<sub>2</sub>e/kWh, as most of our emissions occurred in 2021.

**Gas** - As with electricity, we use an energy broker for directly purchased gas and for these sites we have sub meter AMR data. For those sites where we do not purchase directly, we use data provided by our landlord and where necessary, usage is proportioned on floor space area. Where we directly purchase gas, we have a green gas tariff in place, which is 100% biomethane. To convert kWh to CO<sub>2</sub>e we used the combined (Supply, Well to Tank) Greenhouse Gas Reporting Conversion Factor 2021 of 0.21451kgCO<sub>2</sub>e/kWh.

**LPG and Propane** - This is used in our training centres, although in 2021/22 only propane was purchased. Purchase records are kept, and these are converted into CO<sub>2</sub>e using the combined (Supply, Well to Tank) Greenhouse Gas Reporting Conversion Factor 2021 of 1.724 kgCO<sub>2</sub>e / Litre for Propane.

**THE GROWTH COMPANY LIMITED**  
**STRATEGIC REPORT – GROUP POSITION**  
**For the year ended 31 March 2022**

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**Company Vehicles** - The company has eight vehicles including five diesel minibuses and three company cars, all of which are leased. Fuel for the minibuses is purchased with fuel cards which record the number of litres purchased and this is then converted to CO<sub>2</sub>e using the combined (Consumption, Well to Tank) Greenhouse Gas Reporting Conversion Factor 2021 of 3.12219 kgCO<sub>2</sub>e / Litre. Fuel is not purchased for the company cars, although mileage claims can be submitted through the expenses system (see Grey Fleet information below).

**Grey Fleet** - All staff who drive for company business claim expenses via our online system. This captures both how far the individual has driven and what car they were in. This enables us to determine CO<sub>2</sub>e emissions based on the manufacturers published data for the specific make and model. In addition, the relevant Well to Tank and Transport and Distribution Greenhouse Gas Conversion Factors 2021 were used.

**Additional Scope 3 Reporting**

**Rail and Flights** - We use an external company, Corporate Traveller, to book the majority of our flights and rail journeys. As part of this service they provide us with information on journey distance, mode of transport and for flights, the carrier. This information is used to calculate the CO<sub>2</sub>e emissions per journey and passenger. In the case of flights, the Greenhouse Gas Conversion Factor 2021 used includes Radiative Forcing and Well to Tank of 0.16756 kgCO<sub>2</sub>e / passenger.km for short-haul and 0.16406 kgCO<sub>2</sub>e / passenger.km for long-haul flights. For rail travel, distance travelled in km has been converted into CO<sub>2</sub>e using the combined (Distance, Well to Tank) Greenhouse Gas Conversion Factor 2021 of 0.04441 kgCO<sub>2</sub>e / passenger.km for national and 0.00562 kgCO<sub>2</sub>e / passenger.km for international rail.

In addition, some local rail business travel journeys have been reimbursed through our internal expenses system. As journey distance information is not available through this system, assumptions have been made using the price of tickets and other known factors, namely the average cost of a domestic rail ticket and distance using Corporate Traveller information. The above rail Greenhouse Gas Conversion Factor 2021 were then used.

**Energy and Carbon Footprint**

The carbon emissions for 2021/22 were **680 tonnes CO<sub>2</sub>e**. This is an increase of 79% on the previous year's carbon emissions of 381 tonnes CO<sub>2</sub>e, although this is to be expected as the business recovers to business as usual activities post Covid-19 restrictions. It also reflects the improvement in data collection with two new sites having smart meters installed and greater data collection from landlords at our leased sites. This is still a significant reduction on the baseline 2019/20 figure of 817 tonnes CO<sub>2</sub>e and reflects the impacts Covid-19 has had on accelerating our journey to net zero. The carbon intensity ratio for 2021/22 is **5.40 tonnes CO<sub>2</sub>e per £1m of turnover (2021: 3.71)**, and **15,428 kWh per £1m turnover (2021: 13,603)**.

**THE GROWTH COMPANY LIMITED**  
**STRATEGIC REPORT – GROUP POSITION**  
**For the year ended 31 March 2022**

A detailed breakdown of the usage and emissions by source can be found in Table 1. Where possible this also includes the kWh figures. For illustrative purposes only, Table 1 also includes the carbon emissions for 2020/21 and 2019/20.

**Table 1: Carbon and Energy Data 2021/22**

	Direct Purchase kWh	Indirect Purchase kWh	2021/2022 Total kWh	2021/22 Total CO <sub>2</sub> e tonnes	2020/21 Total CO <sub>2</sub> e tonnes	Baseline: 2019/20 Total CO <sub>2</sub> e tonnes
Gas	393,637	93,221	486,858	104	87	89
Electricity	847,378	298,857	1,146,235	334	256	362
Minibuses	111,399		111,399	33	11	40
Leased Vehicles	0	189	189	0.19		
LPG	None			0	15	8
Propane	22,063		22,063	5	0	1
Rail				2.1	0	9
Grey Fleet		177,176	177,176	194	11	184
Flights				8	0	124
<b>Total</b>	<b>1,374,477</b>	<b>569,443</b>	<b>1,943,920</b>	<b>680</b>	<b>381</b>	<b>817</b>

**Energy and carbon reduction actions in 2021/22**

In February 2022, approval was secured from the Board to set new carbon reduction targets, namely to become Net Zero by 2035 across Scopes 1,2 and 3. This plan consists of:

1. Redefining the scope of our Carbon Footprint to include additional Scope 3 categories;
2. Recalculating emissions from 2019/20 as the baseline year and previously reported years, as well as every year thereafter;
3. Identify and implement activities which would reduce our energy consumption and so our emissions using our ESOS recommendations as a guide;
4. 'Offset' the residual emissions; and
5. Verify the validity of our claims using an external standard such as PAS 2060, or the World Resources Institute GHG (Green House Gas) Protocol.

This decision, combined with our ESOS work and wider societal awareness, has resulted in a sustained focus on our energy usage and carbon emissions, with a higher degree of consciousness of individual actions and their environmental impacts. To help us drive this agenda forward we appointed a new Sustainability Manager who came into post within the group in September 2021.

Our Climate Action Group has also reformed following a break due to Covid-19 and continues to look at ways it can support and drive the company on its Net Zero ambitions. Our in-house Environmental Auditors will also undertake an estate wide energy audit as part of our ESOS compliance process in 2022/23, the findings and recommendations from which will be shared widely with relevant colleagues to action.

**THE GROWTH COMPANY LIMITED**  
**STRATEGIC REPORT – GROUP POSITION**  
**For the year ended 31 March 2022**

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**Table 2: Changes in Carbon Emissions based on financial year 2021/22 compared to 2020/21 and baseline year 2019/20.**

	tCO <sub>2</sub> e change on 2020/21	% Change on 2020/21	tCO <sub>2</sub> e change from Baseline	% Change on Baseline Year
Gas	17	20%	15	17%
Electricity	78	30%	-28	-8%
Minibuses	22	202%	-7	-18%
Leased Vehicles	0.2	0.0	0.2	0.0
LPG	-15	-100%	-8	-100%
Propane	5	1864%	4	428%
Rail	2	207%	-7	-77%
Grey Fleet	182	1604%	10	5%
Flights	8	776%	-116	-94%
Total	300	79%	-137	-17%

#### Energy Use

Electricity consumption is our largest source of emissions, with the majority of this being used to run HVAC (Heating, Ventilation and Air Conditioning) systems at Lee House, Manchester and HVAC and our servers at Warren Bruce Court, Trafford Park, where we are the landlord. We continue to communicate our policy on heating/cooling and the use of a 'dead zone' to reduce energy consumption while providing a consistent temperature range. We have taken the decision to only buy renewable energy; and, as from January 2021, all energy which we directly purchase is on a green tariff, with renewable electricity generated via wind and hydro projects, and our gas is 100% biomethane. We will continue to work with our landlords to encourage them to switch to renewable energy sources.

GC has seen an increase in both electricity and gas reporting across our sites, as well as a return to business as usual activities which has led to an increase in overall energy consumption reported when compared to 2020/21. A decrease in electricity consumption compared to our baseline year reflects the reduction in carbon intensity of electricity generation, 9% in both 2020/21 and 2021/22, due to a decrease in coal use and an increase in renewable generation, as well as the introduction of good energy management procedures pre Covid-19.

There has been a decrease in LPG use as none has been purchased in 2021/22. In comparison, Propane has been purchased in bulk this year, however, this will be balanced in subsequent years with limited purchasing.

#### Travel

Our grey fleet carbon emissions have significantly increased since our 2020/21 reporting and by 5% on our baseline year. This reflects employees returning to client visits, events etc post Covid-19. It also reflects an 27% increase in our FTE headcount when compared to our baseline year. However, our carbon intensity per FTE for grey fleet has decreased during this period from 0.15 tCO<sub>2</sub>e to 0.13 tCO<sub>2</sub>e, reflecting the continued benefit of the carbon reduction activities which have been put in place and expanded on since 2019/20. This includes the introduction of our Agile Working Policy and the move to telecommunication and digitalisation of documents and archiving.

GC also recognises that our grey fleet impacts local air quality and so has wider health and wellbeing implications. To this end in February 2022, we introduced an employee electric car scheme under salary sacrifice, which will be accessible to all staff. By encouraging staff to switch to electric vehicles we hope to see a reduction in our grey fleet carbon emissions. This is in addition to our established season ticket loan and cycle to work scheme offer.

**THE GROWTH COMPANY LIMITED**  
**STRATEGIC REPORT – GROUP POSITION**  
**For the year ended 31 March 2022**

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GC operates eight leased vehicles, five of which are minibuses and three are cars, all of which are Euro 6 compliant. This is the first year in which the leased cars have been included as a separate amount within this reporting, having previously been reported as part of our grey fleet. As the minibuses are used to transport learners to our Trafford Park Skills Centre, the carbon emissions have increased in 2021/22 on the previous year as educational settings reopen as usual. When compared to our baseline year, there has been a 18% reduction in emissions. This reflects the recent opening of the Manchester to Trafford Centre Metrolink, with stops near the Skills Centre enabling learners to travel directly from the city centre to our site.

In addition, although not required by SECR, GC has continued to report on its rail and flight emissions to ensure continuation of reporting. No rail or flight travel took place in 2020/21 due to the restrictions on movement and requirements to work from home, therefore we have seen an increase on our previous year's emissions. When compared to our baseline year, both rail and flights have seen a reduction of 77% and 94% respectively.

In 2021/22, GC expanded on its Scope 3 reporting in line with the UK Government's Procurement Policy Note (PPN) 06/21, capturing emissions associated with upstream transportation and distribution, waste generated in operations, additional business travel, employee homeworking and commuting, and downstream transportation and distribution. Work has been undertaken to recalculate GC's baseline and 2020/21 reporting year to reflect the additional categories. This level of reporting has enabled us to account for the associated carbon impacts from employees working from home. Reporting to this level will continue in future years, and GC will look to expand our Scope 3 reporting in future years.

**THE GROWTH COMPANY LIMITED**  
**STRATEGIC REPORT – THE YEAR UNDER REVIEW**  
For the year ended 31 March 2022

**Operating performance**

	Turnover £'000			Surplus/(deficit) before taxation £'000		
	2021/22	2020/21	2019/20	2021/22	2020/21	2019/20
Aspire Recruitment Partnership	3,563	2,260	2,299	-	-	-
Centre for Assessment	3,651	3,052	3,473	408	227	135
Challenge for Change	76	182	444	(144)	-	-
Chamberlink (Business Support Solutions)	4,388	4,481	4,288	163	207	216
EKOS Consulting (UK)	1,048	1,124	-	148	17	-
GM Business Support	22,627	22,672	16,488	(129)	335	147
Improvement Development Growth	3,133	2,456	3,152	321	35	51
Marketing Manchester	2,137	2,307	4,744	(199)	(37)	69
National Schools Training	-	99	425	-	(3)	(95)
North West Apprenticeship Company	202	454	502	11	8	5
Recovery Works	423	481	815	62	8	-
Skills and Work Solutions	74,384	57,358	51,656	504	1,005	(1,294)
The Enterprise Fund (GCBF)	3,528	3,966	3,386	(102)	479	597
TMI Practitioner Services	829	1,375	1,966	812	(172)	(78)
The Growth Company	4,971	1,628	2,857	(407)	1,209	593
& Consolidation Adjustments						
<b>TOTAL</b>	<b>124,960</b>	<b>102,771</b>	<b>96,495</b>	<b>1,448</b>	<b>3,301</b>	<b>346</b>

Consolidated statement of comprehensive income	2021/22 £'000	2020/21 £'000	2019/20 £'000
Income	124,960	102,771	96,495
Operating surplus	1,302	3,549	255
Surplus for the year before taxation	1,448	3,301	346

Consolidated statement of financial position	2021/22 £'000	2020/21 £'000	2019/20 £'000
Current assets	60,432	54,123	48,643
Cash at bank and in hand	26,705	22,143	12,818
Net current assets	19,515	21,470	12,360
Total equity	18,949	16,169	13,969

**THE GROWTH COMPANY LIMITED**  
**STRATEGIC REPORT – THE YEAR UNDER REVIEW**  
**For the year ended 31 March 2022**

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**Performance review of the business**

Overall group turnover for the year was £124,960k (2021: £102,771k) and closing members' funds as at 31 March 22 were £18,949k (2021: £16,169k). The surplus for the year before tax was £1,448k (2021: £3,301k). The actuarial gain on the defined benefit schemes of £1,323k (2021: loss of £1,240k) resulted in total comprehensive income for the year of £2,780k (2021: £2,200k). Turnover increased by 22% which was largely as a result of two new programmes, Restart and Kickstart which accounted for almost 15% of the 22% increase. Much of the remaining increase in turnover was due to an increase in commercial activity. Whilst profit after other operating income and other external expenses/turnover ratio remained static at 61% (2021: 61%), there was an increase in wages and salaries of 28% due to an increase in staff numbers of 337 from 1,464 to support the Restart contract and the scaling up across various key contracts, and facility costs due to the need for new sites across new geographical territories. Minimal government funding was received during 2021/22 as a result of the Coronavirus Job Retention Scheme (CJRS).

Within the largest trading subsidiary, Skills & Work Solutions, Skills & Education and Employment had relatively strong underlying performances. The GC Skills division continued to deliver both face-to-face and online delivery with learner numbers remaining relatively stable, although lower than expected starts in areas such as IT and Automotive and lower than anticipated achievements in Engineering and Mechanical, offset the strong performance across the ESF funded programmes of SSW (Skills Support for the Workforce) and NEET (Not in Education, Employment or Training). Employment continued to move to face-to-face delivery across a number of client groups and also commenced two major programmes, Restart and Kickstart, both operating, during 2021/22, on a cost-recovery basis. An overall strong financial performance across Employment was underpinned by National Careers Service, National Citizen Service, the ESF funded programmes and pre-recruitment programmes. The commercial areas of Centre for Assessment, Aspire, Improvement Development Growth all performed in excess of budget and Ekosgen, acquired in March 2021, performed in line with expectations. A decision, however, was taken to close the charity Challenge 4 Change due to a poor trading position particularly impacted by the pandemic, and two services, being Investors in People (IIP) previously in Improvement Development Growth Limited and the Department for International Trade (DIT) contract previously in Chamberlink, having been taken in-house due to national decisions/policy as opposed to performance issues. From 1 April 2022, the IIP licence was taken in-house from Improvement Development Growth leaving very little activity remaining in this entity. Similarly, Department of International Trade (DIT) announced that it was centralising all of the regional international trade activity across the country from 1 July 2022 which has meant that, from that date, Chamberlink has also effectively ceased to trade. The defined benefit pension scheme position improved considerably due to an actuarial gain of £1,323k (2021: actuarial loss of £1,240k) which was mainly due to the increase in discount rate used within the assumptions.

Other external expenses have increased to £48.7m (2021: £43.2m), but have reduced as a percentage of turnover from 42.1% in 2021 to 39.0% in 2022 as a result of subcontractor costs reducing, being replaced by prime contracts such as Restart. Staff costs increased to £59.3m (2021: £46.3m) as a result of an increase in staffing numbers to 1,801 (2021: 1,464) and, whilst this represented an increase to 47.4% of turnover (2021: 45.1%) this is mainly due to the switch off from using sub-contractors to employing staff as a prime contractor. Other operating expenses have increased to £14.1m (2021: £10.4m) as a consequence of refurbishment and maintenance of new sites as well as staff associated costs increasing due to the increased headcount following the award of new contracts across various geographic locations.

**Balance Sheet**

The net assets position of £18,949k (2021: £16,169k) is net of a defined benefit pension liability of £6,560k (2021: £7,765k). Net current assets of £19,515k have decreased slightly by £1,955k from the previous year (2021: £21,470k). The valuation of the group's investment properties remained at £5.0m. Investments increased to £3,045k, with additional investments and valuation increases into the shares of unlisted companies within TEF (2021: £2,330k).

The movements within working capital, alongside the income generated by operations in the year, gave rise to an increase in cash of £4,562k to £26,705k from the previous year (2021: £22,143k). The main movements in provisions during the year related to pensions, although taxation & social security increased by £5,353k to £8,662k (2021: 3,309k) due to funds being held in anticipation of a £5m liability. We are awaiting a response from HMRC on how to treat a change in VAT treatment on the National Careers Service contract.



**THE GROWTH COMPANY LIMITED**  
**STRATEGIC REPORT – THE YEAR UNDER REVIEW**  
**For the year ended 31 March 2022**

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**Going concern**

After due consideration, the directors have adopted the going concern basis in preparing the financial statements. The directors have made this assessment after consideration of the group's financial position, cash flows, income projections and related assumptions. In making this assessment the directors have given consideration to the actual and potential future impacts of the Covid-19 pandemic, Brexit, current economic conditions and the war in Ukraine on the cashflows and liquidity of the group over the twelve-month period following the signature of these financial statements. Current cash levels remain around £15m and future cashflow projections remain strong with no outstanding loans and an overdraft facility remaining place providing further headroom. The process that the directors have undertaken has included the consideration of regular updates from the executive and the consideration of several financial models and forecasts, specifically regarding cash and income.

At the balance sheet date, the company has net current liabilities of £4,292k (2021: Net current liabilities of £5,754k). The company is supported by its fellow subsidiaries. Based upon this support and expected profitability and cashflows of the group, the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

The group's financial modelling has also considered the impact of additional reasonably possible downside scenarios which include the following:

- inflationary pressures;
- current bidding environment;
- ability to attract and retain staff; and,
- uncertainty around impact of national policy on programme funding.

The holding company itself is now in a net asset position and is satisfied that it can provide the parental guarantee required for those group entities with an audit exemption under s179A of the Companies Act 2006. A call on this guarantee is not considered likely over the next twelve months.

In all reasonably possible downside scenarios considered, including the aggregation of scenarios that could reasonably occur together, the forecasts showed that the Group and company can continue to operate within its available facilities. Accordingly, the directors concluded that the going concern basis of accounting was appropriate.

**THE GROWTH COMPANY LIMITED**  
**STRATEGIC REPORT – RISK MANAGEMENT & FUTURE DEVELOPMENTS**  
**For the year ended 31 March 2022**

**Risks and Uncertainties**

The Group considers risk management to be fundamental to good management practice and a significant aspect of corporate governance. Effective management of risk will provide an essential contribution towards the achievement of the Group's strategic and operational objectives and goals. Risk management is an integral part of the Group's decision making and routine management and is incorporated within the strategic and operational planning processes at all levels across the Group. Risk assessments are conducted on new ventures and activities, including projects, processes, systems and commercial activities to ensure that the risk profile is understood and can be managed. Any risks or opportunities arising from these assessments are identified, analysed and reported to the appropriate management level. The Group maintains a strategic risk register.

All Companies and operational areas maintain operational risk registers. The Group is committed to ensuring that all staff, particularly Directors and senior managers are provided with adequate guidance and training on the principles of risk management and their responsibilities to implement risk management effectively. The Group will regularly review and monitor the implementation and effectiveness of the risk management process, including the development of an appropriate risk management culture across the Group.

The register is monitored by the Senior Management Team at regular intervals and is also reviewed by the Audit Committee and main group Board. The following is not an exhaustive list from the register but highlights the main themes of risk which are considered to be currently facing the group.

Risk	Mitigation	Change in risk/uncertainty
Impact of economic uncertainty resulting from Covid-19 and inflationary pressures on revenue and the ability to deliver activity	<ul style="list-style-type: none"> <li>• Dynamic financial modelling responsive to changes in government policy, commissioners' positions and commercial/economic environment.</li> <li>• Increased monitoring of supply chain ensuring continuity of provision and rapid response to shift to new suppliers or in-house if necessary.</li> <li>• Digitisation of delivery in all commercial and other client activity e.g., learning environment.</li> <li>• Ongoing monitoring of cashflow – regular short- and long-term forecasting, ongoing dialogue with finance providers, accessibility to short term finance if required.</li> </ul>	Reduced risk from impact of Covid-19 as delivery models have adapted to digital delivery and lessons learned from throughout pandemic. Increased risk from inflationary pressures
Reduction in EU funding for business support following the United Kingdom's departure from the EU	<ul style="list-style-type: none"> <li>• EU funding has been secured for business support programmes to June 2023 with match funding now in place. Overall funding has reduced but activity will continue.</li> </ul>	Increased risk due to level of public funding available for business support post-June 2023.
Changes in national and local Government policy that may result in significant and detrimental changes	<ul style="list-style-type: none"> <li>• GC is closely monitoring any changes to government policy which might have an impact on programme design, contracting arrangements or service delivery.</li> </ul>	Increased risk due to political and economic uncertainty regarding funding of national programmes and government's ability to repay Covid-19 national debt.
Loss of key members of staff and inability to attract new staff with necessary skills and experience	<ul style="list-style-type: none"> <li>• Robust performance review system in place</li> <li>• IIP Silver Standard achieved</li> <li>• Star performance awards system in place</li> <li>• Mental health and wellbeing communication and processes increased as a result of Covid-19</li> </ul>	Increased risk with decreasing staff retention numbers due to candidate led market forcing higher salaries
Potential of cyber threats disrupting business operations and damaging reputation	<ul style="list-style-type: none"> <li>• Move to Office 365 Cloud based solution</li> <li>• Improvement of firewalls and intrusion</li> <li>• Regular penetration testing and social engineering tests</li> <li>• Development of cyber security strategy</li> <li>• Continued Cyber Essentials accreditation</li> </ul>	Increased risk due to increased Russian cyber threats as a result of the war in Ukraine

**THE GROWTH COMPANY LIMITED**  
**STRATEGIC REPORT – RISK MANAGEMENT & FUTURE DEVELOPMENTS**  
**For the year ended 31 March 2022**

**Risk Mitigation**

All risks and mitigating actions are logged on a Risk Register, which is reviewed and updated every quarter, and presented to the Board for its consideration. Existing risks are reduced when they have been appropriately mitigated, and new risks are added as they are identified. In addition, the diversity of funding streams across the group limits exposure from policy shifts.

**Corporate Governance**

Governance arrangements include advisory boards made up of Non-Executive Directors and specialist advisers to deal with the particular areas of the group's activities. The advisory boards cover:

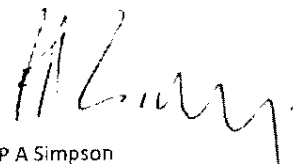
- Business Support and Business Finance;
- Workforce Development; and
- Internationalisation and Marketing.

**Future Developments**

All of our future developments are outlined in the annual business plan and reflect the five thematic aims outlined in our strategy and vision. In considering these future developments in light of the Covid-19 pandemic, Brexit and the war in Ukraine, we continue to plan to achieve these aims though the milestones to achieve them will clearly change, given the current economic environment. The aim to maintain and enhance financial sustainability also remains valid though any planned increase in turnover is now more susceptible to the changes in economic environment as highlighted elsewhere within the Strategic Report.

- **To be a market leader** – GC's ambition is to be the best-performing provider of business, people and place-based support services. We will focus on services which deliver economic growth and prosperity which is inclusive and sustainable. We will be trusted by businesses, individuals and government to deliver high-quality, high-impact services which contributes significantly to the UK Economy.
- **Increasing reach** - GC will collaborate with government, businesses and communities across the UK, in all major cities and target international markets. Through leveraging innovative digital channels our annual customer base will exceed 200,000 individuals and 60,000 businesses.
- **Attracting and retaining the brightest and best** - GC will be recognised and accredited as a leading employer, attracting and retaining highly skilled staff. Our staff will take ownership of their own development and benefit from an expansive workforce development offer. GC will provide each team member with a competitive reward and recognition package and in return they deliver exceptional performance. GC will have a highly engaged and diverse workforce reflective of the communities in which we work.
- **Financial sustainability** - GC will aim to generate at least a 5% net surplus from all non-grant funded activity and has increased its turnover year-on-year. This will enable us to maintain a strong balance sheet, demonstrates strength in financial reserves/liquidity with the ability to support reinvestment. GC will have a balanced revenue mix with a focus on annually increasing commercial income.
- **Social value and environmental sustainability** - GC will be an accredited social enterprise and will be widely recognised as a leading provider of social value impact in the way we deliver each service. GC will be net Carbon zero and through its activity will influence Individuals and other businesses to adopt more environmentally sustainable business practices.

The report of the Board of Management was approved on 28 November 2022 and signed on its behalf by:



P A Simpson  
Secretary

**THE GROWTH COMPANY LIMITED**  
**DIRECTORS' REPORT**  
**For the year ended 31 March 2022**

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The directors present their annual report and financial statements for the year ended 31 March 2022.

*The directors have presented the future developments of the group within the Strategic Report.*

**Principal activities**

The Growth Company, a company limited by guarantee, is a non-profit-distributing group of companies delivering publicly funded and commercial services to employers, individuals, the public sector, and schools and colleges

The principal activity of the Company continued to be that of the holding company for The Growth Company group of companies through which all the central corporate costs and overheads are held and recharged to the group's subsidiaries.

**Directors**

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

R Topliss	
M Blackburn OBE	
J Boardman	
City Mayor P Dennett	(Resigned 24 June 2022)
M Hughes MBE	
V Murray OBE	
A Shah	(Resigned 24 June 2022)
Ms L Feeley	(Resigned 24 June 2022)
E Sheldon	
P A Simpson	
Cllr M Cox	(Resigned 6 December 2021)
Cllr A Warren	(Appointed 6 December 2021, resigned 24 June 2022)
Cllr E A Wilson	
B Craig	(Appointed 24 June 2022)
N Rehman	(Appointed 24 June 2022)
Cllr J North	(Appointed 24 June 2022)

**Results and dividends**

The results for the year are set out on page 25.

**Qualifying third party indemnity provisions**

The company has made qualifying third-party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

**Disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

**THE GROWTH COMPANY LIMITED**  
**DIRECTORS' REPORT**  
**For the year ended 31 March 2022**

**Employee involvement**

The group's policy is to consult with employees, predominantly through the Employee Consultative Committees (ECCs). The ECCs have been established for several years and act as conduits for decisions/consultations affecting staff. Other methods of engagement include regular bi-annual staff surveys, weekly staff communications from the CEO and an annual staff conference, all of which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

**Auditor**

PSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

**Strategic report**

The group has chosen to incorporate with Companies Act 2006 s. 14C(1) to set out information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, which is to be contained in the directors' report in the group's strategic report. It has done so in respect of future developments, principal risks and uncertainties and carbon reporting requirements, all of which are considered to be of strategic importance to the group.

**Statement of disclosure to auditor**

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

By order of the board



F.A. Simpson

Secretary

21 November 2022

**THE GROWTH COMPANY LIMITED**  
**DIRECTORS' RESPONSIBILITIES STATEMENT**  
**For the year ended 31 March 2022**

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The directors are responsible for preparing the Strategic report, 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 board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). 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 group and the company, and of the surplus or deficit of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

*The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.*

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GROWTH COMPANY LIMITED

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### Opinion

We have audited the financial statements of The Growth Company Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2022 and of the group's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other information

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

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

We have nothing to report in this regard.

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

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GROWTH COMPANY LIMITED

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### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 21, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

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

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GROWTH COMPANY LIMITED

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In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud having obtained an understanding of the effectiveness of the control environment

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and the Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to safeguarding of learners, Education Inspection Framework under the Education Act 2005 (as amended), health and safety and the rules and principles set by the Financial Conduct Authority (FCA) as regulator for the financial services industry in the UK. We performed audit procedures to inquire of management and those charged with governance whether the group and company are in compliance with these law and regulations and inspected compliance documentation, including but not limited to, internal procedures' manuals, reports from external compliance advisers, risk and breaches registers, regulatory returns and correspondence with the FCA as well as considering compliance with the conditions for authorisation, including with any restrictions or requirements placed on the firm, and other regulatory obligations.

The audit engagement team identified the risk of management override of controls and revenue recognition as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to:

- Testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, assessing whether the judgements made in making accounting estimates are indicative of a potential bias.
- Challenging judgements and estimates applied in the valuation of accrued and deferred income on contracts and testing a sample of revenue items to underlying contract. We tested a sample of revenue transactions recognised either side of the reporting date to determine whether revenue was recorded in the correct period.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the company's members, as a body, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

*Hugh Fairclough*

Hugh Fairclough (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
3 Hardman Street  
Manchester  
M3 3HF

Date: 05/12/22

**THE GROWTH COMPANY LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 March 2022**

	Notes	2022 £'000	2021 £'000
<b>TURNOVER</b>	3	124,960	102,771
Other operating income	3	548	3,206
Other external expenses		(48,715)	(43,244)
Staff costs	4	(59,260)	(46,327)
Depreciation and amortisation	6	(2,169)	(1,677)
Other operating expenses		(14,062)	(10,392)
Exceptional items	7	-	(788)
<b>OPERATING SURPLUS</b>	6	<u>1,302</u>	<u>3,549</u>
Interest receivable and similar income	8	2	7
Interest payable and similar expenses	9	(253)	(214)
Impairments of investments	16	(115)	(326)
Fair value gains on investments	10	512	285
<b>SURPLUS BEFORE TAXATION</b>		<u>1,448</u>	<u>3,301</u>
Tax credit on surplus	11	<u>9</u>	<u>139</u>
<b>SURPLUS FOR THE FINANCIAL YEAR</b>		<u>1,457</u>	<u>3,440</u>
Actuarial gain/ (loss) on defined benefit pension schemes	25	<u>1,323</u>	<u>(1,240)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>		<u>2,780</u>	<u>2,200</u>

The company is limited by guarantee so neither the surplus for the financial year, nor the total comprehensive income, whilst attributable to the owners of the parent company, is distributable to them.

**THE GROWTH COMPANY LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**For the year ended 31 March 2022**

Company Registration No. 02443911

	Notes	2022 £'000	2021 £'000
<b>FIXED ASSETS</b>			
Goodwill	17	303	336
Other intangible assets	17	1,682	1,473
Total intangible assets		1,985	1,809
Tangible fixed assets	18	3,652	3,649
Investment properties	15	5,000	5,000
Investments	15	3,045	2,330
		13,682	11,788
<b>CURRENT ASSETS</b>			
Stock and work in progress	18	92	62
Debtors falling due after more than one year	19	8,031	7,061
Debtors falling due within one year	19	25,597	24,865
Cash at bank and in hand	20	26,705	22,143
		60,425	54,131
<b>CREDITORS: amounts falling due within one year</b>	21	40,917	(2,613)
<b>NET CURRENT ASSETS</b>		19,508	51,470
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		33,190	33,218
<b>CREDITORS: amounts falling due after more than one year</b>	22	(1,103)	(8,222)
<b>Provisions for liabilities</b>	24	(,782)	(1,092)
<b>Net assets excluding pension liability</b>		21,305	23,904
<b>Defined benefit pension liability</b>	2	(3,100)	(1,731)
<b>NET ASSETS</b>		18,205	22,173
<b>CAPITAL AND RESERVES</b>			
Revaluation reserve	25	1,141	1,141
Profit and loss reserve	26	17,064	21,032
<b>TOTAL EQUITY</b>		18,205	22,173

The notes form an integral part of the financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 27 March 2022.

Minister  
 Director

*[Signature]*

*[Signature]*


**THE GROWTH COMPANY LIMITED**  
**COMPANY STATEMENT OF FINANCIAL POSITION**  
**For the year ended 31 March 2022**

Company Registration No. 02443911

	Notes	2022 £'000	2021 £'000
<b>FIXED ASSETS</b>			
Intangible fixed assets	12	169	
Tangible fixed assets	14	1,711	1,921
Investment properties	5	5,000	5,000
Investments	6	475	1,143
		7,355	8,064
<b>CURRENT ASSETS</b>			
Debtors falling due within one year	19	94	176
Debtors falling due within more than one year	20	4,462	1,582
Cash, bank and balances		1,135	1,137
		5,691	3,295
<b>CREDITORS: amounts falling due within one year</b>		(21,217)	(20,649)
<b>NET CURRENT LIABILITIES</b>		(14,292)	(5,754)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,063	2,310
<b>CREDITORS: amounts falling due after more than one year</b>	22	(1,051)	(1,111)
Provisions for liabilities	24	(133)	—
<b>NET ASSETS</b>		2,830	1,200
<b>CAPITAL AND RESERVES</b>			
Reserves	25	27	1,132
Equity and loan reserve	26	10	1,068
<b>TOTAL EQUITY</b>		37	2,200

As permitted by s402 Companies Act 2006, the directors have approved the financial statements and related notes, and approved the annual financial statement for the year ended 31 March 2022.

The financial statements have been prepared in accordance with the Companies Act 2006 and the Financial Reporting Code for the Private and Public Companies (FRC) and the Financial Reporting Manual (FRM) issued by the Financial Reporting Council (FRC).

  
 Director

  
 Director

**THE GROWTH COMPANY LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 March 2022**

	Revaluation reserve £'000	Profit and loss reserve £'000	Total £'000
<b>Balance at 1 April 2020</b>	1,442	12,527	13,969
<b>Year ended 31 March 2021</b>			
Surplus for the year	-	3,440	3,440
Other comprehensive income net of taxation:			
Actuarial losses on defined benefit plans		(1,240)	(1,240)
Total comprehensive income for the year	-	2,200	2,200
<b>Balance at 31 March 2021</b>	1,442	14,727	16,169
<b>Year ended 31 March 2022</b>			
Surplus for the year	-	1,457	1,457
Other comprehensive loss net of taxation:			
Actuarial gains on defined benefit plans	-	1,323	1,323
Total comprehensive income for the year	-	2,780	2,780
<b>Balance at 31 March 2022</b>	1,442	17,507	18,949

**THE GROWTH COMPANY LIMITED**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 March 2022**

	Revaluation reserve £'000	Profit and loss reserve £'000	Total £'000
<b>Balance at 1 April 2020</b>	1,442	(2,548)	(1,106)
<b>Year ended 31 March 2021</b>			
Surplus and total comprehensive income for the year	-	1,281	1,281
<b>Balance at 31 March 2021</b>	1,442	(1,267)	175
<b>Year ended 31 March 2022</b>			
Surplus and total comprehensive income for the year	-	466	466
<b>Balance at 31 March 2022</b>	1,442	(801)	641

**THE GROWTH COMPANY LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the year ended 31 March 2022**

	Notes	2022 £'000	2021 £'000
<b>Cash flows from operating activities</b>			
Cash generated by operations	27	9,352	6,096
Interest paid		(116)	(92)
Income taxes received/ (paid)		120	(108)
<b>Net cash inflow from operating activities</b>		<u>9,356</u>	<u>5,896</u>
<b>Investing activities</b>			
Purchase of intangible fixed assets		(645)	(513)
Purchase of tangible fixed assets		(2,922)	(831)
Purchase of subsidiaries (net of cash acquired)		-	(254)
Net investment in limited partnership		12	(79)
Purchase of fixed asset investments		(330)	(1,070)
Interest received		2	7
<b>Net cash used in investing activities</b>		<u>(3,883)</u>	<u>(2,740)</u>
<b>Financing activities</b>			
Proceeds of other borrowings		-	4,310
Repayment of other borrowings		(391)	(1,000)
Proceeds of new bank loans		-	3,000
Repayment of bank loans		(520)	(141)
<b>Net cash (used in)/ generated from financing activities</b>		<u>(911)</u>	<u>6,169</u>
<b>Net increase in cash and cash equivalents</b>		<u>4,562</u>	<u>9,325</u>
Cash and cash equivalents at beginning of year		<u>22,143</u>	<u>12,818</u>
<b>Cash and cash equivalents at end of year</b>		<u>26,705</u>	<u>22,143</u>
<b>Relating to:</b>			
Cash at bank and in hand		<u>26,705</u>	<u>22,143</u>

**THE GROWTH COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2022**

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**1. ACCOUNTING POLICIES**

**Company information**

The Growth Company ("the company") is a private company limited by guarantee and is registered, domiciled and incorporated in England and Wales. The registered office is Lee House, 90 Great Bridgewater Street, Manchester, M1 5JW.

The group consists of The Growth Company Limited and all its subsidiaries. The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

**Accounting convention**

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

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

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group.

The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' — Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' — Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' — Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' — Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of The Growth Company Limited (formerly Economic Solutions Limited) and are available from its registered office, Lee House, 90 Great Bridgewater Street, Manchester, M1 5JW.

**Basis of consolidation**

The consolidated financial statements incorporate those of The Growth Company Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.



**THE GROWTH COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2022**

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**1. ACCOUNTING POLICIES (CONTINUED)**

**Basis of consolidation (continued)**

All financial statements are made up to 31 March 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued, and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

**Audit exemption of subsidiaries**

The following subsidiaries are exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of the Act. IQC2 Limited (company number 07160834), The North West Apprenticeship Company Limited (company number 06251000), Aspire Recruitment Partnership Limited (company number 03979566), Centre For Assessment Limited (company number 04089911), Improvement Development Growth Limited (company number 04141322), TMI Practitioner Services Limited (company number 05774920) and EKOS Consulting (UK) Limited (company number SC229257)

The outstanding liabilities at 31 March 2022 of the above named subsidiaries have been guaranteed by the Company pursuant to s479A to s479C of the Act.

**Going concern**

After due consideration, the directors have adopted the going concern basis in preparing the financial statements. The directors have made this assessment after consideration of the group's financial position, cash flows, income projections and related assumptions. In making this assessment the directors have given consideration to the actual and potential future impacts of the Covid-19 pandemic, Brexit, current economic conditions and the war in Ukraine on the cashflows and liquidity of the group over the twelve-month period following the signature of these financial statements. Current cash levels remain around £15m and future cashflow projections remain strong with no outstanding loans and an overdraft facility remaining place providing further headroom. The process that the directors have undertaken has included the consideration of regular updates from the executive and the consideration of several financial models and forecasts, specifically regarding cash and income.

At the balance sheet date, the company has net current liabilities of £4,292k (2021: Net current liabilities of £5,754k). The company is supported by its fellow subsidiaries. Based upon this support and expected profitability and cashflows of the group, the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

**THE GROWTH COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2022**

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**1. ACCOUNTING POLICIES (CONTINUED)**

**Going concern (continued)**

The group's financial modelling has also considered the impact of additional reasonably possible downside scenarios which include the following:

- inflationary pressures;
- current bidding environment;
- ability to attract and retain staff; and,
- uncertainty around impact of national policy on programme funding.

The holding company itself is now in a net asset position and is satisfied that it can provide the parental guarantee required for those group entities with an audit exemption under s179A of the Companies Act 2006. A call on this guarantee is not considered likely over the next twelve months.

In all reasonably possible downside scenarios considered, including the aggregation of scenarios that could reasonably occur together, the forecasts showed that the Group and company can continue to operate within its available facilities. Accordingly, the directors concluded that the going concern basis of accounting was appropriate.

**Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business and is shown net of VAT and other sales related taxes.

Turnover from commissioner led contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably, based on three contract types;

Cost recovery

- break-even contracts - income earned in relation to the spend in the period; or

Payment by results

- monthly commissioner submissions – income earned based on monthly agreed submissions with third parties;
- outcome based contracts – income is accounted for based on activity delivered which determines eligibility to make a claim.

The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Donations are recognised as income on a cash receipt basis, unless they relate to a specific project in which case the income is recognised over the life of that project.

Grants of a revenue nature are credited to the statement of comprehensive income in the period to which they relate.

The company charges management fees on its active loans. Fee income is recognised in the statement of comprehensive income as it falls due

**THE GROWTH COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2022**

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**1. ACCOUNTING POLICIES (CONTINUED)**

**Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

The government grant income received during the current and prior year related to the government's Coronavirus Job Retention Scheme.

Where a grant does not specify performance conditions, it is recognised in income when the proceeds are received or receivable.

**Interest receivable**

Interest income is recognised as it falls due. Interest charged by The Enterprise Fund Limited on loan advances from its own funds is recognised as income within turnover which is used to partially off-set the operating costs of the business. Other interest received is recognised after operating profit.

**Exceptional items**

The company has adopted an accounting policy and statement of comprehensive income format which seeks to highlight significant items of income and expense within the results for the year. The directors believe that this presentation provides a more helpful analysis as it highlights one off items, such as significant restructuring costs, profit or losses on disposal or termination of operations or leases and legal costs and settlements. The directors in assessing the particular items, which by virtue of their scale and nature are disclosed in the statement of comprehensive income and related notes as exceptional items, use judgement.

**Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) 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.

**Employee benefits**

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

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

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

**Retirement benefits**

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method and is based on actuarial advice.

**THE GROWTH COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2022**

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**1. ACCOUNTING POLICIES (CONTINUED)**

**Retirement benefits (continued)**

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

**Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**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 and deferred tax is charged or credited to 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 the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. 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 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.

**THE GROWTH COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2022**

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**1. ACCOUNTING POLICIES (CONTINUED)**

**Taxation (continued)**

Deferred tax is recognised on income and expenses from subsidiaries that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the group to consume substantially all of its economic benefit), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

**Financial instruments**

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

**Financial instruments (continued)**

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

**Basic financial assets**

Basic financial assets, which include trade and other debtors, amounts owed to group undertakings, prepayments and accrued income and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

**Other financial assets**

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

**Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

For loan debtors, fee and interest income are recognised up to the point at which evidence of impairment has taken place, being the default of the loan debtor. At this trigger point no further interest is accrued and a provision between 0% - 100% is made for the outstanding balance of both interest and fee income depending on the ageing of the arrears. The extent to which repayment occurs after default, and the appropriate provisioning policy, is assessed on an annual basis.

**THE GROWTH COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. ACCOUNTING POLICIES (CONTINUED)**

***Derecognition of financial assets***

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

***Classification of financial liabilities***

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

***Basic financial liabilities***

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

***Intangible fixed assets - goodwill***

Goodwill is capitalised and written off evenly over ten years as, in the opinion of the directors, this represents the period over which the goodwill is expected to give rise to economic benefits.

***Intangible fixed assets other than goodwill***

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

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

Software	20% straight line or life of related contract
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***Tangible fixed assets***

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values evenly over their useful lives on the following bases.

Leasehold improvements	10 years, or life of related lease
Fixtures and fittings	5 years, or life of related lease
Computers	2 - 5 years
Motor vehicles	3 - 5 years

Land and buildings are held at valuation and are consequently not depreciated. The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is credited or charged to profit or loss.

**THE GROWTH COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2022**

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**1. ACCOUNTING POLICIES (CONTINUED)**

**Investment properties**

Investment properties are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in profit or loss.

The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in FRS 102. The directors consider that, because investment properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view.

**Investment properties (continued)**

If this departure from the Companies Act 2006 had not been made in order to give a true and fair view, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified, because depreciation is only one of many factors reflected in the annual valuation and the amount relating to the depreciation of the property cannot be separately identified.

**Fixed asset investments**

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Unlisted investments in ordinary shares are valued by the investment committee according to the International Private Equity and Venture Capital Valuation Guidelines endorsed by the British Venture Capital Association. 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 measured using such techniques, unquoted investments are carried at cost subject to impairment where necessary.

**Impairment of fixed assets**

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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

**Work in progress**

Work in progress is stated at the lower of cost and net realisable value. Cost consists of direct labour and other direct costs, together with an appropriate proportion of overheads.

**THE GROWTH COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. ACCOUNTING POLICIES (CONTINUED)**

**Cash and cash equivalents**

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

**Provisions**

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

**Equity instruments**

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

**2. JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**Pensions and other post-employment benefits**

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management consider the interest rate of corporate bonds with at least an AA rating. The mortality rate is based on publicly available information. Future salary increases are based on the expected future increases for the group. This has now been included within the actuarial variation.

**Provision for impairment loss on loan debtors**

On a monthly basis, the directors make estimates in determining the level of loan arrears that indicate an impairment of a loan debtor. When debtor arrears reach the determined impairment trigger point, the directors estimate the likelihood of recovery after considering a number of factors, including the creditworthiness of the borrower, previous repayment patterns and any payment arrangements. These estimates may differ from eventual arrears outcome after the assessment date.

Provision is made on an individual case by case basis, after taking into consideration relevant circumstances of the borrower. Interest ceases to be accrued if the directors consider the likelihood of payment is negligible.



**THE GROWTH COMPANY LIMITED**  
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**2. JUDGEMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY (CONTINUED)**

**Provision for impairment loss on loan debtors (continued)**

At the year-end date, the directors consider that the loan book continues to operate within normal tolerance levels for a loan book with this profile and risk, and supports the conclusion that the loan book valuation does not carry any material uncertainty with regard to the valuation outside what has historically been seen with regard to provisions and write off.

**Agent versus Principal**

In recognising certain loan book arrangements within debtors and creditors and associated interest income within the financial statements, the directors must consider whether, in their judgement the group is exposed to the significant risks and rewards associated with the loan book arrangements and whether the group has control of the associated assets, liabilities and income streams. If the directors conclude that the group is exposed to substantially all the risks and rewards of these transactions and controls the associated assets, liabilities and income streams, then these loan books will be reported as principal. Alternatively, if the directors conclude the group is not exposed to substantially all the risks and rewards of these transactions and it does not control the associated assets, liabilities and income streams, then these loan books will be reported as agent. The loan book administered by the group totals £444.1m (2021: £295.4m), including amounts where the group acts as agent and not principal.

**Investment valuation**

Directors use estimates in determining the fair value of investments. The directors value the investments according to the international Private Equity and Venture Capital Valuation Guidelines endorsed by the British Venture Capital Association. 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. The valuations are estimates only until such time that the investment is realised through sale. The eventual realisation proceeds will inevitably differ from the valuations shown in these accounts and the differences could be significant. Where valuation is not possible due to a lack of reliable data being available to form a meaningful valuation, cost accounting has been used in accordance with FRS102.

**Recognition of income and costs**

Management regularly review activity and make appropriate adjustments to accrue or defer income and expenditure based on the activities performed by the group during the period. The value of accrued income is £14,215k (2021: £14,779k) and the value of deferred income is £14,280k (2021: £13,368k). Actual outturns in the next period of account may differ. One of the major contracts in Skills and Work Solutions Limited requires significant judgement with regard to the recognition of income. Following a contract variation, confirmed by the commissioner, a thorough analysis has been carried out. Judgement is applied when determining the period of which the delivery fee is recognised. The directors have concluded that the delivery fee should be recognised on a straight line basis over the referral period (36 months) as their best estimate of when entitlement to revenue arises under FRS 102 s23.

**THE GROWTH COMPANY LIMITED**  
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**3. TURNOVER AND OTHER OPERATING INCOME**

In the view of the directors, the classes of business provided by the group do not differ substantially from each other for the purposes of segmental reporting. The ultimate business areas all relate to the delivery of publicly funded and commercial skills, training employment, lending activities and recruitment services to businesses and individual customers across Greater Manchester and the UK on a not-for-profit basis.

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Turnover analysed by class of business</b>		
Provision of services	<u>124,960</u>	<u>102,771</u>
<b>Other operating income</b>		
Rental income	432	314
Donations	92	143
Furlough grant income	<u>24</u>	<u>2,749</u>
	<u>548</u>	<u>3,206</u>

Furlough grant income was received from the government's Coronavirus Job Retention Scheme.

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Turnover analysed by geographical market</b>		
United Kingdom	124,922	102,728
Rest of Europe	22	20
Rest of World	16	23
	<u>124,960</u>	<u>102,771</u>

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Turnover analysed by type of contract</b>		
Cost recovery	37,427	34,610
Payment by results	72,738	56,561
Commercial	14,795	11,600
	<u>124,960</u>	<u>102,771</u>

**THE GROWTH COMPANY LIMITED**  
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**4. EMPLOYEES**

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

	<b>Group 2022 Number</b>	<b>2021 Number</b>	<b>Company 2022 Number</b>	<b>2021 Number</b>
Operational	1,434	1,157	65	65
Administrative	367	307	113	94
	<u>1,801</u>	<u>1,464</u>	<u>178</u>	<u>159</u>

During the year average full time equivalent employee numbers were 1,744 (2021: 1,415). Across the group an increase of staff numbers can be seen due to scaling up across various key contracts. Whilst the majority of the restructuring occurred in Skills and Work Solutions Limited, other areas of the funded elements of the group saw growth.

Their aggregate remuneration comprised:

	<b>Group 2022 £'000</b>	<b>2021 £'000</b>	<b>Company 2022 £'000</b>	<b>2021 £'000</b>
Wages and salaries	51,826	40,534	6,705	5,550
Social security costs	4,441	3,434	599	499
Pension costs	2,993	2,359	412	343
	<u>59,260</u>	<u>46,327</u>	<u>7,716</u>	<u>6,392</u>

**5. DIRECTORS' REMUNERATION**

	<b>2022 £'000</b>	<b>2021 £'000</b>
Remuneration for qualifying services	338	292
Company pension contributions to defined contribution schemes	76	70
	<u>414</u>	<u>362</u>

Remuneration disclosed above includes payments to the highest paid director, which were recharged into the company from Manchester Investment and Development Agency Service Limited, a related party. The highest paid director's remuneration was as follows:

	<b>2022 £'000</b>	<b>2021 £'000</b>
Remuneration for qualifying services	198	173
Company pension contributions to defined contribution schemes	45	42
	<u>243</u>	<u>215</u>

Two directors (2021: 2) have retirement benefits accruing under defined contribution schemes.

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**6. OPERATING SURPLUS**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Operating surplus is stated after (crediting)/charging:</b>		
Furlough grant income	(24)	(2,749)
Exchange losses	1	4
Research and development costs	24	31
Depreciation of owned tangible fixed assets	1,619	1,501
Amortisation/impairment of intangible assets	550	176
Loss on disposal of tangible fixed assets	19	412
Auditor's remuneration		
- for audit services (parent)	41	41
- for audit services (subsidiaries)	142	144
- for non-audit services (tax advisory and compliance)	38	33
Bad and doubtful debts	78	20
Operating lease rentals		
- land and buildings	1,683	1,479
	<hr/>	<hr/>

**7. EXCEPTIONAL ITEMS**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Redundancy costs	-	533
Break clause costs	-	255
	<hr/>	<hr/>
	-	788

In the previous year, a staff restructuring programme was carried out due to Covid-19, resulting in a reduction in numbers. Costs were also incurred in exercising the break clause of a major lease.

**8. INTEREST RECEIVABLE AND OTHER INCOME**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Interest on bank deposits	2	7
	<hr/>	<hr/>

**9. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Interest on bank overdrafts and loans	116	92
Net interest on the net defined benefit liability (note 25)	137	122
	<hr/>	<hr/>
	253	214

**THE GROWTH COMPANY LIMITED**  
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**For the year ended 31 March 2022**

**10. FAIR VALUE GAINS AND LOSSES ON INVESTMENTS**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Fair value gains on investments	<u>512</u>	<u>285</u>

**11. TAXATION**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current taxation</b>		
UK corporation tax on surplus for the current period	59	50
Adjustment in respect of prior periods	<u>(68)</u>	<u>(189)</u>
Total current tax	(9)	(139)
<b>Deferred taxation</b>		
Origination and reversal of timing differences	<u>-</u>	<u>-</u>
	<u>(9)</u>	<u>(139)</u>

The total tax credit for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Surplus on ordinary activities before tax	<u>1,448</u>	<u>3,301</u>
Theoretical tax at 19% (2021: 19%)	275	627
Effects of:		
Expenditure not tax deductible	(217)	(569)
Adjustment for prior periods	(68)	(189)
Exempt activities	<u>1</u>	<u>(8)</u>
Tax credit	<u>(9)</u>	<u>(139)</u>

A change to the main UK corporation tax rate, announced in the Budget on 3 March 2021, was substantively enacted on 24 May 2021. The rate applicable from 1 April 2020 remained at 19%, however this will increase to 25% effective from 1 April 2023

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**12. INTANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Goodwill £'000</b>	<b>Negative Goodwill £'000</b>	<b>Software £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 April 2021	1,470	(794)	1,515	2,191
Additions	-	-	645	645
Reclassification	-	-	809	809
Disposals	-	794	-	794
At 31 March 2022	<u>1,470</u>	<u>-</u>	<u>2,969</u>	<u>4,439</u>
<b>Amortisation/impairment</b>				
At 1 April 2021	1,134	(794)	42	382
Charge for year	33	-	517	550
Reclassification	-	-	728	728
Disposals	-	794	-	794
At 31 March 2022	<u>1,167</u>	<u>-</u>	<u>1,287</u>	<u>2,454</u>
<b>Net carrying amount</b>				
At 31 March 2022	<u>303</u>	<u>-</u>	<u>1,682</u>	<u>1,985</u>
At 31 March 2021	<u>336</u>	<u>-</u>	<u>1,473</u>	<u>1,809</u>

The disposal of negative goodwill relates to the goodwill associated with Training & Manpower Limited, which has been liquidated. Software includes Enil (2021: £1,290k) which has not yet been brought into use.

**Company**

	<b>Software £'000</b>
<b>Cost</b>	
At 1 April 2021	-
Additions	170
Reclassification	809
At 31 March 2022	<u>979</u>
<b>Depreciation</b>	
At 1 April 2021	-
Charge for year	82
Reclassification	728
At 31 March 2022	<u>810</u>
<b>Net carrying amount</b>	
At 31 March 2022	<u>169</u>
At 31 March 2021	<u>-</u>

The reclassification for the group and company relates to the revision of the analysis between tangible and intangible fixed assets.

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**13. TANGIBLE FIXED ASSETS – GROUP**

	Leasehold improv't £'000	Land & Buildings £'000	Fixtures & fittings £'000	Computers £'000	Motor vehicles £'000	Total £'000
<b>Cost / Valuation</b>						
At 1 April 2021	1,707	400	1,796	2,838	24	6,765
Additions	1,210	-	364	1,348	-	2,922
Reclassifications	438	-	(432)	(815)	-	(809)
Disposals	(55)	-	(133)	-	(13)	(201)
At 31 March 2022	<u>3,300</u>	<u>400</u>	<u>1,595</u>	<u>3,371</u>	<u>11</u>	<u>8,677</u>
<b>Depreciation</b>						
At 1 April 2021	1,148	-	1,208	1,736	24	4,116
Charge for year	582	-	228	809	-	1,619
Reclassifications	224	-	(222)	(730)	-	(728)
Disposals	(55)	-	(114)	-	(13)	(182)
At 31 March 2022	<u>1,899</u>	<u>-</u>	<u>1,100</u>	<u>1,815</u>	<u>11</u>	<u>4,825</u>
<b>Net carrying amount</b>						
At 31 March 2022	<u>1,401</u>	<u>400</u>	<u>495</u>	<u>1,556</u>	<u>-</u>	<u>3,852</u>
At 31 March 2021	<u>559</u>	<u>400</u>	<u>588</u>	<u>1,102</u>	<u>-</u>	<u>2,649</u>

The property in Glasgow, which was brought into the group on acquisition of EKOS Consulting (UK) Limited was externally valued in early 2021 as part of the acquisition process.

The reclassifications for the group relate to the revision of the analysis between tangible and intangible fixed assets and between asset types.

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**14. TANGIBLE FIXED ASSETS – COMPANY**

	Leasehold improv't £'000	Fixtures and fittings £'000	Computers £'000	Total £'000
<b>Cost</b>				
At 1 April 2021	1,516	1,097	2,691	5,304
Additions	887	117	201	1,205
Reclassifications	-	-	(809)	(809)
Disposals	(26)	-	-	(26)
At 31 March 2022	<u>2,377</u>	<u>1,214</u>	<u>2,083</u>	<u>5,674</u>
<b>Depreciation</b>				
At 1 April 2021	962	772	1,649	3,383
Charge for year	507	159	598	1,264
Reclassifications	-	-	(728)	(728)
Disposals	(26)	-	-	(26)
At 31 March 2022	<u>1,443</u>	<u>931</u>	<u>1,519</u>	<u>3,893</u>
<b>Net carrying amount</b>				
At 31 March 2022	<u>934</u>	<u>283</u>	<u>564</u>	<u>1,781</u>
At 31 March 2021	<u>554</u>	<u>325</u>	<u>1,042</u>	<u>1,921</u>

The reclassifications for the company relate to the revision of the analysis between tangible and intangible fixed assets.

**15. INVESTMENT PROPERTY**

	Group 2022 £'000	Company 2022 £'000
<b>Fair value</b>		
At 1 April 2021 and 31 March 2022	<u>5,000</u>	<u>5,000</u>

In May 2021, the company's investment property in Manchester was valued by Edwards & Co Surveyors Limited, chartered surveyors, on an open market value for existing use basis, by reference to market evidence of transaction prices for similar properties. Edwards & Co Surveyors Limited is an independent valuer with recognised and relevant professional qualifications and experience in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. The directors have used this as a basis for the valuation carried out at 31 March 2022, which is still deemed appropriate.



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**16. FIXED ASSET INVESTMENTS**

	Notes	Group		Company	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Investments in subsidiaries	17	-	-	575	1,143
Investment in limited partnership		91	103	-	-
Unlisted investments		2,954	2,227	-	-
		<u>3,045</u>	<u>2,330</u>	<u>575</u>	<u>1,143</u>
<b>Group</b>					
		<b>Investment in limited partnership</b>	<b>Unlisted investments held at cost</b>	<b>Unlisted investments held at valuation</b>	<b>Total</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost/Valuation</b>					
At 1 April 2021		103	810	1,893	2,806
Additions		8	-	330	338
Disposals		(20)	-	-	(20)
Re-categorisation		-	200	(200)	-
Change in valuation	10	-	-	512	512
At 31 March 2022		<u>91</u>	<u>1,010</u>	<u>2,535</u>	<u>3,636</u>
<b>Impairment</b>					
At 1 April 2021		-	476	-	476
Charge for year		-	115	-	115
At 31 March 2022		<u>-</u>	<u>591</u>	<u>-</u>	<u>591</u>
<b>Net carrying amount</b>					
At 31 March 2022		<u>91</u>	<u>419</u>	<u>2,535</u>	<u>3,045</u>
At 31 March 2021		<u>103</u>	<u>334</u>	<u>1,893</u>	<u>2,330</u>

Directors use estimates in determining the fair value of investments. The directors value the investments according to the international Private Equity and Venture Capital Valuation Guidelines endorsed by the British Venture Capital Association. 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. The valuations are estimates only until such time that the investment is realised through sale. The eventual realisation proceeds will inevitably differ from the valuations shown in these accounts and the differences could be significant. Where valuation is not possible due to a lack of reliable data being available to form a meaningful valuation, cost accounting has been used in accordance with FRS102.

During the year, £8k capital was invested in the subsidiary, NPIF NW (Microfinance) LP and £330k was invested by The Enterprise Fund Limited into shares of unlisted companies.

**THE GROWTH COMPANY LIMITED**  
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**16. FIXED ASSET INVESTMENTS (CONTINUED)**

	Shares in group undertakings £'000
<b>Cost</b>	
At 1 April 2021	1,143
Additions	-
At 31 March 2022	<u>1,143</u>
<b>Impairment</b>	
At 1 April 2021	-
Charge for year	<u>568</u>
At 31 March 2022	<u>568</u>
<b>Net carrying amount</b>	
At 31 March 2022	<u>575</u>
At 31 March 2021	<u>1,143</u>

The investment in Training & Manpower Limited has been impaired during the year following the company being put into liquidation.

**THE GROWTH COMPANY LIMITED**  
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**17. SUBSIDIARIES**

Details of the company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held	
			Direct	Indirect
Aspire Recruitment Partnership Limited <sup>3</sup>	Recruitment	Ordinary	-	100
BFS Funding Managers Limited <sup>1</sup>	Business funding manages the North West micro fund	Ordinary	-	100
BFS NPIF General Partner Limited <sup>2</sup>	Administers the North West micro fund	Ordinary	-	100
BFS NWF General Partner Limited <sup>2</sup>	Administers the North West micro fund	Ordinary	-	100
Centre for Assessment Limited <sup>3</sup>	Business support services	Ordinary	-	100
Challenge 4 Change Limited	Education, training and leisure activities for disadvantaged young people Registered charity	Ordinary	100	-
Chamberlink Limited <sup>3</sup>	Business support services	Ordinary	-	100
EKOS Consulting (UK) Limited	Consultancy services	Ordinary	100	-
Employment & Regeneration Partnership Limited	Assisting the economically disadvantaged	Ordinary	100	-
GM Business Support Limited	Delivery of contracts to support growth of businesses and help for individuals to start a business	Ordinary	100	-
Improvement Development Growth Limited <sup>3</sup>	Business support services	Ordinary	-	100
IQC2 Limited <sup>4</sup>	Business support services	Ordinary	-	100
Marketing Manchester	Marketing of Greater Manchester region	Ordinary	100	-
Recovery Works Limited	Education, training and leisure activities for disadvantaged young people	Ordinary	100	-
Skills and Work Solutions Limited	Skills services	Ordinary	100	-
The Enterprise Fund Limited	Community development finance institution Funding for business	Ordinary	100	-
The Manufacturing Institute	Supporting manufacturing companies Registered charity	Ordinary	100	-
The North West Apprenticeship Company Limited	Employment and training	Ordinary	100	-
TMI Practitioner Services Limited	Supporting manufacturing companies	Ordinary	100	-

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**17. SUBSIDIARIES (CONTINUED)**

The registered office of all of the above companies, with the exception of EKOS Consulting (UK) Limited, is Lee House, 90 Great Bridgewater Street, Manchester, M1 5JW. EKOS Consulting (UK) Limited's registered office is Fourth Floor, 137 Sauchiehall Street, Glasgow, G2 3EW.

- <sup>1</sup> BFS Funding Managers Limited is wholly owned by The Enterprise Fund Limited
- <sup>2</sup> BFS NWF General Partner Limited and BFS NPIF General Partner Limited are wholly owned by BFS Funding Managers Limited. The companies are general partners in NWF (Microloans) LP and NPIF NW (Microfinance) LP
- <sup>3</sup> Aspire Recruitment Partnership Limited, Improvement Development Growth Limited, Centre for Assessment Limited and Chamberlink Limited are wholly owned by Skills and Work Solutions Limited
- <sup>4</sup> IQC2 Limited is wholly owned by Centre for Assessment Limited

Details of the company's dormant subsidiaries can be found in note 32.

**18. STOCK AND WORK IN PROGRESS**

	Group 2022 £'000	2021 £'000	Company 2022 £'000	2021 £'000
Work in progress	99	62	-	-

**19. DEBTORS**

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Due within one year</b>				
Trade debtors	6,115	4,468	842	216
Amounts owed by group undertakings	-	-	1,865	1,693
Corporation tax	65	152	18	110
Other debtors	465	445	391	42
Prepayments and accrued income	18,952	19,800	1,377	1,521
	25,597	24,865	4,493	3,582
<b>Due after one year</b>				
Trade debtors	8,031	7,053	-	-
Amounts owed by group undertakings	-	-	94	176
	33,628	31,918	4,587	3,758

There is a provision for bad debts of £486k (2021 - £472k), which is in relation to the core loan book balances in The Enterprise Fund Limited. The directors have considered these debts to be doubtful and have provided accordingly for what they consider the group's exposure to be.

There are specific provisions for bad and doubtful debts relating to trade debtors across the group of £188k (2021 - £254k).

Amounts owed by group undertakings are interest free and repayable on demand, however amounts owed by group undertakings presented as due after one year represent the amounts which will be repaid after one year.

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**20. CASH AT BANK AND IN HAND**

The cash balance includes £2,716k (2021: £4,750k) in respect of grants from funding bodies which are ring-fenced for onward lending. The balances are separately identified and held in their own bank accounts.

The cash balance also includes £656k (2021: £1,037k) in respect of grants from funding bodies which are ring-fenced for onward expenditure on grant applications. The balances are separately identified and held in their own bank accounts.

**21. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans (note 23)	1,651	520	151	145
Trade creditors	3,637	2,081	673	505
Amounts owed to group undertakings	-	-	9,298	10,664
Corporation tax	59	35	-	-
Other taxation and social security	8,662	3,309	7,509	2,246
Other creditors	1,930	1,231	341	320
Accruals and deferred income	24,978	25,477	2,242	2,769
	<u>40,917</u>	<u>32,653</u>	<u>20,214</u>	<u>16,649</u>

Bank loans and other loans are secured by means of fixed and floating charges over the current and future assets of the company. Further details are provided in note 23.

Amounts owed to group undertakings are interest free and repayable on demand.

**22. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans (note 23)	2,184	3,835	1,059	1,210
Other borrowings (note 23)	3,919	4,310	-	-
Other creditors	-	80	-	-
	<u>6,103</u>	<u>8,225</u>	<u>1,059</u>	<u>1,210</u>

Amounts included above which are payable by instalments are as follows:

1 – 2 years	1,281	1,651	156	151
2 – 5 years	498	1,607	498	482
More than 5 years	405	577	405	577
	<u>2,184</u>	<u>3,835</u>	<u>1,059</u>	<u>1,210</u>

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**23. BORROWINGS**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans	3,835	4,355	1,210	1,355
Other loans	3,919	4,310	-	-
	<u>7,754</u>	<u>8,665</u>	<u>1,210</u>	<u>1,355</u>
Payable within one year	1,651	520	151	145
Payable after one year	<u>6,103</u>	<u>8,145</u>	<u>1,059</u>	<u>1,210</u>

Included within total bank loans is £1,210k (2021: £1,355k) relating to a mortgage facility with National Westminster Bank plc. National Westminster Bank plc holds a first legal charge security over the registered freehold land and buildings known as Warren Bruce Court, Trafford Park, and unlimited cross guarantee with fellow subsidiary undertakings. This loan is due for repayment in 2029 and has interest of 3.23%.

The other bank loan balance of £2,625k is with National Westminster Bank plc has an interest rate of 0.93% over base rate per annum and is due for repayment by the end of 2023. The first legal charge granted by The Enterprise Fund Limited is over an account holding the sum of £3m, which is part of a loan provided by Greater Manchester Combined Authority.

Included in other borrowings are two loans from Greater Manchester Combined Authority. The first has a balance of £1,110k (2021: £1,310k) and carries nil interest. It is repayable in full on 31 December 2025. The loan is guaranteed by The Growth Company Limited. The second has a balance of £2,809k (2021: £3,000k) and carries interest of 0.5%. It is repayable in full in 2025.

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**24. PROVISIONS FOR LIABILITIES**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Dilapidations liabilities	1,746	1,060	1,505	897
Deferred tax liabilities	39	39	28	28
	<u>1,785</u>	<u>1,099</u>	<u>1,533</u>	<u>925</u>

All leases will elapse within the next 10 years and remaining terms range between 1 and 10 years.

Movements on dilapidations provisions:

<b>Dilapidations</b>	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April	1,060	1,116	897	950
Additions	712	81	634	57
Settlements	(26)	(137)	(26)	(110)
At 31 March	<u>1,746</u>	<u>1,060</u>	<u>1,505</u>	<u>897</u>

The major deferred tax liabilities and assets recognised by the group and company are:

<b>Deferred taxation</b>	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Accelerated capital allowances	11	11	-	-
Investment property	28	28	28	28
	<u>39</u>	<u>39</u>	<u>28</u>	<u>28</u>

There were no deferred tax movements recognised in the year

The deferred tax liability, in relation to accelerated capital allowances, set out above is expected to reverse within 12 months.

There is an unprovided deferred tax asset of £695k (2021: £1,866k) which relates to unutilised tax losses carried forward. The decrease is due to a change in the tax treatment. This asset has not been recognised as its recoverability against future profits is currently uncertain.

There is also unprovided deferred tax asset of £334k (2021: £178k) in relation to defined benefit pension scheme. Deferred tax is not recognised as it is not probable that it will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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**25. RETIREMENT BENEFIT SCHEMES**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	2,745	2,188

The group operates a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the group in an independently administered fund. Contributions totalling £422k (2021: £400k) were payable to the fund at the year end and are included in other creditors.

**Defined benefit schemes**

Some employees of Employment & Regeneration Partnership Limited and Marketing Manchester participate in the Greater Manchester Pension Fund (GMPF), part of the Local Government Pension Scheme. The scheme provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with an independent investment manager.

Pension contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. A full actuarial valuation of the GMPF was carried out at 31 March 2016 by a qualified independent actuary. The next triennial valuations, which were anticipated to be updated by 31 March 2020, in relation to Marketing Manchester will be carried out to 31 March 2022 and in relation to Employment & Regeneration Partnership Limited, to 31 March 2023.

Some employees of Skills and Work Solutions Limited participate in the Greater Manchester Chamber of Commerce Pension Scheme (GMCS). The scheme provides benefits based on final pensionable salary and is now closed. A full actuarial valuation of the GMCS was carried out by a qualified independent actuary as at 31 March 2019. The next triennial valuation will be carried out to 31 March 2022.

The current service costs are charged to operating expenditure and the net returns on assets are charged to net interest receivable in the profit and loss account. Actuarial gains and losses are recognised immediately in the statement of comprehensive income. Pension scheme liabilities are measured on an actuarial basis using a projected unit method and are discounted to their present value using an AA corporate bond rate. Pension scheme assets are valued at market value at the balance sheet date. The pension scheme deficit is recognised in full on the balance sheet. The pension scheme for Employment Regeneration Partnership Limited is not recognised because it is in an asset position. The liability for the year ended 31 March 2022 reflects the expected increase in benefits and therefore liability as a result of the Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. This has now been included within the actuarial valuations for Employment & Regeneration Partnership Limited and Marketing Manchester.

<b>Assumptions as at 31 March</b>	<b>2022</b>	<b>2021</b>
	<b>% p.a.</b>	<b>% p.a.</b>
Discount rate	2.6	2.1
Expected rate of increase of pension in payment	3.2	2.8
Expected return of salary increases	2.0	1.0
	<b>2022</b>	<b>2021</b>
<b>Mortality assumptions</b>		
Assumed life expectations on retirement at age 65	<b>Years</b>	<b>Years</b>
Retiring today		
- Males	85.3	85.5
- Females	88.2	88.3
Retiring in 20 years		
- Males	86.6	86.9
- Females	90.1	90.3



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**25. RETIREMENT BENEFIT SCHEMES (CONTINUED)**

<b>Amount recognised in the income statement:</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	248	171
Net interest on defined benefit liability	137	122
Not recognised due to pension asset	8	-
<b>Total costs</b>	<b>393</b>	<b>293</b>
<b>Amount taken to other comprehensive income:</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Actual loss on scheme assets	(1,212)	(2,494)
Less calculated interest element	344	307
Loss on scheme assets excluding interest income	(868)	(2,187)
Movement in unrecognised plan surplus	272	254
Actuarial changes related to obligations	(727)	3,173
<b>Total (income)/ costs</b>	<b>(1,323)</b>	<b>1,240</b>

The amounts included in the statement of financial position arising from the group and company's obligations in respect of defined benefit plans are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Present value of defined benefit obligations	22,685	23,133	-	-
Fair value of plan assets	(17,495)	(16,451)	-	-
Deficit in scheme	5,190	6,682	-	-
Restriction on scheme assets	1,370	1,083	-	-
<b>Total liability recognised</b>	<b>6,560</b>	<b>7,765</b>	<b>-</b>	<b>-</b>

<b>Movement in the present value of defined benefit obligations:</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Opening defined benefit obligation	23,133	19,718
Current service cost	248	171
Plan introductions, changes, curtailments and settlements	-	-
Benefits paid	(490)	(389)
Contributions from scheme members	40	33
Actuarial gains and losses	(727)	3,173
Interest cost	481	427
<b>Closing defined benefit obligation</b>	<b>22,685</b>	<b>23,133</b>

The defined benefit obligations from plans funded are all from wholly funded obligations.

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**25. RETIREMENT BENEFIT SCHEMES (CONTINUED)**

<b>Movement in the fair value of plan assets:</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Fair value of plan assets at 1 April	16,451	14,046
Interest income	344	307
Return on plan assets (excluding amounts included in net interest)	868	2,187
Benefits paid	(490)	(389)
Contributions by the employer	282	267
Contributions by scheme members	40	33
	<u>17,495</u>	<u>16,451</u>
Fair value of plan assets at 31 March		
	<u>17,495</u>	<u>16,451</u>
<b>The analysis of the scheme assets at the reporting date were as follows:</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Equity instruments	11,822	11,572
Property	1,154	932
Bonds	3,132	2,795
Cash	1,387	1,152
	<u>17,495</u>	<u>16,451</u>

**26. RESERVES**

**Profit and loss reserves**

The income and expenditure account includes all current and prior period retained profits and losses. The closing balance on the income and expenditure account includes a debit of £6,560k (2021: £7,765k) in respect of the pension scheme deficit of the group pension schemes.

The company's Articles of Association specify that any profit of income over expenditure must be applied to the promotion of the objects of the company and cannot be distributed directly or indirectly by way of dividends, bonus or other distribution to the members of the company. In the event of dissolution of the company, any accumulated profit shall be given or transferred to another company or body having objects similar to those of the company.

The directors also have various responsibilities placed on them by Company Law in relation to the operation of The Growth Company Limited. In order for the company to continue its activities, the directors need reasonable assurance that the organisation will be able to meet its debts as they fall due and discharge all of its actual and reasonably foreseeable contingent liabilities. As a company limited by guarantee, The Growth Company Limited has no share capital and, accordingly, the directors are unable to fulfil their statutory obligations without the group maintaining a prudent level of reserves.

The group reserves policy considers the minimum reserve level necessary (excluding any pension liability) in each operating company to facilitate a solvent wind-up should there ever be a need to close an operating company. This is not envisaged. A theoretical exercise has been undertaken to identify minimum reserve targets on the premise that the group and its companies are not-for-profit and would want to see all creditors, responsibilities and obligations discharged properly in the event of a wind-up of one or more of the companies. The minimum reserve targets are reviewed annually as part of the business planning process.

**Revaluation reserve**

The revaluation reserve includes all valuation changes relating to the investment property, net of associated deferred tax. This balance is not distributable.

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**27. CASH GENERATED FROM GROUP OPERATIONS**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Surplus for the year after tax	1,457	3,440
Adjustments for:		
Taxation credited	(9)	(139)
Finance costs	253	214
Interest income	(2)	(7)
Amortisation and impairment of intangible assets	550	176
Depreciation and impairment of tangible fixed assets	1,619	1,501
Loss on disposal of tangible fixed assets	19	412
Fair value gains on investments	(512)	(285)
Amounts written off investments	115	326
Pension scheme non-cash movement	(19)	(87)
Increase/ (decrease) in provisions	686	(56)
Movements in working capital:		
(Increase)/decrease in stocks	(37)	36
(Increase)/ decrease in debtors	(1,797)	3,996
Increase/ (decrease) in creditors	7,029	(3,430)
Cash generated from operations	<u>9,352</u>	<u>6,096</u>

**28. ANALYSIS OF NET CASH/(DEBT) – GROUP**

	<b>At 1 April</b>	<b>Cash flow</b>	<b>At 31 March</b>
	<b>2021</b>		<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	<u>22,143</u>	<u>4,562</u>	<u>26,705</u>
Debt due in less than one year	(520)	(1,131)	(1,651)
Debt due in greater than one year	<u>(8,145)</u>	<u>2,042</u>	<u>(6,103)</u>
Total net cash	<u>13,478</u>	<u>5,473</u>	<u>18,951</u>

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**29. FINANCIAL COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES**

At 31 March 2022, the group's bankers, National Westminster Bank Plc, hold an unlimited intercompany guarantee dated 2 December 2014 between The Growth Company Limited and the following companies: Chamberlink Limited, Skills and Work Solutions Limited, GM Business Support Limited, Improvement Development Growth Limited, Centre For Assessment Limited, The North West Apprenticeship Company Limited, IQC2 Limited, Aspire Recruitment Partnership Limited, Marketing Manchester, Employment and Regeneration Partnership Limited, TMI Practitioner Services Limited.

The group's bankers, National Westminster Bank Plc, hold a composite guarantee dated 11 April 2019 between The Growth Company Limited and the following companies: Chamberlink Limited, Skills and Work Solutions Limited, GM Business Support Limited, Improvement Development Growth Limited, Centre For Assessment Limited, The North West Apprenticeship Company Limited, IQC2 Limited, Aspire Recruitment Partnership Limited, Marketing Manchester, Employment and Regeneration Partnership Limited, TMI Practitioner Services Limited.

The total potential liability of the company in relation to this composite guarantee at 31 March 2022 is £1,210k (2021: £1,355k).

The company has a fixed charge relating to the lease of a property in the form of a rent deposit deed.

A VAT group is in place including the company and certain of its subsidiaries. The total VAT liability for the VAT group as at 31 March 2022 is £7,410k (2021: £2,095k).

**30. OPERATING LEASE COMMITMENTS**

**Lessee**

At the reporting end date, the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Land and buildings, leases expiring:</b>				
Within one year	1,357	980	1,204	873
Between one and five years	1,083	2,182	993	2,131
After more than five years	-	689	-	689
	<u>2,440</u>	<u>3,851</u>	<u>2,197</u>	<u>3,693</u>

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**31. RELATED PARTY TRANSACTIONS**

**Remuneration of key management personnel**

The remuneration of key management personnel of the group, which includes directors and senior business managers, is as follows.

	2022 £'000	2021 £'000
Aggregate compensation	<u>2,861</u>	<u>3,150</u>

During the year, group companies entered into transactions with related parties who are not wholly owned members of the group.

These are related parties of the group by virtue of partnership arrangements. All transactions were made at arm's length. During the year, the total amount recharged by the group was £183k (2021: £141k) and the total amount owed by related parties at year end is £NIL (2021: £8k). During the year, the total amount charged to the group was £nil (2021: £nil) and the total amount owed to related parties was £nil (2021: £nil).

Others are related parties of the group by virtue of common directors. All transactions were made at arm's length.

- Manchester Investment and Development Agency Service Limited - The total amount recharged by the group was £589k (2021: £608k) and the total amount owed by related parties at year end is £70k (2021: £45k). During the year, the total amount charged to the group was £651k (2021: £713k) and the total amount owed to related parties at year end is £154k (2021: £84k).
- The Landing at MediaCityUK Limited – During the year, the total amount charged to the group was £32k (2021: £77k) and the total amount owed to related parties at year end is £nil (2021: £nil).
- East Lancashire Chamber of Commerce and Industry - During the year, the total amount charged to the group was £129k (2021: £27k) and the total amount owed to related parties at year end is £nil (2021: £nil).
- Greater Manchester Chamber of Commerce - During the year, the total amount charged to the group was £216k (2021: £190k) and the total amount owed to related parties at year end is £39k (2021: £5k).
- Liverpool Chamber of Commerce C.I.C - During the year, the total amount charged to the group was £51k (2021: £36k) and the total amount owed to related parties at year end is £nil (2021: nil).
- North & Western Lancashire Chamber of Commerce - During the year, the total amount charged to the group was £103k (2021: £32k) and the total amount owed to related parties at year end is £5k (2021: £nil).
- Salford City Council - During the year, the total amount charged to the group was £62k (2021: £25k) and the total amount owed to related parties at year end is £29k (2021: £17k). The total amount charged by the group was £341k (2021: £270k) and the amount owed by related parties is £129k (2021: £13k).
- South Cheshire Chamber of Commerce and Industry Limited - During the year, the total amount charged to the group was £37k (2021: £46k) and the total amount owed to related parties at year end is £5k (2021: £5k).
- West Cheshire & North Wales Chamber of Commerce - During the year, the total amount charged to the group was £37k (2021: £46k) and the total amount owed to related parties at year end is £5k (2021: £5k).

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**32. OTHER SUBSIDIARIES**

As well as the trading subsidiaries, at 31 March 2022 The Growth Company Limited also held the following dormant subsidiaries of which it controls 100% of the shares or voting rights, either directly or indirectly.

BSAFM Carry LLP  
Economic Solutions Limited  
Energy Innovation Agency Limited  
ENWORKS Limited  
Export Growth Partners Limited  
Green Economy Limited  
Low Carbon Academy Limited  
Manchester Solutions Limited  
New Economy Limited  
The Business Growth Hub Limited  
The Greater Manchester Apprenticeship Company Limited  
The Northern Growth Company Limited

The registered office of all the above companies is Lee House, 90 Great Bridgewater Street, Manchester, M1 5JW.