

THE ENTERPRISE FUND LIMITED

Trading as Business Finance Solutions

Directors' Report and Financial Statements
for the Year Ended 31 July 2008

Company Registered No: 4460763

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The Enterprise Fund Limited

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The Enterprise Fund Limited

Registered No. 4460763

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

G Alcock
E McLean
F Mellett
E Munro
A Thomas
P Treadwell (appointed 31/4/08)
R Mason (Chairman) (appointed 17/7/08)
T Veeder (appointed 21/1/09)

SECRETARY

C Dodgson

AUDITORS

Hurst & Company Accountants LLP
Lancashire Gate
21 Tiviot Dale
Stockport
Greater Manchester
SK1 1TD

BANKERS

The Co-Operative Bank Plc
PO Box 101
1 Balloon Street
Manchester
M60 4EP

REGISTERED OFFICE

Lee House
90 Great Bridgewater Street
Manchester
M1 5JW

INTERNET WEB SITE

www.business-finance-solutions.org.uk

The Enterprise Fund Limited

DIRECTORS' REPORT

The Directors submit their report and accounts of the Company for the year ended 31 July 2008.

PRINCIPAL ACTIVITY

The Enterprise Fund Ltd (TEF) (trading as Business Finance Solutions, BFS) is a Community Development Finance Institution (CDFI) and was incorporated on 13 June 2002. The company seeks to promote economic and social development by providing an alternative source of finance to that of banks and other mainstream lenders. Loans are made to start-up businesses, micro businesses and community & social businesses, particularly those in disadvantaged areas, that are experiencing difficulty in raising loans from commercial sources.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

2007/08 represented another successful year for the company. Ongoing lending saw the total value of advances made since 2002 increase to over £2.67 million; this being lent to 260 businesses. The continued development and implementation of systems maintained a robust operation.

The trading name of Business Finance Solutions (BFS) was proposed and duly adopted in February 2008. This reflected a brand association with the wider Manchester Solutions Group and offered a stronger and more appropriate market image.

Successful relationships with both public funding bodies and mainstream financial institutions continued to be developed and provide an option for further expanding the company's capital base. Such agreements further support the key objective of building a truly self-sustaining organisation.

Following formal accreditation under the Government's Small Firms Loan Guarantee (SFLG) Scheme in April 2006 and commencement of lending under SFLG, BFS successfully achieved the highest assurance levels in all areas under the First Cycle Small Firms Audit in August 2007. This offered the Board assurance in the key areas of compliance with the legal agreement and accuracy of portal data, application of the lender's own commercial lending process and control and governance of SFLG within the lender.

RESULTS

The surplus for the year, after taxation, amounted to £337,046 (2006/07: deficit £415,198). The directors consider the performance for the year and the financial position at the year end to be satisfactory.

DIRECTORS AND THEIR INTERESTS

The Directors at the date of this report are those noted on page 1. Other appointments and resignations since the 1 August 2007 were as follows:

A Whitehead (resigned 13/3/08)
D Woodruff (resigned 30/10/07)

During the year, A Thomas was also a director of Economic Solutions Limited, Employment and Regeneration Partnership Limited, Skills Solution Limited and Solutions For Independence Limited which are companies within the same group.

F Mellett was also a director of Skills Solution Limited, Creative Industries Development Service Limited and Business Regulation Solutions Limited.

DIRECTORS' REPORT

CORPORATE GOVERNANCE

The company fully supports good corporate governance and has sought to comply with the provisions of the Combined Code and the recommendations of the Higgs Review, insofar as it is appropriate given size and structure. Features of the corporate governance procedures are:

- The Board meets quarterly and brings independent judgement to bear. The Board formulates strategy and establishes key milestones to measure progress; promotes TEF and its activities within the community and ensures community needs are reflected in the strategy and operations; seeks to achieve a policy and financial framework which is conducive to the achievement of the Company's and Economic Solutions Group's aims; monitors performance against agreed objectives; and ensures the legality, financial probity, efficiency and cost effectiveness of Business Finance Solution's operations. A social audit was undertaken during 2005/06.

The Board delegates day-to-day and business management control to the Executive Directors and TEF Manager.

- The Board includes non-executive directors who take an active role in Board matters concerning strategy, performance, resources, key appointments and standards of conduct.
- The Group has Remuneration and Audit Committees, each with terms of reference approved by the Board.

The Finance and Audit Committee is responsible for assisting the Board with its responsibilities in respect of external financial reporting. This includes reviewing the Company's financial statements or other statements containing financial information, before submission to the Board for endorsement.

It is also responsible for overseeing all matters associated with the appointment, terms, remuneration and performance of the external auditors and for reviewing the scope and results of the audit and its cost effectiveness. The Committee reviews annually the independence and objectivity of the external auditors taking into account the non-audit services provided by them.

Only Committee members are entitled to attend a meeting, however the Chief Executive, Finance Director, Internal Auditor and External Auditor are normally invited to attend. Others are also invited to attend as appropriate. A part of at least one meeting annually will take place when executive management are not present.

The Remuneration Committee meets at least once each year and is responsible for reviewing and recommending the framework and policy for remuneration of the executive directors, and senior executives, which the Board as a whole is responsible for approving. Once approved, the Remuneration Committee is responsible for evaluation of the performance and determining specific remuneration packages for each executive director. The Remuneration Committee also approves the overall level of annual pay award to staff.

- On appointment Directors are issued with a Directors' induction pack. Directors may take additional training where necessary as part of their continuing development at the expense of the Company.
- The Board of Directors recognise their overall responsibility for the company's systems of internal control and for monitoring their effectiveness. All activity is organised within a defined structure with formal lines of responsibility and delegation of authority. TEF produces performance information reports on a monthly basis. These reports, together with annual budgets and forecasts, enable the Board to monitor operational performance and the cash position each month.

The Enterprise Fund Limited

DIRECTORS' REPORT

- The key control procedures operating within the Group include, but are not limited to:
 - A comprehensive system of budgeting and forecasting, with a detailed periodic review of actual results compared to budgets;
 - Procedures for the appraisal, review and authorisation of capital expenditure;
 - Treasury procedures and banking arrangements;
 - Financial controls and procedures to be adopted by operational managers;
 - Monitoring and assessment of business risk and performance for each trading location via periodic review, with random audit of working practices and controls; and
 - Secure storage and back-up of data held on computer systems.

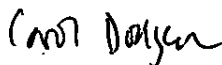
Any system can only manage rather than eliminate the risk of failure to meet business objectives. Therefore, the system can provide only reasonable but not absolute assurance that the Group's assets are protected from material misstatement or loss, and that proper financial records are maintained.

- Reports are given to the Economic Solutions Board covering corporate governance practices and adherence to procedures across the Group Companies.
- Board Directors are updated on particular issues via Board papers. Directors can request, at their discretion, a briefing with the Executive. Directors, have access to independent professional advice, if necessary at the Company's expense, and to advice and services from the Company Secretary whose appointment is a Board matter. The Board receives sufficient information in advance to enable it to discharge its duties.
- Appropriate levels of insurance cover are obtained for all Directors and Officers of the Company.
- The Economic Solutions Group operates a whistle-blowing procedure which all staff can access via the Group's Intranet. The Finance and Audit Committee is responsible for the whistle-blowing procedure.
- A risk assessment is included in Group company business plans each year as a strategic statement to be approved by each Board. Risk assessment is an embedded ongoing process for which the Finance and Audit Committee is responsible.

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing Hurst & Company Accountants LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

By order of the board



C Dodgson
Secretary

The Enterprise Fund Limited

DIRECTORS' REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare financial statements for each financial period. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the company website www.enterprise-fund.co.uk is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors of a company must, in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles and practice.

In so far as the directors are aware there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of this information.

INDEPENDENT AUDITORS' REPORT to the members of The Enterprise Fund Limited

We have audited the financial statements of The Enterprise Fund Limited for the year ended 31 July 2008 which comprise the income and expenditure account, balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the directors' report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

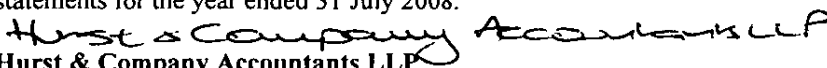
Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company as at 31 July 2008 and of the surplus of the company for the year then ended, the financial statements have been properly prepared in accordance with the Companies Act 1985 and the information given in the Directors' Report is consistent with the financial statements for the year ended 31 July 2008.


Hurst & Company Accountants LLP
Chartered Accountants and Registered Auditors
Lancashire Gate
21 Tiviot Dale
Stockport, SK1 1TD

Date: 26 May 2009


The Enterprise Fund Limited

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 JULY 2008

	Notes	Year ended 31 July 2008 £	Period ended 31 July 2007 £
Income	2	626,221	381,200
Direct costs		(140,604)	(887,880)
GROSS SURPLUS/(DEFICIT)		485,617	(506,680)
Administrative expenses	6	(286,496)	(55,450)
OPERATING SURPLUS/(DEFICIT) BEFORE INTEREST & TAX		199,121	(562,130)
Interest receivable	7	144,306	173,292
SURPLUS/(DEFICIT) BEFORE TAXATION	3	343,427	(388,838)
Taxation	8	(6,381)	(26,360)
SURPLUS/(DEFICIT) FOR THE YEAR AFTER TAXATION	14	337,046	(415,198)

There were no recognised gains or losses other than the surplus of £337,046 for the year ended 31 July 2008 (2007: deficit £415,198).

There is no difference between the surplus on ordinary activities before taxation and the retained surplus for the year stated above, and their historical cost equivalents.

All operations are continuing.

The notes on pages 9 to 14 form part of these financial statements

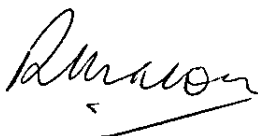
The Enterprise Fund Limited

BALANCE SHEET AT 31 JULY 2008

	Notes	As at 31 July 2008 £	As at 31 July 2007 £
FIXED ASSETS			
Tangible assets	9	-	639
CURRENT ASSETS			
Debtors	10	513,401	613,672
Cash at bank and in hand	11	1,009,166	260,203
		<hr/>	<hr/>
CREDITORS: amounts falling due within one year	12	1,522,567 (824,199)	873,875 (422,141)
		<hr/>	<hr/>
NET CURRENT ASSETS		698,368	451,734
		<hr/>	<hr/>
DEBTORS: amounts falling due after one year	13	351,225	260,174
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,049,593	712,547
		<hr/>	<hr/>
CREDITORS: amounts falling due after one year	14	(30,000)	(30,000)
		<hr/>	<hr/>
NET ASSETS		1,019,593	682,547
		<hr/>	<hr/>
RESERVES	15	1,019,593	682,547
		<hr/>	<hr/>

The Financial Statements on Pages 7 to 14 were approved by the Board of Directors on 23/4/09 and signed on its behalf by:

R Mason
Chairman



A Thomas
Director



The notes on pages 9 to 14 form part of these financial statements

The Enterprise Fund Limited

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 JULY 2008

1. ACCOUNTING POLICIES

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Income received to fund costs

Income is wholly attributable to the company's principal activity of providing loans to qualifying applicants who are unable to access mainstream bank lending, in the United Kingdom and is stated net of value added tax.

Interest receivable on loans

Interest charged by The Enterprise Fund Limited on advances is recognised as income which is used to partially off-set the operating costs of the business.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives as follows:-

Fixtures and fittings	5 years
Computer Equipment	18 months

Related party transactions

The company has taken advantage of the exemption available under FRS 8 from disclosing in its accounts transactions with its parent undertaking and fellow subsidiary companies.

Pensions

The company contributes to personal pension plans of its employees. These contributions are charged to the income and expenditure account as they become payable.

Cashflow statement

The directors have taken advantage of the exemption in FRS 1 (revised) from preparing a Cash Flow Statement available to companies that are wholly-owned subsidiaries of UK parent undertakings.

Taxation

Corporation tax has been provided on investment and non-grant funded activities. Corporation tax has not been provided in respect of grant funded surpluses and deficits.

Deferred Tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The Enterprise Fund Limited

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 JULY 2008

2. INCOME

Income is wholly attributable to the company's principal activities (noted on page 2) in the United Kingdom.

3. OPERATING DEFICIT

This is stated after charging:

	2008 £	2007 £
Depreciation of tangible fixed assets	639	860
Auditors' remuneration - audit fees	4,600	4,500
- taxation	1,530	1,000
- other	1,350	-
	<u> </u>	<u> </u>

4. DIRECTORS' REMUNERATION

No directors received any remuneration during the year.

5. STAFF COSTS

	2008 £	2007 £
Wages and salaries	134,887	244,174
Social Security costs	13,972	23,227
Pension costs	14,691	19,409
	<u> </u>	<u> </u>
	163,550	286,810
	<u> </u>	<u> </u>

The monthly average number of employees during the year was:

	2008 No	2007 No
Office and management	4	6
	<u> </u>	<u> </u>

6. ADMINISTRATIVE EXPENSES

Administrative expenses reflect the cost of services provided by the holding company Economic Solutions Limited.

The Enterprise Fund Limited

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 JULY 2008

7. INTEREST RECEIVABLE

	2008 £	2007 £
Interest on loan advances	113,345	164,856
Bank interest receivable	30,961	8,436
	<u>144,306</u>	<u>173,292</u>

8. TAXATION

	2008 £	2007 £
Current year corporation tax	6,381	-
Adjustment in respect of prior years	-	26,360
	<u>6,381</u>	<u>26,360</u>
Total charge for the year	<u>6,381</u>	<u>26,360</u>

The tax assessment for the period is lower than the standard rate of corporation tax in the UK (28%). The difference is explained below:

	2008 £	2007 £
Profit/(loss) on ordinary activities	343,427	(495,175)
Profit/(loss) on ordinary activities multiplied by the standard rate in the UK 28% (2007: 30%)	96,160	(148,552)
Effects of:		
Exempt activities	(87,491)	148,552
Tax rate lower than 28%	(2,288)	-
Adjustments in respect of prior years	-	26,360
Group relief (at nil charge)	-	-
	<u>6,381</u>	<u>26,360</u>
Total current tax	<u>6,381</u>	<u>26,360</u>

The Enterprise Fund Limited

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 JULY 2008

9. TANGIBLE FIXED ASSETS

	Fixtures & fittings £
Cost:	
At 1 April 2007 and 31 July 2008	3,225
Depreciation:	
At 1 August 2007	2,586
Charge for the year	639
At 31 July 2008	3,225
Net book value:	
At 31 July 2008	-
At 31 July 2007	639

10. DEBTORS: amounts falling due within one year

	2008 £	2007 £
Loan debtors	461,478	458,543
Other debtors	5,482	-
Amounts owed by parent company	33,586	93,763
Prepayments and accrued income	12,855	61,366
	513,401	613,672

11. CASH BALANCES

	2008 £	2007 £
Cash at bank and in hand at 1 August 2007	260,203	709,370
Total cash inflow/(outflow)	748,963	(449,167)
Cash at bank and in hand at 31 July 2008	1,009,166	260,203

The cash balance includes £826,905 in respect of a grant from the NWDA which is ring-fenced for onward lending. This balance is separately identified and has its own bank account.

The Enterprise Fund Limited

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 JULY 2008

12. CREDITORS: amounts falling due within one year

	2008 £	2007 £
Trade creditors	7,214	7,594
Amounts owed to parent company	500	114,926
Amounts owed to group companies	-	8,000
Other creditors and accruals	33,199	70,983
Deferred capital grant	776,905	220,638
Corporation tax	6,381	-
	<u>824,199</u>	<u>422,141</u>

13. DEBTORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2008 £	2007 £
Loan fund debtor	351,225	260,174
	<u>351,225</u>	<u>260,174</u>

14. CREDITORS: amounts falling due after more than one year

	2008 £	2007 £
Loan fund creditor	30,000	30,000
	<u>30,000</u>	<u>30,000</u>

The loan is unsecured and repayable in May 2011. Under the terms and conditions the loan will become repayable on demand if it is not used for the purposes approved by the Natwest Community Finance Fund.

The Enterprise Fund Limited

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 JULY 2008

15. RESERVES

	£
Reserves brought forward at 1 August 2007	682,547
Surplus for the financial year	337,046
	<hr/>
Reserves carried forward at 31 July 2008	1,019,593
	<hr/>

16. MEMBERS' LIABILITY

The company is incorporated as a company limited by guarantee and therefore has no share capital. The liability of the members is limited to £1 each.

17. RELATED PARTY DISCLOSURES

During the year the company entered into transactions with ChamberLink Limited, a joint venture company of the Manchester Solutions Group (income £14,670, expenditure £10,136). At the balance sheet date, £14,670 was due to ChamberLink Limited.

18. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company, ultimate parent company and controlling party is Economic Solutions Limited, incorporated in England & Wales, which includes the company in its group accounts. Copies of the group accounts are available from its registered office at Lee House, 90 Great Bridgewater Street, Manchester M1 5JW.