

THE ENTERPRISE FUND LIMITED

TRADING AS GC BUSINESS FINANCE

Report and Financial Statements

Year ended 31 March 2021



Company Registration Number: 04460763 (England and Wales)

THE ENTERPRISE FUND LIMITED TRADING AS GC BUSINESS FINANCE

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**THE ENTERPRISE FUND LIMITED TRADING AS GC BUSINESS FINANCE
COMPANY INFORMATION**

Directors

C Memmott
M Hughes MBE
S Allport
B Flynn
D Edwards
Y Greeves
P Richardson

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 ENTERPRISE FUND LIMITED TRADING AS GC BUSINESS FINANCE
DIRECTORS' REPORT
For the year ended 31 March 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

Principal activities

The Enterprise Fund Limited trades as GC Business Finance (GCBF). The principal activity of the company continued to be that of a provider and manager of business and personal loans for businesses across the North West. The company also makes investments in the equity of businesses.

Strategy

GCBF will continue to develop new products and services to support SMEs that have been unable to access funding through mainstream finance providers and to develop a pathway to finance and growth, through appropriate mechanisms and integrated support. The financial position of the company and its strong relationship with government, support capital raising opportunities, and government funded guarantees, to mitigate risk, applied at both loan and portfolio level.

Directors

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

C Memmott
M Hughes MBE
S Allport
B Flynn
D Edwards
Y Greeves
P Richardson

(Appointed 28 February 2021)

Results and dividends

The results for the year are set out on page 8.

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.

Auditor


RSM 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.

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 a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

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

By order of the board



D Edwards

Director

2 December 2021

THE ENTERPRISE FUND LIMITED TRADING AS GC BUSINESS FINANCE
DIRECTORS' RESPONSIBILITIES STATEMENT
For the year ended 31 March 2021

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the 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 and 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 accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ENTERPRISE FUND LIMITED FOR THE YEAR ENDED 31 MARCH 2021

Opinion

We have audited the financial statements of The Enterprise Fund Limited (the 'company') for the year ended 31 March 2021 which comprise the statement of comprehensive income, the statement of financial position 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 company's affairs as at 31 March 2021 and of its 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 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 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ENTERPRISE FUND LIMITED FOR THE YEAR ENDED 31 MARCH 2021

Matters on which we are required to report by exception

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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 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 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 ENTERPRISE FUND LIMITED FOR THE YEAR ENDED 31 MARCH 2021

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

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the company operates in and how the company is 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.

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 audit engagement team identified the risk of management override of controls as the areas 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 potential bias.

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.

RSM UK Audit LLP

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:
21 December 2021

THE ENTERPRISE FUND LIMITED TRADING AS GC BUSINESS FINANCE
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
TURNOVER		3,966	3,386
Other external expenses		(54)	(168)
Staff costs	2	(1,559)	(1,540)
Depreciation and amortisation		(2)	(2)
Other operating expenses		<u>(1,820)</u>	<u>(1,085)</u>
OPERATING SURPLUS		<u>531</u>	<u>591</u>
Interest receivable and similar income	3	7	6
Interest payable and similar expenses	4	(17)	-
Impairments on investments	9	(326)	-
Fair value gains on investment portfolio	5	<u>285</u>	<u>-</u>
SURPLUS BEFORE TAXATION		480	597
Tax on surplus	6	<u>(8)</u>	<u>(34)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>472</u>	<u>563</u>

THE ENTERPRISE FUND LIMITED TRADING AS GC BUSINESS FINANCE
STATEMENT OF FINANCIAL POSITION
For the year ended 31 March 2021

Company Registration No. 04460763

	Notes	2021 £'000	2020 £'000
FIXED ASSETS			
Intangible assets	7	1,290	987
Tangible assets	8	1	3
Investments	9	2,352	1,244
		<u>3,643</u>	<u>2,234</u>
CURRENT ASSETS			
Debtors falling due after more than one year	11	7,095	2,194
Debtors falling due within one year	11	2,424	3,211
Cash at bank and in hand	12	<u>5,876</u>	<u>3,578</u>
		15,395	8,983
CREDITORS: amounts falling due within one year	13	(2,653)	(929)
NET CURRENT ASSETS		<u>12,742</u>	<u>8,054</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		16,385	10,288
CREDITORS: amounts falling due after more than one year	14	(5,625)	-
NET ASSETS		<u>10,760</u>	<u>10,288</u>
CAPITAL AND RESERVES			
Income and expenditure account		<u>10,760</u>	<u>10,288</u>

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

The financial statements were approved by the board of directors and authorised for issue on 2 December 2021 and are signed on its behalf by:



D Edwards
Director

THE ENTERPRISE FUND LIMITED TRADING AS GC BUSINESS FINANCE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

1. ACCOUNTING POLICIES

Company information

The Enterprise Fund Limited ("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 company'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 as applicable to companies subject to the small companies' regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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. 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 company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

The Enterprise Fund Limited is a wholly owned subsidiary of The Growth Company Limited, which includes the company in its consolidated financial statements. Copies are available from its registered office at Lee House, 90 Great Bridgewater Street, Manchester, M1 5JW.

THE ENTERPRISE FUND LIMITED TRADING AS GC BUSINESS FINANCE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

1. ACCOUNTING POLICIES (CONTINUED)

Going concern

The directors have reviewed a detailed profit and loss re-forecast to December 2022 and have made an assessment of the ongoing contracted revenues and cost base of the business for the foreseeable future which include the following assumptions; internal ability to reliably assess recoverability of loans, market intelligence and company track record has been used to shape relatively prudent estimates, and the potential to utilise existing bank facilities should the need arise. As such the directors believe that they have a reasonable expectation that the company will be able to operate within its available resources and there will be sufficient funds to enable the company to continue as a going concern for a period of at least 12 months from the date of approval of the financial statements.

As a result, the financial statements have been prepared on a going concern basis.

Grant income and income to fund costs

Grant income for onward lending is capitalised and released to the statement of comprehensive income as the terms of the grant are fulfilled, generally as loans are drawn down. Income received to fund costs, is credited to the statement of comprehensive income as the related costs are incurred.

Fee income

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

Interest receivable

Interest income is recognised as it falls due. Interest charged by the company 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.

Expenditure

Costs include VAT to the extent that it cannot be reclaimed, as the company mostly makes exempt supplies.

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.

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	33% straight line
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No amortisation has been charged to date, as the software system had not been put into use by year end.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, 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:

Computers	20% straight line
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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 ENTERPRISE FUND LIMITED TRADING AS GC BUSINESS FINANCE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

1. ACCOUNTING POLICIES (CONTINUED)

Fixed asset investments

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 company. 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 for impairment where necessary.

Impairment of fixed assets

At each reporting period end date, the company 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.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The company 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 company becomes party to the contractual provisions of the instrument.

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, 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.

THE ENTERPRISE FUND LIMITED TRADING AS GC BUSINESS FINANCE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

1. ACCOUNTING POLICIES (CONTINUED)

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.

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 company 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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and amounts due to group undertakings 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 company's contractual obligations are discharged, cancelled, or they expire.

THE ENTERPRISE FUND LIMITED TRADING AS GC BUSINESS FINANCE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

1. ACCOUNTING POLICIES (CONTINUED)

Equity instruments

Equity instruments issued by the company 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 company.

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.

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.

2. EMPLOYEES

The average monthly number of persons (including directors) employed during the year was 41 (2020: 40)

During the year, no directors received any emoluments (2020: £Nil). The costs of certain directors are borne by the ultimate holding company or by a fellow subsidiary.

3. INTEREST RECEIVABLE AND OTHER INCOME

	2021 £'000	2020 £'000
Interest on bank deposits	5	3
Interest receivable from group companies	2	3
	<u>7</u>	<u>6</u>

THE ENTERPRISE FUND LIMITED TRADING AS GC BUSINESS FINANCE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2021	2020
	£'000	£'000
Interest on bank loan and other borrowings	<u>17</u>	<u>-</u>

5. FAIR VALUE GAINS AND LOSSES ON INVESTMENTS

	2021	2020
	£'000	£'000
Fair value gains and losses on investments	<u>285</u>	<u>-</u>

6. TAXATION

	2021	2020
	£'000	£'000
Current taxation		
UK corporation tax on surplus for the current period	8	25
Adjustment in respect of prior periods	<u>-</u>	<u>9</u>
	<u>8</u>	<u>34</u>

7. INTANGIBLE FIXED ASSETS

	Software
	£'000
Cost	
At 1 April 2020	987
Additions	304
Disposals	<u>(1)</u>
At 31 March 2021	<u>1,290</u>
Carrying amount	
At 31 March 2021	<u>1,290</u>
At 31 March 2020	<u>987</u>

The amounts above for software, are assets which had not been brought into use by the year end.

THE ENTERPRISE FUND LIMITED TRADING AS GC BUSINESS FINANCE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

8. TANGIBLE FIXED ASSETS

	Computers £'000
Cost	
At 1 April 2020	8
Additions	-
Disposals	<u>(1)</u>
At 31 March 2021	<u>7</u>
Depreciation	
At 1 April 2020	5
Charge for year	2
Disposals	<u>(1)</u>
At 31 March 2021	<u>6</u>
Net carrying amount	
At 31 March 2021	<u>1</u>
At 31 March 2020	<u>3</u>

THE ENTERPRISE FUND LIMITED TRADING AS GC BUSINESS FINANCE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

9. FIXED ASSET INVESTMENTS

	Notes	2021 £'000	2020 £'000
Investments in subsidiaries	10	22	22
Investment in limited partnership		103	-
Unlisted investments		2,227	1,222
		<u>2,352</u>	<u>1,244</u>

	Investments in subsidiaries Cost £'000	Investments in limited partnership Cost £'000	Unlisted investments Cost £'000	Unlisted Investment Valuation £'000	Total £'000
Cost/ Valuation					
At 1 April 2020	22	-	610	772	1,394
Additions	-	79	210	860	1,149
Re-categorisation	-	24	-	(24)	-
Change in valuation	-	-	-	285	285
At 31 March 2021	<u>22</u>	<u>103</u>	<u>810</u>	<u>1,893</u>	<u>2,828</u>
Impairment					
At 1 April 2020	-	-	150	-	150
Charge for year	-	-	326	-	326
At 31 March 2021	<u>-</u>	<u>-</u>	<u>476</u>	<u>-</u>	<u>476</u>
Net carrying amount					
At 31 March 2021	<u>22</u>	<u>103</u>	<u>334</u>	<u>1,893</u>	<u>2,352</u>
At 31 March 2020	<u>22</u>	<u>-</u>	<u>450</u>	<u>773</u>	<u>1,244</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, where information can be obtained, 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 appropriate data being available to form a reliable estimate of value, cost accounting has been used in accordance with FRS102.

The investments in limited partnerships relate to NPIF (NW) Microfinance) Limited Partnership and comprise the drawdown of core funding and repayments of such.

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10. SUBSIDIARIES

Details of the company's subsidiary at 31 March 2021 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held	
			Direct	Indirect
BFS Funding Managers Limited	Fund management services	Ordinary	100	-

The registered office is Lee House, 90 Great Bridgewater Street, Manchester, M1 5JW.

11. DEBTORS

	2021 £'000	2020 £'000
Due within one year		
Trade debtors	1,369	848
Amounts owed by group undertakings	363	1,015
Other debtors	692	1,348
	<u>2,424</u>	<u>3,211</u>
Due after one year		
Trade debtors	7,053	2,154
Amounts owed by group undertakings	42	40
	<u>7,095</u>	<u>2,194</u>
Total debtors	<u>9,519</u>	<u>5,405</u>

There is a provision for bad debts of £472k (2020 - £452k), which is in relation to loan book balances. The directors have considered these debts to be doubtful and have provided accordingly for what they consider the company's exposure to be.

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 outturn 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.

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.

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12. CASH AT BANK AND IN HAND

The cash balance includes £4,750k (2020: £3,578k) 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.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£'000	£'000
Bank loans (note 15)	375	-
Trade creditors	7	222
Amounts due to group undertakings	1,336	7
Corporation tax	8	35
Other taxation and social security	40	38
Other creditors	887	627
	<u>2,653</u>	<u>929</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2021	2020
	£'000	£'000
Bank loans (note 15)	2,625	-
Other borrowings (note 15)	3,000	-
	<u>5,625</u>	<u>-</u>

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

1 – 2 years	1,500	-
2 – 5 years	1,125	-
	<u>2,625</u>	<u>-</u>

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15. BORROWINGS

	2021	2020
	£'000	£'000
Bank loans	3,000	-
Other borrowings	3,000	-
	<u>6,000</u>	<u>-</u>
Payable within one year	375	-
Payable after one year	5,625	-
	<u>6,000</u>	<u>-</u>

On 11 November 2020, a loan for £3m was taken out with National Westminster Bank plc at 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.

The other borrowings relate to a loan from Greater Manchester Combined Authority, which carries interest of 0.5% and is repayable in full in 2025.

16. MEMBERS' LIABILITY

The company is limited by guarantee, not having a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on the winding up such amounts as may be required, not exceeding £1.

17. RELATED PARTY TRANSACTIONS

In preparing these financial statements, the directors have taken advantage of the exemptions available under section 33, paragraph 1a of the Financial Reporting Standard 102, and have not disclosed transactions entered into between undertakings that are wholly owned within the group.

During the year, the company entered into transactions with related parties, which are not wholly owned within the group. These are related parties by virtue of common directors. All transactions were made at arm's length.

- Greater Manchester Chamber of Commerce - During the year, the total amount charged to the group was £nil (2020: £362) and the total amount owed to related parties at year end is £nil (2020: £nil).
- West Cheshire & North Wales Chamber of Commerce - During the year, the total amount charged to the group was £402 (2020: £396) and the total amount owed to related parties at year end is £nil (2020: £nil).

18. CONTROLLING PARTY

The company's immediate parent company, ultimate parent undertaking and controlling party is The Growth Company Limited (company number 02443911), a company registered in England and Wales, which includes the company in its consolidated financial statements.

Copies of the consolidated financial statements are available from its registered office at Lee House, 90 Great Bridgewater Street, Manchester, M1 5JW.