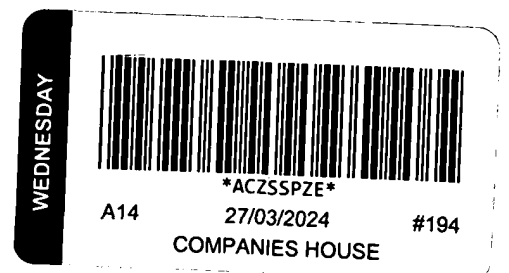


Company Registration No. SC639275 (Scotland)

BUTE ENTERPRISE FINANCE FUND LTD
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023



BUTE ENTERPRISE FINANCE FUND LTD

COMPANY INFORMATION

Directors	Stephen Jenkins Ian Spencer Kelly Craig Ross Simpson
Company number	SC639275
Registered office	Gillespie MacAndrew LLP, 5 Atholl Crescent, Edinburgh, Scotland, EH3 8EJ

BUTE ENTERPRISE FINANCE FUND LTD

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BUTE ENTERPRISE FINANCE FUND LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

The directors present their annual report and financial statements for the year ended 30 June 2023.

Principal activities

It acts as an appointed representative of Chamber Acorn Fund (Humber) Ltd and provides finance to assist in the economic development and regeneration of Bute and its immediately surrounding areas.

The company is a wholly owned subsidiary of Bute Finance, a charitable company, registered in Scotland.

Risk Management/ Debtor Control

Bute Enterprise Finance Fund Ltd's ('BEFF') principle goal is to provide all applicants with a holistic approach to build business relationships and assist during difficult periods, throughout this process it is important to maintain regular contact.

Chamber Acorn provides excellent support with monthly reports and updates on all repayments made. This allows the opportunity to make early contact where issues are expected to cause non-payment. In general, these issues relate to early repayments when perhaps standing order mandates are not correctly set up with the bank.

Summary - Plans for the Future

Our Loans Manager, Stuart Brownlie, continues to build a network of business contact within the designated target area and has developed strong contacts with individuals and organisations in Central and West Scotland. As a result, we advanced 14 loans totalling £341,000 during 2023 in support of small business growth in our target area.

The company made a profit of £9,075 during the year and continues to receive support from Bute Finance Ltd in order to provide loan finance. During 2023 Bute Finance Ltd provided £335,000 of financial support.

A wide variety of business sectors have been supported by the fund, including some retail businesses. The fund aims to support the hospitality sector, particularly within Bute and Argyll, however a degree of caution is required for both this and the retail sector. In addition to the option of providing loan assistance through the fund, we have also received the support of Chamber Acorn as the delivery partner for the Government Start-Up Loan Scheme. Where considered appropriate, referral is made through the scheme, with support being provided during the application process. On some occasions, after full discussion with the applicant, plans are delayed for further consideration. There are various reasons for this and these are fully communicated to the applicants within good time. There has also been a small number of applications declined where applicants may not have met the preferred criteria for BEFF loans and others where adverse credit history impacts the decision. We do try to be flexible with regards to the latter and fully discuss previous issues. This supports the applicant by ensuring they know how to improve their position for future applications.

BUTE ENTERPRISE FINANCE FUND LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

Results and dividends

The company has reported a profit of £9,075 in the year. The business is currently in the start-up phase and losses initially were expected, as BEFF is now more established in their space we have managed to make our second profit during the year.

The parent company, Bute Finance, is committed to supporting its subsidiary for the foreseeable future.

Loan approvals cover the areas of Bute, Argyll, and Ayrshire, though there has been a good level of enquiries from the Inverclyde area. Renfrewshire however, is one region covered by the BEFF in which more focus could be given to raise profile for the fund.

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Directors

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

Stephen Jenkins
Ian Spencer Kelly
Craig Ross Simpson

Small companies' exemption

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

On behalf of the board

.....

Stephen Jenkins

Director

Date:

26.3.24

BUTE ENTERPRISE FINANCE FUND LTD

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2023

	Year ended 30 June 2023	Year ended 30 June 2022
Turnover	51,779	48,804
Cost of sales	-	-
Gross profit	51,779	48,804
Administrative expenses	(40,524)	(41,376)
Profit before taxation	11,255	7,428
Tax on profit	(2,180)	(1,150)
Profit for the financial year	<u>9,075</u>	<u>6,278</u>

BUTE ENTERPRISE FINANCE FUND LTD

BALANCE SHEET

AS AT 30 JUNE 2023

	Notes	£	2023 £	£	2022 £
Fixed assets					
Tangible assets	4		-		221
Investments	5		855,402		855,942
			<u>855,402</u>		<u>856,163</u>
Current assets					
Cash at bank and in hand		69,350		41,268	
Creditors: amounts falling due within one year	6	(11,208)		(14,212)	
Net current liabilities			<u>58,142</u>		<u>27,056</u>
Total assets less current liabilities			<u>913,544</u>		<u>883,219</u>
Creditors: amounts falling due after more than one year	7		(915,103)		(893,853)
Net assets/(liabilities)			<u>(1,559)</u>		<u>(10,634)</u>
Capital and reserves					
Called up share capital			40,000		40,000
Profit and loss reserves	8		(41,559)		(50,634)
Total equity			<u>(1,559)</u>		<u>(10,634)</u>

For the financial year ended 30 June 2023, the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The member has not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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 26.3.24 and are signed on its behalf by:

Stephen Jenkins
Director

Company Registration No. SC639275

BUTE ENTERPRISE FINANCE FUND LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

Company information

Bute Enterprise Finance Fund Ltd is a private company limited by shares incorporated in Scotland. The registered office is Gillespie Macandrew LLP, 5 Atholl Crescent, Edinburgh, Scotland, EH3 8EJ.

1.1 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 £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.3 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 or valuation of assets less their residual values over their useful lives on the following bases:

Computers	3 years 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.

BUTE ENTERPRISE FINANCE FUND LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

1.4 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities 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 to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long-term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets 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.

BUTE ENTERPRISE FINANCE FUND LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

1.7 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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 debtors 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 unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

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 creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the 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.

1.9 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.

BUTE ENTERPRISE FINANCE FUND LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

1 Accounting policies

(Continued)

1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.11 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company'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. There are no key estimates to be considered this year.

3 Employees

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

	2023 Number	2022 Number
Total	3	4

BUTE ENTERPRISE FINANCE FUND LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

4 Tangible fixed assets

	Plant and machinery
	£
Cost	
At 1 July 2022	661
Addition	-
At 30 June 2023	661
Depreciation and impairment	
At 1 July 2022	440
Depreciation charged in the year	221
At 30 June 2023	661
Carrying amount	
At 30 June 2023	-
At 30 June 2022	221

5 Fixed asset investments

	2023	2022
	£	£
Loans	855,402	855,942
Movements in fixed asset investments		
		Loans
Cost or valuation		
At 1 July 2022		855,942
Additions		88,563
Repayments		(89,103)
At 30 June 2023		855,402
Carrying amount		
At 30 June 2023		855,402
At 30 June 2022		855,942

BUTE ENTERPRISE FINANCE FUND LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

6 Creditors: amounts falling due within one year

	2023	2022
	£	£
Taxation	2,180	-
Other creditors	9,028	14,212
	<u>11,208</u>	<u>14,212</u>

7 Creditors: amounts falling due after more than one year

	2023	2022
	£	£
Other creditors	<u>915,103</u>	<u>893,853</u>

8 Profit and loss reserves

	2023	2022
	£	£
At the beginning of the year	(50,634)	(58,063)
Profit for the year	<u>9,075</u>	<u>7,428</u>
At the end of the year	<u>(41,559)</u>	<u>(50,634)</u>

9 Related party transactions

Craig Simpson and Ian Kelly are also directors of Chamber Acorn Fund (Humber) Ltd. That company has received £5,000 (2022: £5,000) in respect of their services. There are balances due to Bute Finance at year end of £915,103 (2022: £893,853), this is money received from Bute Finance to continue to give out loans to Bute residents during the year.