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Company No: 03979566
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THE GROWTH COMPANY LIMITED

Report and Financial Statements

Year ended 31 March 2021

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Company Registration Number: 02443911 (England and Wales)

THE GROWTH COMPANY LIMITED

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THE GROWTH COMPANY LIMITED
COMPANY INFORMATION

Non-Executive Directors

R Topliss
M Blackburn OBE
J Boardman
City Mayor P Dennett
E Sheldon
V Murray OBE
Ms L Feeley
Cllr M Cox
A Shah
Cllr E A Wilson

Executive Directors

M Hughes MBE
P A Simpson

Company Secretary

P A Simpson

Registered office

Lee House
90 Great Bridgewater Street
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M1 5JW

External Auditor

RSM UK Audit LLP
Chartered Accountants
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Bankers

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Manchester
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THE GROWTH COMPANY LIMITED
STRATEGIC REPORT – GROUP POSITION
For the year ended 31 March 2021

The directors present the strategic report, the directors' report and financial statements for the year ended 31 March 2021.

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');
- 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;
- 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.

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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 business during the first quarter of the year was significant as the main focus was entirely on business sustainability, meeting contractual requirements, delivering to clients and supporting our staff. Covid-19 impacted on every strand of the business and has, changed the way that we both deliver activity and how our staff will operate now and in the future. Key response measures were as follows:

- During the early part of the pandemic, engagement with commissioners, clients, lenders, suppliers and staff was key. Many commissioner models were amended from payment-by-results to cost-recovery which, whilst less profitable, ensured continued delivery and security of jobs. Most reverted back to the original models during the course of the year.
- A number of short-term cost reduction measures were necessary in the summer of 2020 to mitigate a potential 13% (£17.8m) reduction in income and these included the cessation of all non-essential recruitment, salary reductions across the Group, the furloughing of up to 300 staff at its peak, (£2.7m) and a right-sizing exercise across certain parts of the business.

The directors wish to use this opportunity to thank employees, partners, commissioners, clients and suppliers for all of their support through Covid-19 and recognise the sacrifices made.

Following this initial impact, Covid-19 has influenced those parts of the Group which operate in most affected sectors such as international travel, tourism and hospitality (Marketing Manchester) and those that rely on face-to-face delivery which cannot be substituted by online (The Manufacturing Institute, "TMI") and Challenge 4 Change. The rest of the Group has been able to adapt to the changing circumstances and, whilst Marketing Manchester, TMI and Challenge 4 Change have been supported by the Group and key stakeholders such as the Greater Manchester Combined Authority and the Greater Manchester Local Enterprise Partnership, the financial performance of these entities has been severely impacted during the year.

During the year, however, once the financial sustainability of the business was secure, a review of the three-year strategy was undertaken by the senior executive team and presented to the GC Board. 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 2021/22 business plan was developed and presented to the Board in March 2021, based on these strategic priorities. However, additional reactive activity has taken place to support both Greater Manchester residents and businesses, and which also meet our strategic objectives. Such initiatives have included the Employ GM and #HereforBusiness campaigns as well as GC, through GC Business Finance, operating as a provider of the CBILS and BBLs government loan schemes.

In the longer term, therefore, we continue to believe that our ability to achieve our strategic priorities will not be materially impacted as the need for our services are likely to continue to arise due to the economic landscape emerging from Covid-19, particularly within our Skills and Employment programmes. A good example of this is the announcement (April 2021) that GC will be managing the Restart programme over the next five years in parts of Greater Manchester, Liverpool, Lancashire and Yorkshire. This programme is expected to generate around £95m funding across these areas over the lifetime of the contract. The move to digital delivery for our commercial activity has ensured that the related entities across the business, (CFA, IDG and Aspire Recruitment), have not been impacted particularly heavily). The removing of lockdown restrictions in June 2021 has improved activity within the tourism and hospitality sector and has allowed for face to face events to take place.

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 (GMBS) is in receipt of significant levels of European Regional Development Funds (ERDF) with current contracts, due to end in October 2021 now extended, at a reduced level, through to 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.

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For the year ended 31 March 2021

Notable strategic priority achievements in 2020/21 have included:

- Contributing £657m of additional GVA to the economy;
- Delivering over 36,000 business assists, creating 14,832 jobs, and placing 17,325 people into work;
- Securing £4m economic impact from conferences;
- Winning 42 Foreign Direct Investment projects for GM;
- Supporting £703m of export sales across the whole NW Region;
- Achieved 621 new apprenticeship starts;
- Established GC Consulting and delivered multiple consultancy assignments. In addition, acquired EKOS Consulting (UK) Limited;
- Placed 286 starts into the new Kickstart programme launched in Autumn 2020;
- Launched the Employment Legal Advice Service in partnership with Citizen's Advice, Manchester, created to support GM residents access the increasingly necessary employment law advice at no cost;
- 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;
- Created the Employ GM website, supporting those made redundant or furloughed, providing information on full and part-time roles, employment webinars and jobs fairs, receiving over 17,000 unique visitors;
- Secured GMCA's Skills for Growth brokerage service (total contract value of £7m);
- Secured prime contract for Ministry of Justice (CFO Hubs) (total contract value £9.9m);
- Approved as a CBILS (Coronavirus Business Improvement Lending Scheme) provider with £1.4m invested;
- Approved as a BBLS (Bounce Back Loans Scheme) provider with £4.7m invested;
- Commenced and delivered the national Be the Business Mentoring for Growth Programme;
- Secured Investors in People (IIP) Silver re-accreditation;
- Secured re-accreditation of ISO9001 and ISO27001,
- Secured Cyber Essentials and Cyber Essentials Plus re-certification;
- Achieved re-accreditation of the Matrix standard for Skills and Work Solutions and Recovery Works; and
- Achieved ISO14001 Environment standard across GC.

Section 172(1) Statement

This section serves as our section 172(1) statement and should be read in conjunction with the Strategic Report on pages 3 to 17 Section 172(1)(a) to (f) of the Companies Act 2006 sets out how directors have had regard to the interests of the company's employees and stakeholders, including the impact of its activities on the community, the environment and the company'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 company for its stakeholders in the long term.

The stakeholder groups engaged by the company, and reported through to the Board, are its customers & clients, commissioners, our people, suppliers, lenders and partners. The company'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 company activity (workforce development, internationalisation and marketing and business support) and a contract review group to ensure that any conflicts of interest are managed.

The Covid-19 outbreak has, obviously, been a matter of great concern to the directors and an overview of the various actions and which steps they took as a result, is contained elsewhere within the Strategic Report. This Statement reflects engagement with stakeholder groups in a current and post-Covid environment.

Set out in relation to each of the company'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);
- Information on the effect of that regard on the company's decisions and strategies during the period.

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Customers/clients

Approximately 10% of the company'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 company's key purpose of "Enabling Growth, Improving Lives, Creating Jobs".

Using a variety of platforms, from social media through to on-line engagement and, during 2020/21, online events, the company advised nearly 400 (2020: 600) clients on starting a business and issued almost 11,000 start-up loans to new businesses (2020: 6,000). The company also launched Employ GM, a support hub to businesses in response to Covid-19, offering a single place of support for both businesses and individuals allowing access to recruitment services, business support, National Careers Service and Job Centre Plus. The company 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 company relies on a large number of suppliers supplying products and services across a wide range of activity. It is important to the company 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 company.

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. Given the relationship that the company has with place, this social value is delivered across local communities and environments. During the year, we have established a Supply Chain best practice group, where all GC colleagues with responsibility for supply chain collaborate to review ways of working, share ideas and support continuous improvement of GC's approach to Supply Chain Management. We have also delivered sessions to supply chain partners including, cyber security and quality and have a regular newsletter to our Employment and Education & Skills providers. On our Enterprising You programme we ran ongoing pre-tender sessions to help suppliers understand the programme, the delivery, and the tender process. Over the past five years, the directors have also reviewed, annually, the company'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 Growth Company operates.

Commissioners

An integral part of the success of the company 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), DIT (Department of International Trade), National Citizen Service, GMCA (Greater Manchester Combined Authority) and Ministry of Justice (MOJ) provide the opportunity for the company to make a difference across the sectors in which it operates. This funding is the lifeblood of the company and allows the company 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 company'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 has become even more critical throughout the Covid-19 pandemic where it has been necessary to alter service delivery models, all of which have been done in conjunction with the company'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. Examples in the year included DWP moving its Work & Health, IPES and ESF contracts swiftly to a cost recovery plus model ensuring continuity of these programmes at the beginning of the pandemic. Both the GMCA and Liverpool City Region CA were also able to confirm continuation of the two Pre-Recruitment programmes at an early stage on contracts worth over £3m.

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Our people

The commitment, skills and experience of the people employed throughout the company are integral to the company's long-term success and embodiment of its values. Staff attraction and retention is crucial to this success and the company 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, primarily, through the Employee Consultative Committees (ECCs). The ECCs have been established for several years and act as conduits for decisions/ consultations affecting staff. During 2020/21, whilst all the ECC meetings were virtual, the focus of meetings has been around continued staff engagement during the pandemic and mental health and wellbeing. This has resulted in a weekly Wellbeing Wednesday email sent to all staff providing information, guidance and toolkits to support and improve mental health and wellbeing. Other methods of engagement include regular bi-annual staff surveys, weekly staff communications from the CEO and an annual staff conference. Additionally, 40 trained Mental Health First Aiders have been made available to support staff during the year. Performance STAR Awards acknowledge and reward high performing staff building on the success of GC's existing peer-to-peer staff recognition scheme, Valued STAR. The company also took advantage of the government's CJRS scheme to protect jobs which was particularly important in the sectors of the business that were hardest hit. At the end of the financial year, the company also took the decision to fully repay all staff who had voluntarily taken a salary reduction in-year. This has resulted in a more satisfied and engaged workforce, as evidenced in the staff survey that took place at the end of 2020/21 and has helped improve staff retention.

Partners

The company 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 company 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.

These relationships have been essential throughout the Covid-19 pandemic as the company has worked with the GMCA, GMLEP and other partners on Covid-19 taskforces building business resilience and providing support to Greater Manchester businesses and residents. A good example of this has been the #HereforBusiness campaign which included a dedicated Covid-19 business support microsite and proactive outbound calling campaign, which reached over 1.3m and led to engagement with over 35,000 businesses through advisor interaction, webinar attendance or engagement on social media. This has resulted in much more effective partnerships and the ability to react quickly to crises and opportunities.

Lenders

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

The company maintains regular dialogue, through the Chief Financial Officer, with the company's bank, NatWest which has been critical throughout 2020/21 and in managing the impact of Covid-19 on the Group. Frequent regular dialogue took place with the bank, particularly during the early stages of the pandemic in the first half of 2020/21 with credit available if required although, due to the impact of other actions taken by the directors, this was not necessary. Regular engagement also took place with the GMCA who had provided a £1m loan facility which, whilst due to expire in March 2020, was extended by the GMCA to March 2021 as a result of Covid-19. This loan was settled during March 2021. This has resulted in stronger partnerships with a deeper understanding of shared issues and mutually beneficial opportunities.

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In September 2020, the GMCA provided a new loan of £1.3m for the purpose of providing funding under Coronavirus Business Improvement Lending Scheme (CBILS) and is due to be repaid in December 2025. In November 2020, The Enterprise Fund Limited received additional funding provided through a loan for £3m from the GMCA with a further facility of 4m available, and a loan for £3m from National Westminster Bank plc for the purpose of funding scheme facilities made available under Bounce Back Loans Scheme (BBLs). At the year-end £4.7m of this was invested through the scheme. These loans are repayable in full in 2025.

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 company.

Consequences of Covid-19

An overview of the various actions and decisions taken by the company in light of Covid-19 is set out within the Strategic Report. However, the following specific decisions were taken by the Board during 2020/21:

Approval of cost saving exercise as a result of the impact of Covid-19

During the early part of 2020/21, it became clear that the fixed cost base needed to be reduced if GC was to achieve a break-even position. Whilst, initially, the executive volunteered a six-month salary reduction, redundancy and salary reduction programmes were approved by the Board, both of which were fundamental to GC achieving the financial position at the end of the year. The impact of this decision has been on our people, all of those asked volunteered up to a six-month salary reduction. This salary reduction was subsequently fully repaid to staff in July 2021.

Approval of 2021/22 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 in October 2020 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 year two of the strategy (2021/22). 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 company's stakeholders.

Capital investment in IT infrastructure

It is critical for the group to maintain and enhance its quality of service delivery and, despite the impact of Covid-19, the Board has approved the necessary investment in migrating to a new cloud-based approach as part of the new IT strategy and the replacement of the company's existing IT infrastructure nearing the end of its supportable lifecycle. This is essential expenditure and has allowed the company to manage all of its IT services through a single application which will improve the ability to scale and onboard new services and applications. Subsequently, the Board has also approved investment in the digitisation of skills and training delivery. 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 lease-break at Lee House

During 2020/21, the company had an opportunity to break its lease on the first floor of Lee House in June 2020 giving rise to £255k break costs, yet saving the ongoing rental costs for a further 3 years. Given the reduced need for staff to be office-based and the move to agile working as a result of Covid-19 but also due to the previous investment in digital technologies, the Board approved the break, which released 12,000 sq. ft of Manchester city centre office space. The main impact of this decision will be on our people as we progress the agile way of working.

Acquisition of consulting company – Ekos Consulting (UK) Limited t/a Ekosgen

In order to increase market reach, one of the five key strategic priorities, a decision was made in September 2020 to commence negotiations with Ekos Consulting (UK) Limited, an economic development consultancy, with a view to acquisition. This acquisition was completed on 2 March 2021 and will provide a strong platform from which to grow the consulting arm of GC, GC Consulting. The main impact of this decision will be on our customers and clients as we expand our offer on a national footprint.

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Corporate Social Responsibilities (CSR)

Streamlined Energy and Carbon Reporting Regulations (SECR)

While some of the Growth Company's subsidiaries are not obligated under the SECR, the company has, as in 2019/20, chosen to report its carbon emissions for the entire group for financial year 2020/21. 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 company recognizes the value and importance of measuring our carbon emissions across those areas over which it has 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

While Covid -19 continues to remain the current focus as we seek to achieve carbon-neutral status, it is also clear that serious concerns over Climate Change remain and will be the defining challenge of the decade. Our narrative has moved from the passive description of Climate Change to a call for action to address a Climate Emergency; as declared by the UK Government, the Devolved Administrations and the Greater Manchester Combined Authority. Significant as this is, the changes in UK law to move from a legally binding target of 80% carbon reduction by 2050 to being net carbon zero by then is a gamechanger.

Greater Manchester's target is to be net carbon zero 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 will support this ambition by becoming carbon neutral by this date.

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. The 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, where the 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. In early 2020, we changed a number of our electricity contracts to renewable energy; for this report we have used a place as opposed to a market-based mechanism, converting kWh to CO₂ using the combined (Supply, Transmission & Distribution, Well to Tank) Greenhouse Gas Reporting Conversion Factor 2020 of 0.28813 kgCO₂e/kWh, as most of our emissions occurred in 2020.

Gas - As with electricity, we use an energy broker for directly purchased gas. For those sites where the landlord buys the gas, we have sub meter data. At Broadhurst House, Manchester, where we have shared space with a number of other tenants, usage is proportioned on floor space as the gas is used for space heating. To convert kWh to CO₂e we used the combined (Supply, Well to Tank) Greenhouse Gas Reporting Conversion Factor 2020 of 0.20846 kgCO₂e/kWh.

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 CO₂ emissions based on the manufacturers published data for the specific make and model.

Company Vehicles - The only company vehicles are diesel minibuses. Fuel is purchased with fuel cards which record the number of litres purchased and this is then converted to CO₂ using the combined (Consumption, Well to Tank) Greenhouse Gas Reporting Conversion Factor 2020 of 3.15618 kgCO₂e / litre.

Rail and Flights - We use an external company to book our flights and rail journeys. As part of this service they provide us with CO₂ emissions for every journey based on distance, mode of transport, and for flights, the carrier.

LPG and Propane - This is used in our training centres. Purchase records are kept, and these are converted into CO₂e using the combined (Supply, Well to Tank) Greenhouse Gas Reporting Conversion Factor 2020 of 1.74555 kgCO₂e/litre for LPG and 2.919276 kgCO₂e/kg for Propane.

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Energy and Carbon Footprint

The carbon emissions for 2020/21 were **381 tonnes CO₂e**, which is a significant reduction on the baseline 2019/20 figure of 817 tonnes CO₂e and reflects the impacts associated with Covid-19 (excluding impacts associated with colleagues working from home). The carbon intensity ratio for 2020/21 is **3.71 tonnes CO₂e per £1m of turnover (2020: 7.64)**, and **13,603 kWh per £1m turnover (2020: 6,947)**.

The SECR figures have not been subject to any external assurance. There is an intention to improve the grey fleet data by incorporating a Well to Tank emissions factor in future years and work is underway to review how we can connect our expenses system to the UK DVLA data set to use emissions factor of Real World Driving Conditions rather than sated test standard values.

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 2019/20.

Table 1.1 Carbon and Energy Data 2020/21

Source 2019/20	Direct Purchase kWh	Indirect Purchase kWh	Total kWh	Total CO ₂ e tonnes	2019/20 CO ₂ e tonnes
Electricity	675,986	212,134	888,120	257	362
Gas	350,782	68,341	419,123	87	89
Minibuses	36,442		36,442	11	40
LPG	8,535		8,535	15	8
Propane	1,295		1,295	0	1
Rail	Not available	-	-	0	9
Grey Fleet	44,428		44,428	11	184
Flights	0	0	0	0	124
Total	1,117,468	280,475	1,397,943	381	817

Note: it is not possible to determine the kWh for Rail as this is a combination of electricity and diesel which is not known.

Energy and carbon reduction actions in 2020/21

In 2019, as part of the wider 3-year plan, approval was secured from the Board to make plans to become net carbon zero within 3 years. Champions were nominated within the Board and Senior Management and Leadership teams. The plan consisted of 5 key steps:

1. Define the scope of our Carbon Footprint;
2. Determine the emissions from 2019/20 as a base year and measure 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 developed a new Zero Carbon Lead position within the group; unfortunately, this was paused due to Covid- 19.

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Energy and carbon reduction actions in 2020/21 (continued)

Our in-house Environmental Auditors undertook an estate wide energy audit as part of our ESOS compliance process, the findings and recommendations from which were shared widely with relevant colleagues to action. This formed the basis of our 2018 carbon footprint which was discussed with our newly formed Climate Action Group, a bottom-up initiative representing staff from across the group.

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 have introduced a policy on heating/cooling and a 'dead zone' to reduce energy consumption while providing a consistent temperature range. We have taken the decision going forward to only buy renewable energy; and, as from January 2021, two thirds of our electricity consumption is zero carbon. The remaining third is bought by our landlords and we plan to work with them to encourage them to switch to renewable sources.

Our grey fleet had seen a 20% drop in emissions as a result of the introduction of our Agile Working Policy in 2018. In addition, our grey fleet impacts local air quality and so has wider health and wellbeing implications. To this end we have looked to introduce 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. Having received tender responses, the process was paused due to Covid-19 as suppliers were unable to undertake credit checks. This initiative will hopefully come on stream during 2021/22. Further reducing our transport emissions, our minibus fleet was also updated with newer more efficient vehicles to reduce fuel consumption.

The Covid-19 pandemic had a significant impact in the way we worked during 2020/21. Restrictions in movement and requirements to work from home has significantly reduced the overall carbon impact of the business operation. We recognise that some of the associated carbon impacts have been transferred to employee homes and we will endeavour to account for these associated impacts in future years.

Table 2: Changes in Carbon Emissions based on financial year 2019/20 compared 2020/21

Source	Change in emissions tCO2e	Percentage Change
Electricity*	-105	-29%
Gas	-2	-2%
Minibuses	-29	-73%
LPG	7	88%
Propane	-1	-100%
Rail	-9	-100%
Grey Fleet	-173	-94%
Flights	-124	-100%
Total	-436	-53%

*9% of this reduction is due to the lower carbon intensity of electricity generation in 2020 vs 2019.

THE GROWTH COMPANY LIMITED
STRATEGIC REPORT – THE YEAR UNDER REVIEW
For the year ended 31 March 2021

Operating performance

	Turnover			Surplus before taxation		
	2020/21 £'000	2019/20 £'000	2018/19 £'000	2020/21 £'000	2019/20 £'000	2018/19 £'000
Aspire Recruitment Partnership	2,260	2,299	2,590	-	-	-
Centre for Assessment	3,052	3,473	3,138	227	135	151
Challenge for Change	182	444	375	-	-	1
Chamberlink (Business Support Solutions)	4,481	4,288	4,907	207	216	262
Greater Manchester Business Support	22,672	16,488	13,816	335	147	40
Improvement Development Growth	2,456	3,152	3,953	35	51	338
Marketing Manchester	2,307	4,744	5,759	(37)	69	(194)
National Schools Training	99	425	826	(3)	(95)	(134)
North West Apprenticeship Company	454	502	398	8	5	11
Recovery Works	481	815	781	8	-	(9)
Skills and Works Solutions	57,358	51,656	36,969	1,005	(1,294)	(2,181)
The Enterprise Fund (GC Business Finance)	3,966	3,386	3,023	479	597	619
The Manufacturing Institute	1,375	1,966	1,729	(172)	(78)	65
The Growth Company & Consolidation Adjustments	1,628	2,857	(1,164)	1,209	593	1,257
TOTAL	102,771	96,495	77,100	3,301	346	226

Consolidated statement of comprehensive income	2020/21 £'000	2019/20 £'000	2018/19 £'000
Income	102,771	96,495	77,100
Operating surplus	3,549	255	652
Surplus for the year before taxation	3,301	346	226

Consolidated statement of financial position	2020/21 £'000	2019/20 £'000	2018/19 £'000
Current assets	54,123	48,643	34,365
Cash at bank and in hand	22,143	12,818	9,899
Net current assets	21,470	12,360	12,809
Reserves	16,169	13,969	15,184

THE GROWTH COMPANY LIMITED
STRATEGIC REPORT – THE YEAR UNDER REVIEW
For the year ended 31 March 2021

Performance review of the business

Overall group turnover for the year was £102,771k (2020: £96,495k) and closing members' funds as at 31 March 2021 were £16,169k (2020: £13,969k). The surplus for the year before tax was £3,301k (2020: £346k). The actuarial loss on the defined benefit schemes of £1,240k (2020: £1,422k) resulted in total comprehensive income for the year of £2,200k (2020: total comprehensive expense of £1,215k). Whilst turnover increased by 6.5%, the surplus before tax exceeded the forecasted outturn for the year. This was due, in a large part, to the measures taken by the Board throughout the year, which included approving a right-sizing exercise across parts of the Group, agreeing a freeze on annual salary increases, implementation of a voluntary salary reduction exercise and a continual focus on cost reductions. These measures, along with the financial support of £2.7m through the Government's Coronavirus Job Retention Scheme (CJRS) ensured that the Group was able to achieve its budgeted surplus expectations. This government funding was critical to help cover some of the direct operational costs and dampen the impact on operational profit through eroded margins and almost £20m of lost turnover. 2020/21 was expected to deliver a surplus to GC approaching £2.0m due to a number of new programmes commencing but these were heavily impacted when Covid-19 hit in March 2020. Given the ongoing uncertainties around the economy and the continuing impact on business, our intention has been to retain the CJRS funding to maintain expected surplus levels and stabilise the current financial situation but to repay the faith shown in GC by its staff. This has been done by allowing both a full repayment of the voluntary salary reduction to all staff, including those who had subsequently left employment at the Growth Company, and a topping up of furlough payments, from 80% to 90% to those staff who had received furlough during this period. This totalled £900k and whilst accrued at the year end was repaid to staff in July 2021.

It is worth noting that there also continued to be a strong underlying performance across the Group, particularly within GC Skills and GC Employment where the changes identified during the previous financial year were planned to enable a phased shift in provision to digital delivery. This has been accelerated due to Covid-19 ensuring a key focus on future years. This has enabled more flexibility, quality and efficiency across the business. The system requirements have been fully scoped and some key areas in relation to system usage continue to be adapted to support the five-year strategy and ensure an increasingly efficient service to customers, alongside reducing the cost base to deliver the key strategic objectives. This has seen the GC Skills area of the business turn its deficit position into a small surplus whilst GC Employment improved performance was predominantly due to the implementation of National Citizen Service, Work and Health Programme Job Entry: Targeted Support and Intensive Personalised Employment Support contracts. The commercial entities of Centre for Assessment, Improvement Development Growth and Aspire Recruitment Partnership, all of which were able to switch quickly to digital service delivery at the beginning of the pandemic, have also supported the Group in a positive outcome this year. An overall positive reserves movement was still achieved despite the actuarial loss on the three defined benefit pension schemes of £1,240k, due mainly to the increase in inflation assumptions.

Whilst turnover increased by 6.5% (£6.3m) from 2020, there was a relatively mixed picture across the Group. The new ESF/ESFA funded programmes contributed to a 11% increase in turnover within Skills & Work Solutions although this increase was lower than expectations due to the impact of Covid-19. The increase in commercial activity within Greater Manchester Business Support contributed to a 38% increase in turnover; however, the impact of the pandemic on the tourism, aviation and hospitality industry resulted in a reduction of 51% in Marketing Manchester's turnover.

Other external expenses have increased to £43.2m as 42.1% of turnover (2020: £38.2m, 39.5% of turnover) due to subcontractor costs rising, staff costs have increased to £46.3m (2020: £43.6m) yet remained at a consistent 45.1% of turnover. Other operating expenses have decreased to £10.4m (2020: £13.3m) as a consequence of a reduction in temporary staff costs, rent savings and almost no travel and subsistence expenditure in year.

Balance Sheet

The net assets position of £16,169k (2020: £13,969k) is net of a defined benefit pension liability of £7,765k (2020: £6,490k). Net current assets of £21,470k have increased by £9,110k from the previous year (2020: £12,360k). Other intangible assets increased to £1,473k (2020: £1,003k), due to investments in software assets, most of which not yet been brought into use within the group. The valuation of the group's investment properties remained at £5.0m. Investments increased to £2,330k, with additional investments into the shares of unlisted companies within TEF (2020: £1,222k).

THE GROWTH COMPANY LIMITED
STRATEGIC REPORT – THE YEAR UNDER REVIEW
For the year ended 31 March 2021

Balance Sheet (continued)

The movements within working capital included an increase in cash of £9,325k to £22,143k from the previous year (2020: £12,818k) partly due to the £6m funding equally sourced from GMCA and National Westminster Bank plc via a new loan, for the Greater Manchester Bounce Back Loan scheme, introduced by the Government in May 2020 and implemented by The Enterprise Fund in November 2020. The business has focussed on ensuring the strongest Balance Sheet position possible since the pandemic started primarily strengthening the cash position. The main movements in provisions during the year related to pensions. Whilst the discount rate assumption was only marginally reduced from 2020, the main impact was from the increase in inflation rate assumption from 1.9% to 2.8% which resulted in a £1.24m actuarial loss.

Going concern

Based on the group's forecasts, 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 cash flows, income projections and related assumptions. In making this assessment the directors have given consideration to the potential impact of the Covid-19 pandemic on the cashflows and liquidity of the group over the next twelve-month period. Current cash levels are still at around £20m and, even with the onboarding of a major new programme, Restart, future cashflow projections remain strong with no outstanding loans and an overdraft facility remaining place allowing sufficient 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.

Even though many restrictions previously impacting the business have been lifted, the group's financial modelling has still considered the impact of additional downside scenarios where there could be further restrictions on movement and social distancing. Whilst this is quite difficult to fully assess within the current climate, the downsides have included the impact on the following services:

- current and future commercial income;
- new learner starts;
- the ability to hold events;
- the ability to provide services relying on physical activity such as the National Citizen Service and Challenge for Change; and,
- the tourism and hospitality sector, particularly affecting Marketing Manchester.

The 2021/22 budget was modelled on many of these scenarios and, as a result, is believed to be prudent as the relaxing of national restrictions is now positively impacting much of the group's activities. The strong financial performance during 2020/21 as a result of directors' decisions to undertake a major cost reduction exercise during the year has ensured a more streamlined cost base for future years. These measures, along with maximising the opportunities, where appropriate to do so, through the government's CRJS scheme, a continual focus on cost reductions, the return of many of our commissioners' positions from cost-recovery to contractual payments-by-results models and the successful switch to digital delivery for many of our services have helped to ensure a more financially resilient group.

Relationships with commissioners and clients, enhanced during the collaborative approach required during 2020/21 have helped mitigate some of the risks to delivery which are likely to remain throughout the next twelve months and beyond. Demand for services remains strong and, apart from those services relying on physical activity, where delivery models are being adapted, no activities are expected to be ceased over the next twelve months. The bidding environment, however, currently remains relatively buoyant with recent bidding wins announced including a major new contract, estimated to be worth £95m to the group over the next five years. The directors have, furthermore, also demonstrated that swift action can be taken to reduce the cost base and alter service delivery models where appropriate. This is critical in a group which has a number of diverse activities and a wide range of funding models.

THE GROWTH COMPANY LIMITED
STRATEGIC REPORT – THE YEAR UNDER REVIEW
For the year ended 31 March 2021

Going concern (continued)

There have, though, been two non-adjusting post balance sheet events that have occurred in November 2021. Firstly, the trustees of Challenge 4 Change have taken the decision to recommend the closure of the charity, based on a significant reduction in commercial income. Secondly, the Department of International Trade announced that it will be transferring all of its international trade activity in-house from July 2022 which will result in Chamberlink being unable to trade from that date. Both entities will be subject to an orderly close down and none of the numbers contained within either entity will alter. However, both sets of accounts have been subsequently prepared on a non-going concern basis. Given the impact of both entities on the overall Group position, the closure of both entities are not seen as material to the Group's overall going concern position.

With regards to the sensitivity of income and its impact on the financial position of the group, there is no direct correlation between a reduction in income and profitability due to the differing nature of funding/income across the group. A prudent budgeted surplus for 2021/22 has been set and this position will be regularly reforecast throughout the year with remedial action taken where necessary. 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 performing the assessment of whether the group will have sufficient liquidity within the next twelve months, the directors have carried out a preliminary assessment of the additional options that may be available to the group to mitigate the impact on its cash flows and liquidity in the event of any further periods of restrictions or changes in customer behaviours. In particular directors have considered (i) additional reductions in expenditure at certain times to improve liquidity; (ii) the potential of the group to access additional bank facilities where the directors note that the group's existing £2m overdraft may be extended with the consent of the banks; or (iii) the additional support of key stakeholders and commissioners remodelling outcome based contractual arrangements to cost recovery models in the medium term, if necessary. There are currently two £3m loans to be repaid in full in December 2025, one to National Westminster Bank plc and one to GMCA in relation to the Bounce Back Loans Scheme (BBLS). There is also a £1.3 m loan from the GMCA in relation to the Coronavirus Business Improvement Lending Scheme (CBILS). There are also no other known contingent liabilities.

Cashflow is expected to remain at a strong level with no expectation to draw on current overdraft or other loan facilities for a period of at least twelve months from the date of signature of these accounts.

The directors have also considered the carrying value of its fixed assets and, as such, have undertaken external valuations of its property at Trafford Park, Manchester and its recently acquired property in Glasgow. Both valuations were undertaken in early 2021, the current valuations of which are included within these financial statements.

The directors have concluded that the potential impact of the Covid-19 pandemic described above and their ability and track record to react quickly to enact possible mitigating actions reflects the group and company's ability to continue as a going concern. For these reasons, whilst there are identified risks and a degree of uncertainty in matters outside of the company's control, the directors continue to adopt a going concern basis for the preparation of the financial statements. Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the group and company were unable to continue as a going concern.

THE GROWTH COMPANY LIMITED
STRATEGIC REPORT – RISK MANAGEMENT
For the year ended 31 March 2021

Risks and Uncertainties

The group operates a risk register which documents risks across the group, together with mitigating actions. 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 Covid-19 on revenue and the ability to deliver activity	<ul style="list-style-type: none"> Continuing dialogue with all commissioners responding to changing national picture in the event of further restrictions which could impact on delivery. Dynamic financial modelling responsive to changes in government policy, commissioners' positions and commercial/economic environment. Increased monitoring of supply chain ensuring continuity of provision and rapid response to shift to new suppliers or in-house if necessary. Digitisation of delivery in all commercial and other client activity e.g., learning environment. Ongoing monitoring of cashflow – regular short- and long-term forecasting, ongoing dialogue with finance providers, accessibility to short term finance if required. 	Reduced risk as delivery models have adapted to digital delivery and lessons learned from throughout pandemic.
Reduction in EU funding for business support following the United Kingdom's departure from the EU	<ul style="list-style-type: none"> 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. 	No change in risk in relation to European funding and reduced risk in relation to match funding
Changes in national and local Government policy that may result in significant and detrimental changes	<ul style="list-style-type: none"> GC is closely monitoring any changes to government policy which might have an impact on programme design, contracting arrangements or service delivery. 	No change in risk in regard to Covid-19 and Brexit political and economic uncertainty
Loss of key members of staff and inability to attract new staff with necessary skills and experience	<ul style="list-style-type: none"> Robust performance review system in place IIP Silver Standard achieved Star performance awards system in place <ul style="list-style-type: none"> Mental health and wellbeing communication and processes increased as a result of Covid-19 	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"> Move to Office 365 Cloud based solution Improvement of firewalls and intrusion Regular penetration testing and social engineering tests Continued Cyber Essentials accreditation 	Reduced risk due to increased investment in penetration testing and achievement of Cyber Essential accreditation

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 removed 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.

THE GROWTH COMPANY LIMITED
STRATEGIC REPORT – FUTURE DEVELOPMENTS
For the year ended 31 March 2020

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:

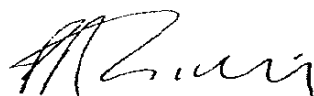
- Business Support and Business Finance;
- Workforce Development; and
- Internationalisation and Marketing.

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 current Covid-19 pandemic, we continue to plan to achieve these aims though the milestones to achieve them over the next three years 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. One consequence of such changes has been the post year-end decision to close The Manufacturing Institute (TMI). Whilst it's subsidiary (trading company) TMI Practitioner Services will continue to operate, the charity (TMI) will be closed.

- **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 15 November 2021 and signed on its behalf by:



P A Simpson
Secretary

THE GROWTH COMPANY LIMITED
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.

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	
M Hughes MBE	
Cllr Sir Richard Leese CBE	(Resigned 30 October 2020)
V Murray OBE	
A Shah	
Ms L Feeley	
E Sheldon	
P A Simpson	
Cllr M Cox	
Cllr E A Wilson	(Appointed 26 June 2020)
M Isap	(Appointed 27 July 2020 and resigned 13 January 2021)

Results and dividends

The results for the year are set out on page 24. In response to Covid-19, the directors have taken action to mitigate the consequential and significant impact on the company's operations, including a staff restructuring programme and breaking a major lease.

Post reporting date events

On 7 October 2021, The Manufacturing Institute board decided to close the parent company and transfer any outstanding balances and activity into the subsidiary TMI Practitioner Services Limited. This subsidiary will transfer ownership to The Growth Company parent and the charity will be dissolved. In November 2021, the trustees of Challenge 4 Change recommended to close the charity. In November 2021, the Department of International Trade announced that it would be transferring all international trade activity in-house from July 2022. This will result in the cessation of trade within Chamberlink from that date. All three events have been treated as non-adjusting post reporting events.

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 2021

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

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.

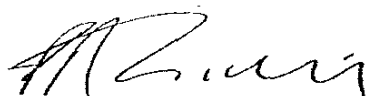
Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

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.

By order of the board



P A Simpson

Secretary

15 November 2021

THE GROWTH COMPANY LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT
For the year ended 31 March 2021

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

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 2021 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 2021 and of the group's profit 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

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; or

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 20, 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

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, the Companies Act 2006 and Coronavirus Job Retention Scheme (CJRS) regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and testing a sample of entries included on the associated CJRS claims.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to in relation to safeguarding of learners, the rules and principles set by the Financial Conduct Authority (FCA) as regulator for the financial services industry in the UK and health and safety. We performed audit procedures to inquire of management and those charged with governance whether the group is 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.

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: 3 December 2021

THE GROWTH COMPANY LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
TURNOVER	3	102,771	96,495
Other operating income	3	3,206	689
Other external expenses		(43,244)	(38,151)
Staff costs	4	(46,327)	(43,604)
Depreciation and amortisation	6	(1,677)	(1,850)
Other operating expenses		(10,392)	(13,324)
Exceptional items	7	(788)	-
OPERATING SURPLUS	6	<u>3,549</u>	<u>255</u>
Interest receivable and similar income	8	7	14
Interest payable and similar expenses	9	(214)	(223)
Impairments on investments	16	(326)	-
Fair value gains on investments	10	285	-
Fair value gains on investment properties	15	-	300
SURPLUS BEFORE TAXATION		<u>3,301</u>	<u>346</u>
Tax on surplus	11	<u>139</u>	<u>(139)</u>
SURPLUS FOR THE FINANCIAL YEAR		<u>3,440</u>	<u>207</u>
Actuarial loss on defined benefit pension schemes	25	<u>(1,240)</u>	<u>(1,422)</u>
TOTAL COMPREHENSIVE INCOME/ (EXPENSE) FOR THE FINANCIAL YEAR		<u>2,200</u>	<u>(1,215)</u>

The company is limited by guarantee so neither the surplus for the financial year, nor the total comprehensive income/ (expense), 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 2021

Company Registration No. 02443911

	Notes	2021 £'000	2020 £'000
FIXED ASSETS			
Goodwill	12	336	134
Other intangible assets	12	1,473	1,003
Total intangible assets		1,809	1,137
Tangible fixed assets	13	2,649	3,330
Investment properties	15	5,000	5,000
Investments	16	2,330	1,222
		11,788	10,689
CURRENT ASSETS			
Stock and work in progress	18	62	-
Debtors falling due after more than one year	19	7,053	2,154
Debtors falling due within one year	19	24,865	33,671
Cash at bank and in hand	20	22,143	12,818
		54,123	48,643
CREDITORS: amounts falling due within one year	21	(32,653)	(36,283)
NET CURRENT ASSETS		21,470	12,360
TOTAL ASSETS LESS CURRENT LIABILITIES		33,258	23,049
CREDITORS: amounts falling due after more than one year	22	(8,225)	(1,435)
Provisions for liabilities	24	(1,099)	(1,155)
Net assets excluding pension liability		23,934	20,459
Defined benefit pension liability	25	(7,765)	(6,490)
NET ASSETS		16,169	13,969
CAPITAL AND RESERVES			
Revaluation reserve	26	1,442	1,442
Profit and loss reserve	26	14,727	12,527
TOTAL EQUITY		16,169	13,969

The notes form an integral part of the financial statements.

These financial statements were approved and authorised for issue by the Board on 15 November 2021 and signed on its behalf by:



M Hughes MBE
Director



Richard Topliss
Director


THE GROWTH COMPANY LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
For the year ended 31 March 2021

Company Registration No. 02443911

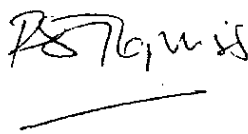
	Notes	2021 £'000	2020 £'000
FIXED ASSETS			
Tangible fixed assets	14	1,921	2,911
Investment properties	15	5,000	5,000
Investments	16	1,143	568
		<u>8,064</u>	<u>8,479</u>
CURRENT ASSETS			
Debtors falling due after more than one year	19	176	-
Debtors falling due within one year	19	3,582	8,673
Cash at bank and in hand		<u>7,137</u>	<u>2,966</u>
		10,895	11,639
CREDITORS: amounts falling due within one year	21	<u>(16,649)</u>	<u>(18,891)</u>
NET CURRENT LIABILITIES		<u>(5,754)</u>	<u>(7,252)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,310	1,227
CREDITORS: amounts falling due after more than one year	22	(1,210)	(1,355)
Provisions for liabilities	24	<u>(925)</u>	<u>(978)</u>
NET ASSETS/ (LIABILITIES)		<u>175</u>	<u>(1,106)</u>
CAPITAL AND RESERVES			
Revaluation reserve	26	1,442	1,442
Profit and Loss reserve	26	<u>(1,267)</u>	<u>(2,548)</u>
TOTAL EQUITY		<u>175</u>	<u>(1,106)</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's surplus for the year was £1,281k (2020: deficit £20k).

The financial statements were approved by the board of directors and authorised for issue on 15 November 2021 and are signed on its behalf by:



M Hughes MBE
 Director



Richard Topliss
 Director

THE GROWTH COMPANY LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2021

	Revaluation reserve £'000	Profit and loss reserve £'000	Total £'000
Balance at 1 April 2019	<u>1,142</u>	<u>14,042</u>	<u>15,184</u>
Year ended 31 March 2020			
Surplus for the year	-	207	207
Other comprehensive income net of taxation:			
Actuarial losses on defined benefit plans	<u>-</u>	<u>(1,422)</u>	<u>(1,422)</u>
Total comprehensive loss for the year	-	(1,215)	(1,215)
Transfers	<u>300</u>	<u>(300)</u>	<u>-</u>
Balance at 31 March 2020	<u>1,442</u>	<u>12,527</u>	<u>13,969</u>
Year ended 31 March 2021			
Surplus for the year	-	3,440	3,440
Other comprehensive loss net of taxation:			
Actuarial losses on defined benefit plans	<u>-</u>	<u>(1,240)</u>	<u>(1,240)</u>
Total comprehensive income for the year	-	2,200	2,200
Balance at 31 March 2021	<u>1,442</u>	<u>14,727</u>	<u>16,169</u>

THE GROWTH COMPANY LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2021

	Revaluation reserve £'000	Profit and loss reserve £'000	Total £'000
Balance at 1 April 2019	<u>1,142</u>	<u>(2,228)</u>	<u>(1,086)</u>
Year ended 31 March 2020			
Deficit and total comprehensive loss for the year	-	(20)	(20)
Transfers	<u>300</u>	<u>(300)</u>	<u>-</u>
Balance at 31 March 2020	<u>1,442</u>	<u>(2,548)</u>	<u>(1,106)</u>
Year ended 31 March 2021			
Surplus and total comprehensive income for the year	-	1, 281	1, 281
Balance at 31 March 2021	<u>1,442</u>	<u>(1,267)</u>	<u>175</u>

THE GROWTH COMPANY LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
Cash flows from operating activities			
Cash generated by operations	27	6,096	6,141
Interest paid		(92)	(118)
Income taxes paid		(108)	(138)
Net cash inflow from operating activities		<u>5,896</u>	<u>5,885</u>
Investing activities			
Purchase of intangible fixed assets		(513)	(436)
Purchase of tangible fixed assets		(831)	(1,828)
Purchase of subsidiaries (net of cash acquired)		(254)	-
Investment in limited partnership		(79)	-
Purchase of fixed asset investments		(1,070)	(724)
Interest received		7	14
Net cash used in investing activities		<u>(2,740)</u>	<u>(2,974)</u>
Financing activities			
Proceeds of other borrowings		4,310	-
Repayment of other borrowings		(1,000)	-
Proceeds of new bank loans		3,000	1,600
Repayment of bank loans		(141)	(1,590)
Net cash generated from financing activities		<u>6,169</u>	<u>10</u>
Net increase in cash and cash equivalents		<u>9,325</u>	<u>2,921</u>
Cash and cash equivalents at beginning of year		<u>12,818</u>	<u>9,897</u>
Cash and cash equivalents at end of year		<u>22,143</u>	<u>12,818</u>
Relating to:			
Cash at bank and in hand		<u>22,143</u>	<u>12,818</u>

THE GROWTH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

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 2021

1. ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

All financial statements are made up to 31 March 2021. 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) and Ekos Consulting (UK) Limited (company number SC229257)

The outstanding liabilities at 31 March 2021 of the above named subsidiaries have been guaranteed by the Company pursuant to s479A to s479C of the Act.

Going concern

Based on the group's forecasts, 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 cash flows, income projections and related assumptions. In making this assessment the directors have given consideration to the potential impact of the Covid-19 pandemic on the cashflows and liquidity of the group over the next twelve-month period. Current cash levels are at still at around £20m and, even with the onboarding of a major new programme, Restart, future cashflow projections remain strong with no outstanding loans and an overdraft facility remaining place allowing sufficient 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.

Even though many restrictions previously impacting the business have been lifted, the group's financial modelling has still considered the impact of additional downside scenarios where there could be further restrictions on movement and social distancing. Whilst this is quite difficult to fully assess within the current climate, the downsides have included the impact on the following services:

THE GROWTH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

1. ACCOUNTING POLICIES (CONTINUED)

Going concern (continued)

- current and future commercial income;
- new learner starts;
- the ability to hold events;
- the ability to provide services relying on physical activity such as the National Citizen Service and Challenge for Change; and,
- the tourism and hospitality sector, particularly affecting Marketing Manchester.

The 2021/22 budget was modelled on many of these scenarios and, as a result, is believed to be prudent as the relaxing of national restrictions is now positively impacting much of the group's activities. The strong financial performance during 2020/21 as a result of directors' decisions to undertake a major cost reduction exercise during the year has ensured a more streamlined cost base for future years. These measures, along with maximising the opportunities, where appropriate to do so, through the government's CRJS scheme, a continual focus on cost reductions, the return of many of our commissioners' positions from cost-recovery to contractual payments-by-results models and the successful switch to digital delivery for many of our services have helped to ensure a more financially resilient group.

Relationships with commissioners and clients, enhanced during the collaborative approach required during 2020/21 have helped mitigate some of the risks to delivery which are likely to remain throughout the next twelve months and beyond. Demand for services remains strong and, apart from those services relying on physical activity, where delivery models are being adapted, no activities are expected to be ceased over the next twelve months. The bidding environment, however, currently remains relatively buoyant with recent bidding wins announced including a major new contract, estimated to be worth £95m to the group over the next five years. The directors have, furthermore, also demonstrated that swift action can be taken to reduce the cost base and alter service delivery models were appropriate. This is critical in a group which has a number of diverse activities and a wide range of funding models.

With regards to the sensitivity of income and its impact on the financial position of the group, there is no direct correlation between a reduction in income and profitability due to the differing nature of funding/income across the group. A prudent budgeted surplus for 2021/22 has been set and this position will be regularly reforecast throughout the year with remedial action taken where necessary. 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 performing the assessment of whether the group will have sufficient liquidity within the next twelve months, the directors have carried out a preliminary assessment of the additional options that may be available to the group to mitigate the impact on its cash flows and liquidity in the event of any further periods of restrictions or changes in customer behaviours. In particular directors have considered (i) additional reductions in expenditure at certain times to improve liquidity; (ii) the potential of the group to access additional bank facilities where the directors note that the group's existing £2m overdraft may be extended with the consent of the banks; or (iii) the additional support of key stakeholders and commissioners remodelling outcome based contractual arrangements to cost recovery models in the medium term, if necessary. There are currently two £3m loans to be repaid in full in December 2025, one to National Westminster Bank plc and one to GMCA in relation to the Bounce Back Loans Scheme (BBLs). There is also a £1.3m loan from the GMCA in relation to the Coronavirus Business Improvement Lending Scheme (CBILs). There are also no other known contingent liabilities.

Cashflow is expected to remain at a strong level with no expectation to draw on current overdraft or other loan facilities for a period of at least twelve months from the date of signature of these accounts.

THE GROWTH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

1. ACCOUNTING POLICIES (CONTINUED)

Going concern (continued)

The directors have also considered the carrying value of its fixed assets and, as such, have undertaken external valuations of its property at Trafford Park, Manchester and its recently acquired property in Glasgow. Both valuations were undertaken in early 2021, the current valuations of which are included within these financial statements.

The directors have concluded that the potential impact of the Covid-19 pandemic described above and their ability and track record to react quickly to enact possible mitigating actions reflects the group and company's ability to continue as a going concern. For these reasons, whilst there are identified risks and a degree of uncertainty in matters outside of the company's control, the directors continue to adopt a going concern basis for the preparation of the financial statements. Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the group and company were unable to continue as a going concern.

Cashflow is expected to remain at a strong level with no expectation to draw on current overdraft or other loan facilities for a period of at least twelve months from the date of signature of these accounts.

The directors have also considered the carrying value of its fixed assets and, as such, have undertaken external valuations of its property at Trafford Park, Manchester and its recently acquired property in Glasgow. Both valuations were undertaken in early 2021, the current valuations of which are included within these financial statements.

The directors have concluded that the potential impact of the Covid-19 pandemic described above and their ability and track record to react quickly to enact possible mitigating actions reflects the group and company's ability to continue as a going concern. For these reasons, whilst there are identified risks and a degree of uncertainty in matters outside of the company's control, the directors continue to adopt a going concern basis for the preparation of the financial statements. Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the group and company were unable to continue as a going concern.

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 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.

THE GROWTH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

1. ACCOUNTING POLICIES (CONTINUED)

Turnover (continued)

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.

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.

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 year ended 31 March 2021 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.

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	33% straight line
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THE GROWTH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

1. ACCOUNTING POLICIES (CONTINUED)

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
Land and buildings	50 years
Fixtures and fittings	5 years, or life of related lease
Computers	2 - 5 years
Motor vehicles	3 - 5 years

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.

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.

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.

THE GROWTH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

1. ACCOUNTING POLICIES (CONTINUED)

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.

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.

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 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.

THE GROWTH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

1. ACCOUNTING POLICIES (CONTINUED)

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 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.

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.

THE GROWTH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

1. ACCOUNTING POLICIES (CONTINUED)

Taxation

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

Current 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.

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.

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.

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.

THE GROWTH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

1. ACCOUNTING POLICIES (CONTINUED)

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 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.

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.

THE GROWTH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

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.

Valuation of investment properties

The group carries its investment properties at fair value, with changes in fair value being recognised in profit and loss. In March 2020, the group engaged Edwards & Co Surveyors Limited to perform a valuation on the property at Trafford Park, Manchester and the fair value was increased by £300k, which was reflected in the 2020 financial statements. A further valuation was completed in May 2021 and validated this fair value to have remained constant throughout the pandemic. The key assumptions underpinning the assessments of fair value include rental yields, the resale value and the cost of equity capital. The Directors have engaged professional valuers to help reduce the estimation uncertainty inherent in these reported figures.

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. The directors have increased the pension liability for the October 2018 ruling on GMP (Guaranteed Minimum Pensions).

Dilapidations provision

The group has recognised provisions for dilapidations in the financial statements which requires management judgement. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors. The amounts provided for at year end total £1,060k (2020: £1,116k), acknowledging all potential dilapidations against the portfolio of leases. The dilapidations costs that might arise at the end of the lease terms may differ from the estimate recognised in the meantime.

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 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.

THE GROWTH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

2. JUDGEMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY (CONTINUED)

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 of 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 of 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 £295.4m (2020: £241.9m), 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 company during the period. The value of accrued income is £14,779k (2020: £13,883k) and the value of deferred income is £13,368k (2020: £13,676k). The impact of Covid-19 has resulted in increased uncertainty surrounding revenue recognition though this has been mitigated through engagement with commissioners and clients. Many commissioner models were amended from payment-by-results to cost-recovery which, whilst less profitable, ensured continued delivery and security of jobs.

THE GROWTH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

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.

	2021	2020
	£'000	£'000
Turnover analysed by class of business		
Provision of services	<u>102,771</u>	<u>96,495</u>
Other operating income		
Rental income	314	465
Donations	143	224
Furlough grant income	<u>2,749</u>	<u>-</u>
	<u>3,206</u>	<u>689</u>

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

	2021	2020
	£'000	£'000
Turnover analysed by geographical market		
United Kingdom	102,728	96,449
Rest of Europe	20	26
Rest of World	23	20
	<u>102,771</u>	<u>96,495</u>

THE GROWTH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

4. EMPLOYEES

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Operational	1,157	1,133	65	61
Administrative	307	273	94	93
	<u>1,464</u>	<u>1,406</u>	<u>159</u>	<u>154</u>

During the year average full time equivalent employee numbers were 1,415 (2020: 1,381). 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 Works Solutions Limited, other areas of the funded elements of the group saw growth.

Their aggregate remuneration comprised:

	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Wages and salaries	40,534	38,062	5,550	5,210
Social security costs	3,434	3,243	499	477
Pension costs	2,359	2,299	343	350
	<u>46,327</u>	<u>43,604</u>	<u>6,392</u>	<u>6,037</u>

5. DIRECTORS' REMUNERATION

	2021 £'000	2020 £'000
Remuneration for qualifying services	292	178
Company pension contributions to defined contribution schemes	70	46
	<u>362</u>	<u>224</u>

An additional executive director was appointed in March 2020 causing the notable variance in remuneration from last year. 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:

	2021 £'000	2020 £'000
Remuneration for qualifying services	173	176
Company pension contributions to defined contribution schemes	42	46
	<u>215</u>	<u>222</u>

Two directors (2020: 2) have retirement benefits accruing under defined contribution schemes.

THE GROWTH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

6. OPERATING SURPLUS

	2021	2020
	£'000	£'000
Operating surplus is stated after charging:		
Furlough grant income	(2,749)	-
Exchange losses	4	24
Research and development costs	31	28
Depreciation of owned tangible fixed assets	1,501	1,831
Amortisation/impairment of intangible assets	176	19
Auditor's remuneration		
- for audit services (parent)	41	27
- for audit services (subsidiaries)	144	144
- for non-audit services (tax advisory and compliance)	33	41
Bad and doubtful debts	20	151
Operating lease rentals		
- land and buildings	1,479	1,857
	<u> </u>	<u> </u>

7. EXCEPTIONAL ITEMS

	2021	2020
	£'000	£'000
Redundancy costs	533	-
Break clause costs	255	-
	<u> </u>	<u> </u>
	788	-
	<u> </u>	<u> </u>

Due to Covid-19, a staff restructuring programme was carried out, resulting in a reduction in numbers. Costs were also incurred in exercising the break clause of a major lease. It is considered this year, that whilst some of these disclosures are not material enough to impact decisions made by readers of the accounts, they are significant as a consequence of the global pandemic and our response to such.

8. INTEREST RECEIVABLE AND OTHER INCOME

	2021	2020
	£'000	£'000
Interest on bank deposits	7	14
	<u> </u>	<u> </u>

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2021	2020
	£'000	£'000
Interest on bank overdrafts and loans	92	118
Net interest on the net defined benefit liability (note 25)	122	105
	<u> </u>	<u> </u>
	214	223
	<u> </u>	<u> </u>

THE GROWTH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

10. FAIR VALUE GAINS AND LOSSES ON INVESTMENTS

	2021	2020
	£'000	£'000
Fair value gains and losses on investments	285	-

11. TAXATION

	2021	2020
	£'000	£'000
Current taxation		
UK corporation tax on surplus for the current period	50	42
Adjustment in respect of prior periods	(189)	69
Total current tax	(139)	111
Deferred taxation		
Origination and reversal of timing differences	-	28
	(139)	139

The total tax (credit)/ charge 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:

	2021	2020
	£'000	£'000
Surplus on ordinary activities before tax	3,301	346
Theoretical tax at 19% (2020: 19%)	627	66
Effects of:		
Expenditure not tax deductible	(569)	148
Adjustment for prior periods	(189)	(36)
Exempt activities	(8)	(39)
Tax (credit)/ charge	(139)	139

THE GROWTH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

12. INTANGIBLE FIXED ASSETS

Group	Goodwill £'000	Negative Goodwill £'000	Software £'000	Total £'000
Cost				
At 1 April 2020	1,134	(794)	1,003	1,343
Additions	336	-	513	849
Disposals	-	-	(1)	(1)
At 31 March 2021	<u>1,470</u>	<u>(794)</u>	<u>1,515</u>	<u>2,191</u>
Amortisation/impairment				
At 1 April 2020	1,000	(794)	-	206
Charge for year	134	-	42	176
Disposals	-	-	-	-
At 31 March 2021	<u>1,134</u>	<u>(794)</u>	<u>42</u>	<u>382</u>
Net carrying amount				
At 31 March 2021	<u>336</u>	<u>-</u>	<u>1,473</u>	<u>1,809</u>
At 31 March 2020	<u>134</u>	<u>-</u>	<u>1,003</u>	<u>1,137</u>

On 2 March 2021 the group acquired Ekos Consulting (UK) Limited (Company No: SC229257), resulting in goodwill of £336k, as set out in note 34.

The company had no intangible fixed assets at 31 March 2021 or 31 March 2020. The group amounts include £1,290k (2020: £987k) for software which has not yet been brought into use.

THE GROWTH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

13. TANGIBLE FIXED ASSETS – GROUP

	Leasehold improv't £'000	Land & Buildings £'000	Fixtures & fittings £'000	Computers £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 April 2020	1,781	-	3,245	3,270	25	8,321
Additions	126	-	101	604	-	831
Business acquisition	-	400	89	-	-	489
Disposals	(200)	-	(1,639)	(1,036)	(1)	(2,876)
At 31 March 2021	<u>1,707</u>	<u>400</u>	<u>1,796</u>	<u>2,838</u>	<u>24</u>	<u>6,765</u>
Depreciation						
At 1 April 2020	1,002	-	2,033	1,931	25	4,991
Business acquisition	-	5	84	-	-	89
Charge for year	321	(5)	348	837	-	1,501
Disposals	(175)	-	(1,257)	(1,032)	(1)	(2,465)
At 31 March 2021	<u>1,148</u>	<u>-</u>	<u>1,208</u>	<u>1,736</u>	<u>24</u>	<u>4,116</u>
Net carrying amount						
At 31 March 2021	<u>559</u>	<u>400</u>	<u>588</u>	<u>1,102</u>	<u>-</u>	<u>2,649</u>
At 31 March 2020	<u>779</u>	<u>-</u>	<u>1,212</u>	<u>1,339</u>	<u>-</u>	<u>3,330</u>

Additional assets and related depreciation to date have arisen due to the acquisition of Ekos Consulting (UK) Limited. The property in Glasgow was externally valued in early 2021.

THE GROWTH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

14. TANGIBLE FIXED ASSETS – COMPANY

	Leasehold improv't £'000	Fixtures and fittings £'000	Computers £'000	Total £'000
Cost				
At 1 April 2020	1,587	2,041	3,141	6,769
Additions	57	23	571	651
Disposals	(128)	(967)	(1,021)	(2,116)
At 31 March 2021	<u>1,516</u>	<u>1,097</u>	<u>2,691</u>	<u>5,304</u>
Depreciation				
At 1 April 2020	857	1,121	1,880	3,858
Charge for year	216	241	786	1,243
Disposals	(111)	(590)	(1,017)	(1,718)
At 31 March 2021	<u>962</u>	<u>772</u>	<u>1,649</u>	<u>3,383</u>
Net carrying amount				
At 31 March 2021	<u>554</u>	<u>325</u>	<u>1,042</u>	<u>1,921</u>
At 31 March 2020	<u>730</u>	<u>920</u>	<u>1,261</u>	<u>2,911</u>

15. INVESTMENT PROPERTY

	Group 2021 £'000	Company 2021 £'000
Fair value		
At 1 April 2020 and 31 March 2021	<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. 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 valuation resulted in no change to the carrying value of the property.

THE GROWTH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

16. FIXED ASSET INVESTMENTS

	Notes	Group		Company	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
Investments in subsidiaries	17	-	-	1,143	568
Investment in limited partnership		103	-	-	-
Unlisted investments		2,227	1,222	-	-
		<u>2,330</u>	<u>1,222</u>	<u>1,143</u>	<u>568</u>
Group					
		Investment in limited partnership £'000	Unlisted investments Cost £'000	Unlisted investments Valuation £'000	Total £'000
Cost/Valuation					
At 1 April 2020		-	600	772	1,372
Additions		79	210	860	1,149
Re-categorisation		24	-	(24)	-
Change in valuation	10	-	-	285	285
At 31 March 2021		<u>103</u>	<u>810</u>	<u>1,893</u>	<u>2,806</u>
Impairment					
At 1 April 2020		-	150	-	150
Charge for year		-	326	-	326
At 31 March 2021		<u>-</u>	<u>476</u>	<u>-</u>	<u>476</u>
Net carrying amount					
At 31 March 2021		<u>103</u>	<u>334</u>	<u>1,893</u>	<u>2,330</u>
At 31 March 2020		<u>-</u>	<u>450</u>	<u>773</u>	<u>1,222</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, £103k capital was invested in the subsidiary, NPIF NW (Microfinance) LP and £1,046k was invested by The Enterprise Fund Limited into shares of unlisted companies.

THE GROWTH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

16. FIXED ASSET INVESTMENTS (CONTINUED)

Company	Shares in group undertakings £'000
Cost or valuation	
At 1 April 2020	568
Additions	<u>575</u>
At 31 March 2021	<u>1,143</u>
Net carrying amount	
At 31 March 2021	<u>1,143</u>
At 31 March 2020	<u>568</u>

On 2 March 2021 the group acquired Ekos Consulting (UK) Limited (Company No: SC229257), as set out in note 34.

THE GROWTH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

17. SUBSIDIARIES

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

Name of undertaking	Nature of business	Class of shares held	% Held	
			Direct	Indirect
Aspire Recruitment Partnership Limited ³	Recruitment	Ordinary	-	100
BFS Funding Managers Limited ¹	Business funding manages the North West micro fund	Ordinary	-	100
BFS NPIF General Partner Limited ²	Administers the North West micro fund	Ordinary	-	100
BFS NWF General Partner Limited ²	Administers the North West micro fund	Ordinary	-	100
Centre for Assessment Limited ³	Business support services	Ordinary	-	100
Challenge 4 Change Limited	Education, training and leisure activities for disadvantaged young people Registered charity	Ordinary	100	-
Chamberlink Limited ³	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 ³	Business support services	Ordinary	-	100
IQC2 Limited ⁴	Business support services	Ordinary	-	100
Marketing Manchester	Marketing of Greater Manchester region	Ordinary	100	-
National Schools Training Limited ⁶	Provider of training to schools	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 Enterprises Limited ⁵	Holding company	Ordinary	-	100
TMI Practitioner Services Limited ⁵	Supporting manufacturing companies	Ordinary	-	100
TPMI (Trading) Limited ⁵	Supporting manufacturing companies	Ordinary	-	100

THE GROWTH COMPANY LIMITED
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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.

- ¹ BFS Funding Managers Limited is wholly owned by The Enterprise Fund Limited
- ² 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
- ³ Aspire Recruitment Partnership Limited, Improvement Development Growth Limited, Centre for Assessment Limited and Chamberlink Limited are wholly owned by Skills and Work Solutions Limited
- ⁴ IQC2 Limited is wholly owned by Centre for Assessment Limited
- ⁵ TPMI (Trading) Limited, TMI Practitioner Services Limited and TMI Enterprises Limited are wholly owned, directly or indirectly by The Manufacturing Institute
- ⁶ National Schools Training Limited is wholly owned directly by Skills and Work Solutions Limited

Details of the company's dormant subsidiaries can be found in note 33.

18. STOCK AND WORK IN PROGRESS

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Work in progress	62	-	-	-

19. DEBTORS

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Due within one year				
Trade debtors	4,468	9,418	216	4,084
Amounts owed by group undertakings	-	-	1,693	2,369
Corporation tax	152	-	110	-
Other debtors	445	331	42	117
Prepayments and accrued income	19,800	23,922	1,521	2,103
	24,865	33,671	3,582	8,673
Due after one year				
Trade debtors	7,053	2,154	-	-
Amounts owed by group undertakings	-	-	176	-
	31,918	35,825	3,758	8,673

There is a provision for bad debts of £472k (2020 - £452k), 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 £254k (2020 - £374k).

THE GROWTH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

20. 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.

21. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Bank loans (note 23)	520	141	145	141
Other borrowings (note 23)	-	1,000	-	-
Trade creditors	2,081	5,532	505	674
Amounts due to group undertakings	-	-	10,664	13,008
Corporation tax	35	123	-	73
Other taxation and social security	3,309	1,819	2,246	966
Other creditors	1,231	589	320	197
Accruals and deferred income	25,477	27,079	2,769	3,832
	<u>32,653</u>	<u>36,283</u>	<u>16,649</u>	<u>18,891</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.

22. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Bank loans (note 23)	3,835	1,355	1,210	1,355
Other borrowings (note 23)	4,310	-	-	-
Other creditors	80	80	-	-
	<u>8,225</u>	<u>1,435</u>	<u>1,210</u>	<u>1,355</u>

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

1 – 2 years	1,651	146	151	146
2 – 5 years	1,607	468	482	468
More than 5 years	577	741	577	741
	<u>3,835</u>	<u>1,355</u>	<u>1,210</u>	<u>1,355</u>

THE GROWTH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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23. BORROWINGS

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Bank loans	4,355	1,496	1,355	1,496
Other loans	4,310	1,000	-	-
	<u>8,665</u>	<u>2,496</u>	<u>1,355</u>	<u>1,496</u>
Payable within one year	520	1,141	145	141
Payable after one year	<u>8,145</u>	<u>1,355</u>	<u>1,210</u>	<u>1,355</u>

Included within total bank loans is £1,355k (2020: £1,496k) 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%.

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.

Included in other borrowings are two loans from Greater Manchester Combined Authority. The first has a balance of £1.3m (2020: £1.0m) and carries nil interest. It is repayable in full on 31 December 2025. This was a variation to the original loan, which carried interest of 6% and was repaid in full on 31 March 2021. The loan is guaranteed by The Growth Company Limited. The second has a balance of £3.0m and carries interest of 0.5%. It is repayable in full in 2025.

THE GROWTH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

24. PROVISIONS FOR LIABILITIES

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Dilapidations liabilities	1,060	1,116	897	950
Deferred tax liabilities	39	39	28	28
	<u>1,099</u>	<u>1,155</u>	<u>925</u>	<u>978</u>

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

Movements on dilapidations provisions:

Dilapidations	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
At 1 April	1,116	258	950	218
Additions	81	858	57	732
Settlements	(137)	-	(110)	-
	<u>1,060</u>	<u>1,116</u>	<u>897</u>	<u>950</u>

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

Deferred taxation	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
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 £1,866k (2020: £1,493k) which relates to unutilised tax losses carried forward. This asset has not been recognised as its recoverability against future profits is currently uncertain.

There is also unprovided deferred tax asset of £178k (2020: £86k) 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.

THE GROWTH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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25. RETIREMENT BENEFIT SCHEMES

	2021	2020
	£'000	£'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>2,188</u>	<u>2,083</u>

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 £400k (2020: £374k) 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 2021 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 Limited.

Assumptions as at 31 March	2021	2020
	% p.a.	% p.a.
Discount rate	2.1	2.2
Expected rate of increase of pension in payment	2.8	1.9
Expected return of salary increases	1.0	1.0
	2021	2020
Mortality assumptions		
<i>Assumed life expectations on retirement at age 65:</i>	Years	Years
Retiring today		
- Males	85.5	85.5
- Females	88.3	88.1
Retiring in 20 years		
- Males	86.9	87.0
- Females	90.3	90.0

THE GROWTH COMPANY LIMITED
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25. RETIREMENT BENEFIT SCHEMES (CONTINUED)

Amount recognised in the income statement:	2021 £'000	2020 £'000
Current service cost	171	216
Net interest on defined benefit liability	122	105
Not recognised due to pension asset	-	(10)
Total costs	293	311

Amount taken to other comprehensive income:	2021 £'000	2020 £'000
Actual (return)/ loss) on scheme assets	(2,494)	1,231
Less calculated interest element	307	390
(Return)/ loss) on scheme assets excluding interest income	(2,187)	1,621
Movement in unrecognised plan surplus	254	(106)
Actuarial changes related to obligations	3,173	(93)
Total costs	1,240	1,422

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:

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Present value of defined benefit obligations	23,133	19,718	-	-
Fair value of plan assets	(16,451)	(14,046)	-	-
Deficit in scheme	6,682	5,672	-	-
Restriction on scheme assets	1,083	818	-	-
Total liability recognised	7,765	6,490	-	-

Movement in the present value of defined benefit obligations:	2021 £'000	2020 £'000
Opening defined benefit obligation	19,718	19,306
Current service cost	171	216
Plan introductions, changes, curtailments and settlements	-	-
Benefits paid	(389)	(245)
Contributions from scheme members	33	39
Actuarial gains and losses	3,173	(93)
Interest cost	427	495
Closing defined benefit obligation	23,133	19,718

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

THE GROWTH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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25. RETIREMENT BENEFIT SCHEMES (CONTINUED)

Movement in the fair value of plan assets:	2021	2020
	£'000	£'000
Fair value of plan assets at 1 April	14,046	15,205
Interest income	307	390
Return/ (loss) on plan assets (excluding amounts included in net interest)	2,187	(1,621)
Benefits paid	(389)	(245)
Contributions by the employer	267	278
Contributions by scheme members	33	39
	<u>16,451</u>	<u>14,046</u>
Fair value of plan assets at 31 March	16,451	14,046
The analysis of the scheme assets at the reporting date were as follows:	2021	2020
	£'000	£'000
Equity instruments	11,572	9,124
Property	932	825
Bonds	2,795	3,153
Cash	1,152	944
	<u>16,451</u>	<u>14,046</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 £7,765k (2020: £6,490k) 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.

THE GROWTH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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27. CASH GENERATED FROM GROUP OPERATIONS

	2021	2020
	£'000	£'000
Surplus for the year after tax	3,440	207
<i>Adjustments for:</i>		
Taxation (credited)/ charged	(139)	139
Finance costs	214	223
Interest income	(7)	(14)
Fair value gains on investment properties	-	(300)
Amortisation and impairment of intangible assets	176	19
Depreciation and impairment of tangible fixed assets	1,501	1,831
Loss on disposal of tangible fixed assets	412	278
Fair value gains on investments	(285)	-
Amounts written off investments	326	-
Pension scheme non-cash movement	(87)	(55)
(Decrease)/ increase in provisions	(56)	858
<i>Movements in working capital:</i>		
Decrease in stocks	36	10
Decrease/ (increase) in debtors	3,996	(11,369)
(Decrease)/ increase in creditors	(3,430)	14,314
Cash generated from operations	<u>6,096</u>	<u>6,141</u>

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

	At 1 April	Cash flow	At 31 March
	2020		2021
	£'000	£'000	£'000
Cash at bank and in hand	<u>12,818</u>	<u>9,325</u>	<u>22,143</u>
Debt due in less than one year	(1,141)	621	(520)
Debt due in greater than one year	<u>(1,355)</u>	<u>(6,790)</u>	<u>(8,145)</u>
Total net cash	<u>10,322</u>	<u>3,156</u>	<u>13,478</u>

THE GROWTH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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29. FINANCIAL COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES

At 31 March 2021, 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 Limited, Employment and Regeneration Partnership 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, GM Business Support Limited, Improvement Development Growth Limited, Centre for Assessment Limited, The North West Apprenticeship Company Limited, IQC2 Limited.

The total potential liability of the company in relation to this composite guarantee at 31 March 2021 is £1,355k (2020: £1,496k).

A VAT group is in place including the Group and certain of its subsidiaries. The total VAT liability for the VAT group as at 31 March 2021 is £2,095k (2020: £824k).

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	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Land and buildings, leases expiring:				
Within one year	980	1,201	873	1,092
Between one and five years	2,182	2,343	2,131	2,274
After more than five years	689	933	689	933
	<u>3,851</u>	<u>4,477</u>	<u>3,693</u>	<u>4,299</u>

THE GROWTH COMPANY LIMITED
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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.

	2021 £'000	2020 £'000
Aggregate compensation	<u>3,150</u>	<u>3,076</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 £141k (2020: £137k) and the total amount owed by related parties at year end is £8k (2020: £13k). During the year, the total amount charged to the group was £nil (2020: £nil) and the total amount owed to related parties was £nil (2020: £9k).

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 £608k (2020: £559k) and the total amount owed by related parties at year end is £45k (2020: £118k). During the year, the total amount charged to the group was £713k (2020: £736k) and the total amount owed to related parties at year end is £84k (2020: £223k).
- East Lancashire Chamber of Commerce and Industry - During the year, the total amount charged to the group was £27k (2020: £125k) and the total amount owed to related parties at year end is £nil (2020: £nil).
- Greater Manchester Chamber of Commerce - During the year, the total amount charged to the group was £190k (2020: £161k) and the total amount owed to related parties at year end is £5k (2020: £31k).
- Liverpool Chamber of Commerce C.I.C - During the year, the total amount charged to the group was £36k (2020: £32k) and the total amount owed to related parties at year end is £nil (2020: £5k).
- South Cheshire Chamber of Commerce and Industry Limited - During the year, the total amount charged to the group was £46k (2020: £37k) and the total amount owed to related parties at year end is £5k (2020: £5k).
- West Cheshire & North Wales Chamber of Commerce - During the year, the total amount charged to the group was £46k (2020: £38k) and the total amount owed to related parties at year end is £5k (2020: £5k).

32. POST REPORTING DATE EVENTS

On 7 October 2021, The Manufacturing Institute board decided to close the parent company and transfer any outstanding balances and activity into the subsidiary TMI Practitioner Services Limited. This subsidiary will transfer ownership to The Growth Company parent and the charity will be dissolved. In November 2021, the trustees of Challenge 4 Change recommended to close the charity. In November 2021, the Department of International Trade announced that it would be transferring all international trade activity in-house from July 2022. This will result in the cessation of trade within Chamberlink from that date. All three events have been treated as non-adjusting post reporting events.

THE GROWTH COMPANY LIMITED
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33. OTHER SUBSIDIARIES

As well as the trading subsidiaries, at 31 March 2021 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.

Manchester Business Link Limited
Training & Manpower Limited
Yorkshire and Humberside Assessment Limited
Yorkshire and Humberside Holdings Limited
BSAFM Carry LLP Manchester Solutions Limited
ENWORKS Limited
The Greater Manchester Apprenticeship Company Limited
The Business Growth Hub Limited Skills Solution Limited
The Manchester Growth Company Limited
The Greater Manchester Growth Company Limited
The Northern Growth Company Limited
The UK Growth Company Limited
The North West Growth Company Limited
The GM Growth Company Limited
The Cheshire Growth Company Limited
The Merseyside Growth Company Limited
Manchester Growth Limited
Midlands Growth Company
Economic Solutions Limited
Business Regulation Solutions Limited
New Economy Limited
Export Growth Partners Limited
Export Growth Partnership Limited
The Lancashire Growth Company Limited

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

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34. ACQUISITIONS

On 2 March 2021, The Growth Company acquired 100% of the issued share capital of Ekos Consulting (UK) Limited. Ekos Consulting (UK) Limited is incorporated in Scotland and provides consultancy services. The cost of the acquisition comprised cash consideration of £345k and contingent consideration of £230k. The contingent consideration is based on the attainment of future earnings in excess of £111k in each of the first- and second-years following acquisition and is reduced on a pro rata basis if these targets are not met. The goodwill arising on acquisition of £336k is considered to have a useful life of 10 years.

The subsidiary has been accounted for using the purchase method of accounting. At 2 March 2021, the acquisition date, the assets and liabilities were consolidated at their fair values to the group as set out below:

	Book value and fair value at date of acquisition £'000
Tangible fixed assets	400
Stock and work in progress	98
Debtors	180
Creditors	(530)
Cash at bank and in hand	91
	<hr/>
Total net assets	239
Goodwill	336
	<hr/>
Total consideration	575
	<hr/>
Satisfied by:	
Cash	345
Contingent consideration	230
	<hr/>
	575
	<hr/>
	<hr/>
	£'000
Contribution by the acquired business for the reporting period included in the consolidated statement of comprehensive income since acquisition:	
Turnover	99
Profit after tax	20
	<hr/>