

COMPANY NO: 01825391

**REGISTRAR'S
COPY**

HBV ENTERPRISE

A Company Limited By Guarantee
REPORT AND FINANCIAL STATEMENTS

Year ended 30th June 2002



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HBV ENTERPRISE
(A COMPANY LIMITED BY GUARANTEE)

COMPANY INFORMATION

Directors	M G M Haines (Chair) G Harwood (Vice Chair) S M Agass C Cox M P Deutz S J Evans B N Marsh D Pyatt M S Siddiqui A K Stewart-Roberts J M Sassoon (Resigned 23 October 2002)
Secretary	S M Pilling
Registered office	34 & 36 Dalston Lane London E8 3AZ
Registered number	01825391
Auditors	Moore Stephens Chartered Accountants 57 London Road Enfield Middlesex EN2 6SW
Bankers	Barclays Bank plc Holloway & Kingsland Group P O Box 3628 London E8 2JX National Westminster Bank plc Kingsland 74 Kingsland High Street London E8 2QU

HBV ENTERPRISE
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE DIRECTORS

The Board of Directors present their report and the audited financial statements for the year ended 30th June 2002.

Principal activities

The principal aim of the group continues to be the support for urban regeneration through the provision of start up and micro business services. The beneficiaries are principally located within the London Boroughs of Hackney, Islington, Camden and Waltham Forest.

Business review and future developments

HBV Enterprise has continued to develop its core business and has added managed workspace to its portfolio of services offered to micro businesses. The managed workspace was offered from September 2002 and is part of the extension of the main office in Dalston Lane. Turnover exceeded the business plan projections by 24.6%. Operating profit has also increased by 57% which is a good result for the year. The increase is attributable to additional projects under management.

The Company does not declare a dividend.

Directors

The directors and secretary at the date of this report are set out on page 2.

Each director is also a member of the Company. Each member of the Company has guaranteed to contribute a sum not exceeding £1 to the assets of the Company in the event of it being wound up and unable to pay its debtors.

Statement of directors' responsibility

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the financial statements on the going concern basis.

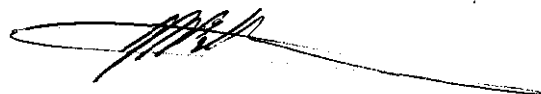
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

Auditors

The auditors, Moore Stephens, have expressed a willingness to continue in office. A resolution to reappoint them will be proposed at the Annual General Meeting in December 2002.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The report of the directors was approved by the Board on 4.12.2002 and signed on its behalf by:



S M Pilling - Secretary

HBV ENTERPRISE
(A COMPANY LIMITED BY GUARANTEE)

Independent Auditors' Report to the Members of HBV Enterprise

We have audited the financial statements of HBV Enterprise for the year ended 30th June 2002 set out on pages 5 to 12. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30th June 2002 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

57 London Road
Enfield
Middlesex EN2 6SW

Moore Stephens
Moore Stephens
Chartered Accountants
and Registered Auditors

4 - DEC 2002

HBV ENTERPRISE
(A COMPANY LIMITED BY GUARANTEE)

INCOME AND EXPENDITURE ACCOUNT
for the year ended 30th June 2002

	Note	2002 £	2001 £
Income	1	585,786	473,905
Less - Administrative expenses		(558,568)	(456,547)
		<hr/>	<hr/>
Operating Surplus - Continuing Operations	2	27,218	17,358
Interest Receivable	5	-	152
Interest Payable		(1,176)	(1,976)
		<hr/>	<hr/>
Surplus on Ordinary Activities Before Taxation		26,042	15,534
Tax on ordinary activities	6	-	-
		<hr/>	<hr/>
Surplus on ordinary activities after taxation transferred to reserves	14	26,042	15,534
		<hr/>	<hr/>

There were no material recognised gains or losses during the year ended 30th June 2002 other than those stated above.

HBV ENTERPRISE
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BALANCE SHEET
at 30th June 2002

	Note	2002 £	2001 £
Fixed Assets			
Tangible Assets	7	136,443	125,488
Investments	8	1	3
Other Investments	9	824,163	463,155
		<hr/>	<hr/>
		960,607	588,646
Current Assets			
Debtors	10	194,685	177,440
Cash at bank and in hand		164	334
		<hr/>	<hr/>
		194,849	177,774
Creditors: Amounts falling due within one year	11	(197,143)	(192,051)
		<hr/>	<hr/>
Net Current Assets		(2,294)	(14,277)
		<hr/>	<hr/>
Total Assets less current liabilities		958,314	574,369
Less: Amounts falling due after one year	12	(902,433)	(544,530)
		<hr/>	<hr/>
Net Assets		55,881	29,839
		<hr/>	<hr/>
General Funds	14	54,151	28,109
Restricted Funds	14	1,730	1,730
		<hr/>	<hr/>
Members Funds	15	55,881	29,839
		<hr/>	<hr/>
		55,881	29,839
		<hr/>	<hr/>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 4.12.2002 and signed on its behalf by

S. M. Agass

S. M. Agass

HBV ENTERPRISE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
30th June 2002

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards under the historic cost convention. The company is not required to prepare group accounts because the group qualifies as small under section 249 of the Companies Act 1985.

Income

Income comprises the invoiced value of goods and services supplied, net of value added tax and trade discounts together with donations received with respect to the general activities of the venture. Grants derived from Government and other bodies are capitalised and credited to the income and expenditure account at 20% per annum on a straight line basis commencing in the quarter of acquisition.

Fixed assets

Certain fixed asset donations-in-kind have been included in the accounts, at an estimate of market value.

Depreciation

Depreciation is provided on the straight line basis on cost, or valuation, so as to write off the cost of assets over their estimated useful lives commencing in the quarter of acquisition:

Improvements to Leasehold Property	20% per annum
Office equipment	25% per annum
Computer equipment	33.3% per annum

Other Investments

The Company holds in trust, on behalf of clients, loan portfolios and monies held on deposit. These are recorded in the Balance Sheet as Other Investments with the corresponding liability being shown as Other Creditors.

Taxation

The company is a registered enterprise agency and is not subject to corporation tax on normal activities. The company does pay corporation tax on interest received at the current rate of tax.

Funds

The funds of the company are classified as follows:

General funds: where the funds may be used for operational purposes.

Restricted funds: where the funds are allocated for specific activities of the group.

Leased assets

Where assets are financed by leasing agreements ("finance leases") the assets are included in the balance sheet at cost less depreciation in accordance with the group's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the income and expenditure account over the period of the lease in proportion to the balance of capital repayments outstanding. Rentals payable under operating leases are charged to the income and expenditure account as incurred.

Pensions

The company operates a defined contribution pension scheme for all full-time and part-time staff, including the CEO, but excluding non-executive directors. The assets of the scheme are invested and managed independently of the finances of the company. The pension cost charge represents contributions payable in the year.

HBV ENTERPRISE
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NOTES TO THE FINANCIAL STATEMENTS
30th June 2002

2. OPERATING SURPLUS

Operating Surplus for the year is arrived at after charging:

	2002 £	2001 £
Depreciation	30,828	10,943
Auditors' remuneration	11,515	13,265
Amounts written off investments	2	-
	<u>42,345</u>	<u>24,208</u>

3. EMPLOYEES

The Company employed on average 8 (2001 - 8) people during the year at a cost of:

	2002 £	2001 £
Wages and salaries	213,867	193,683
Social security costs	18,724	19,449
Other pensions costs	7,589	7,971
	<u>240,180</u>	<u>221,103</u>

The pension cost charge for the year amounted to £7,589 (2001: £7,971). There were £1,187 outstanding contributions at the year end (2001: £1,446).

4. DIRECTORS

The aggregate amount of emoluments paid to, or received by the directors during the year was £58,931 (2001: £56,947). No remuneration was paid by related companies to the directors of the company during the year (2001: £ nil).

	2002	2001
The number of directors to whom pension benefits are accruing under the money purchase schemes.	1	1

The pension contributions paid to money purchase schemes in respect of these directors was £3,682.

5. INTEREST RECEIVABLE

	2002 £	2001 £
Bank Interest	-	152
	<u>-</u>	<u>152</u>

HBV ENTERPRISE
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NOTES TO THE FINANCIAL STATEMENTS
30th June 2002

6. TAX ON ORDINARY ACTIVITIES

There is no Corporation Tax charge in the year (2001 - £nil).

7. FIXED ASSETS

	Short Leasehold Premises £	Computer Equipment £	Office Equipment £	Total £
Cost				
At 1st July 2001	110,557	19,938	3,784	134,279
Additions	34,494	5,859	1,430	41,783
at 30th June 2002	145,051	25,797	5,214	176,062
Depreciation				
At 1st July 2001	5,527	2,968	296	8,791
Charged in the year	22,147	7,187	1,494	30,828
Amount released on disposal	-	-	-	-
At 30th June 2002	27,674	10,155	1,790	39,619
Net Book Value				
At 30th June 2002	117,377	15,642	3,424	136,443
At 30th June 2001	105,030	16,970	3,488	125,488

8. INVESTMENTS

As the Company has developed, it has set up or acquired separate companies to carry out distinct activities; in respect of these the Company has guaranteed to contribute a sum not exceeding the amount specified below to the assets of related companies in the event of being wound up and unable to pay their debts.

	£
Hackney Business Centre (a property management company)	1
UBS Warburg Enterprise Fund Limited (an investment company)	2

HBV ENTERPRISE
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NOTES TO THE FINANCIAL STATEMENTS
30th June 2002

8. INVESTMENTS (continued)

In addition the company owns the whole of the issued share capital of Hackney Enterprise Fund Limited (an investment company), being 100 ordinary shares of £1 each, included at a cost of £1. The company owned the whole of the issued share capital of Business Solutions (London) Limited, being 2 ordinary shares of £1 each at a cost of £2, but this company was dissolved during the year.

The results for each of these companies for the year ended 30 June 2002 are as follows:

	Surplus/ (deficit)	Capital and Reserves
Hackney Business Centre Limited	-	(1,206)
UBS Warburg Enterprise Fund Limited	4,460	101,928
Hackney Enterprise Fund Limited	(17,999)	(324,089)
Business Solutions London Limited	-	-

The deficit on capital and reserves of Hackney Enterprise Fund Limited is arrived at after taking account of a loan of £350,000 (2001: £350,000) which is subordinated by and only repayable in the event of the Company being wound up.

9. OTHER INVESTMENTS

	2002 £	2001 £
Cost		
At 1st July 2001	463,155	315,450
Net Movement	361,008	147,705
	824,163	463,155
	2002 £	2001 £

10. DEBTORS

Trade Debtors	129,392	75,858
Inter Company	4,755	511
Other Debtors	1,761	145
Prepayments	47,782	100,926
SFI & FPP Grant Bank Accounts	10,995	
	194,685	177,440

HBV ENTERPRISE
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NOTES TO THE FINANCIAL STATEMENTS
30th June 2002

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Bank Overdraft	15,498	40,693
Bank Loan	39,196	5,835
Trade Creditors	8,253	36,538
Amounts owed to related companies	21,492	6,833
Corporation Tax	51	51
Other Creditors including Tax and social security	6,616	12,288
Accruals and deferred income	106,037	89,813
	<hr/>	<hr/>
	197,143	192,051
	<hr/>	<hr/>

12. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

Bank Loan	4,818	16,667
Accruals & Deferred Income	73,452	64,708
Other Creditors	824,163	463,155
	<hr/>	<hr/>
	902,433	544,530
	<hr/>	<hr/>

13. DEFERRED INCOME

	Government Grants	Grants from other bodies	Total
	£	£	£
At 1st July 2001	74,279	7,681	81,960
Received during the year	32,500	-	32,500
Released to income for the Year	(15,638)	(1,616)	(17,254)
	<hr/>	<hr/>	<hr/>
	91,141	6,065	97,206
	<hr/>	<hr/>	<hr/>

14. RESERVES

	General fund- Accumulated Surplus	Restricted Funds
At 30th June 2001	28,109	1,730
Surplus on general activities for the year	26,042	-
	<hr/>	<hr/>
	54,151	1,730
	<hr/>	<hr/>

HBV ENTERPRISE
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NOTES TO THE FINANCIAL STATEMENTS
30th June 2002

15. RECONCILIATION OF MOVEMENTS IN MEMBERS FUNDS

	2002 £	2001 £
Retained surplus for the year	26,042	15,534
(Repayments)/advances of restricted funds	-	-
	<hr/>	<hr/>
Opening Members' funds	26,042	15,534
	29,839	14,305
	<hr/>	<hr/>
Closing Members' funds	55,881	29,839
	<hr/>	<hr/>

16. CAPITAL COMMITMENTS

Amounts contracted for, but not provided in the accounts amounted to £33,500 (2001: £nil).

17. OTHER FINANCIAL COMMITMENTS

	2002 Land & Buildings £	2001 Land & Buildings £
Operating Leases which expire: Within 2-5 years	22,500	17,900
	<hr/>	<hr/>
	22,500	17,900
	<hr/>	<hr/>

18. ULTIMATE CONTROLLING PARTY

The company is under the ultimate control of its members.