

Co. Reg. No. 3012156

PORTOBELLO BUSINESS CENTRE LIMITED
(a company limited by guarantee)

REPORT AND ACCOUNTS

31 MARCH 1999



PORTOBELLO BUSINESS CENTRE LTD

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PORTOBELLO BUSINESS CENTRE LTD

COMPANY INFORMATION

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(and registered office) London W10 5QZ

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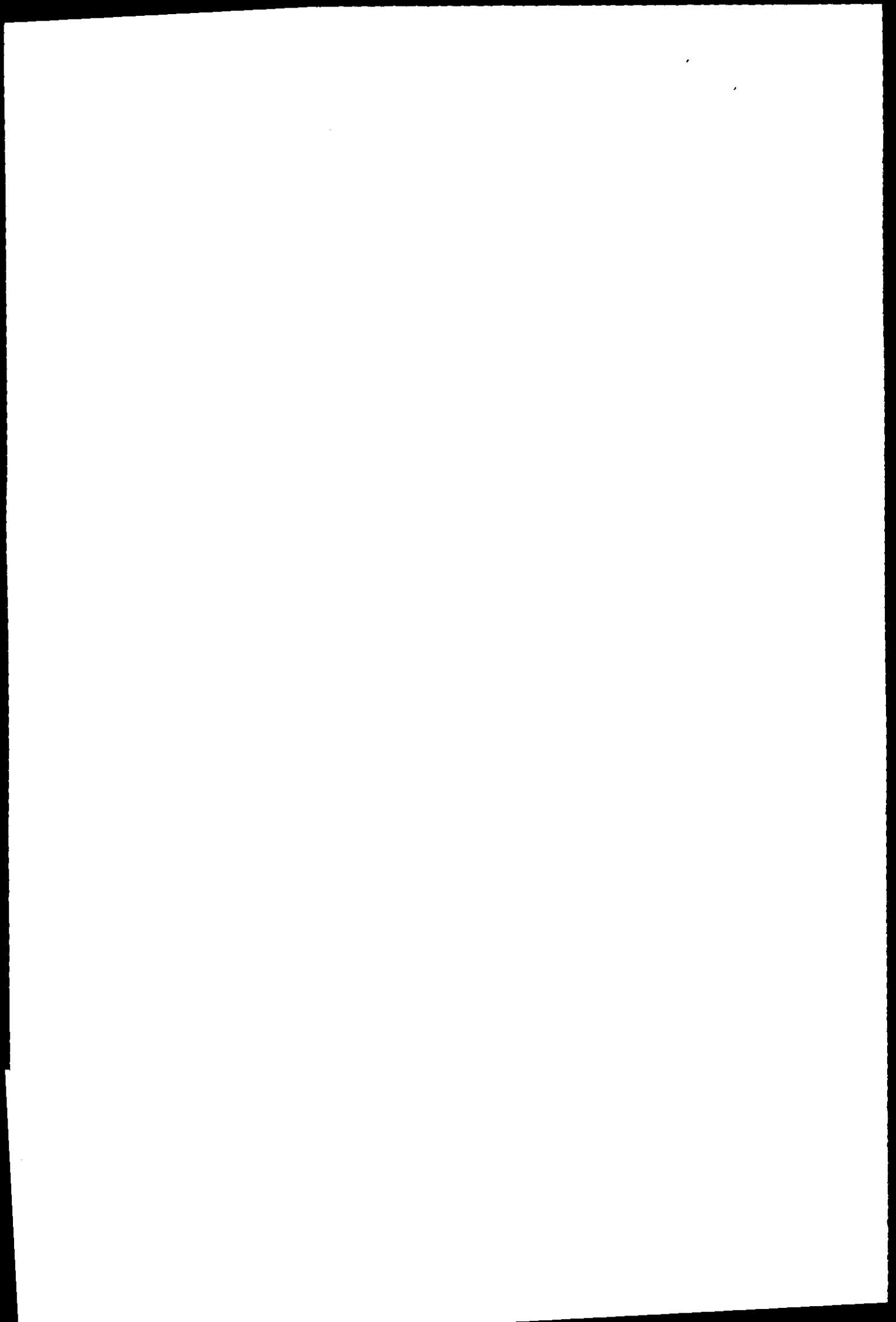
Web site: <http://www.pbc.co.uk>

BANKERS: Midland Bank plc
Notting Hill Branch
152 Portobello Road
London W11 2DZ

Barclays Bank plc
Willesden and Notting Hill Group
P O Box 3750
London NW10 6AQ

AUDITOR: Guy Mayers - Chartered Accountant
& Registered Auditor
5/7 Vernon Yard
Portobello Road
London W11 2DX

LEGAL ADVISER: Elizabeth Cairns
Knowle Hill Farm
Ulcombe
Maidstone
Kent ME17 1ES



PORTOBELLO BUSINESS CENTRE LIMITED

(a company limited by guarantee)

THE CHIEF EXECUTIVE'S REPORT

The past year, 1998/99, has been a difficult period for the Portobello Business Centre. Faced with a significant reduction in resources at the end of 1998, the organisation had to revise its output on previous years and change its working practices in line with its reduced capacity.

This situation was compounded by a change in operations at FOCUS Training and Enterprise Council, including a redesign of its own services, a subsequent delay in its contract start dates and an eventual movement of business "start up" services to Central London Business Link.

These events, particularly the confusion and delay over contracts, have contributed significantly to the drop in performance outputs over the past year. The PBC has also seen a reduction in output through the IT Centre reflecting the changes that have occurred in computer ownership among its client base.

Despite the foregoing difficulties however, and bearing in mind the positive positioning in the enterprise sector, the PBC has continued to lead in new business formation in London and has seen a rise in services to existing businesses over the last year. It has piloted a new scheme, Upgrade, designed to assist growth businesses and continues to grow and develop its Fashion and Catering training courses. Plans to further develop sectoral business training, although delayed this year, will be implemented in the coming year.

While overall output has been down, 44% of the PBC's starts have been in the RBKC area and over 59% of existing businesses assisted are based in the borough.

Having reviewed the overall operations in the last quarter of 1998 and consolidated its existing resources, the PBC will begin the new financial year by recruiting new Business Advisers and attacking new funding lines through ESF Objective 4 and SRB partnerships. The PBC is acting as lead partner in major SRB bids including the Cross River bid and the PDT bids.

The bids match the skills of the local community and its people to the best of private sector enterprise, to reap benefits for all. The private sector is playing an ever-increasing role in economic regeneration and will determine the employment prospects in our area. It is vital that we work together, in partnerships, to harness the skills and strengths of public and private sectors to achieve their objectives and ours to benefit people at the grass roots.

We will not shrink from our obligations, but it is imperative that we balance the diverse requirements of our partners with those needed to meet our key objectives. This is the context in which we strive to maintain our high standards in dealing with others on behalf of businesses in Kensington and Chelsea and Central London. We seek similar standards from our partners, valuing the expertise and insight they bring to our area. My thanks to them all for their co-operation and work in the last year.

As a strong advocate of the valuable role business support and training programmes play in improving business competitiveness, the PBC held discussions with Business Link; we have signalled our intention to provide a leaner, integrated service in Central London. The benefits of our enhanced co-operation will be seen over the following years.

Finally, I would like to thank, on behalf of the PBC Board, Neil Johnston, who served as our Chief Executive from 1995. His unstinting service has left us with a valuable legacy. He was instrumental in overseeing the successful merger of the Business Resource Centre and Portobello Trust. We wish him well in his new position.

Many challenges lie ahead, but building on the foundations of our past performance, the PBC will continue to work for the success of small businesses, making a difference to the future of almost 6000 people. Our role in leveraging maximum benefit for the businesses in our area, brokering partnerships, attracting investments and initiating programmes which develop business competitiveness and regenerate the local economy, is therefore more important than ever.

INTRODUCTION

This document is a summary of the PBC's business plan briefly describing our activities in 1998/99.

Partnership building is a key feature of our plan as we recognise the importance of working in partnership to deliver economic regeneration.

Our corporate plan reflects our strategy and that of our partners. It is based on the assessment of the Central London economy, government policies and priorities, the new and developing policy context in which we operate and discussion with our key partners.

The next few years hold a number of serious challenges for the PBC, including the establishment of regional development agencies, further expansion of lifelong learning, development of individual learning accounts, the current review of Training and Enterprise Councils and supporting government priorities.

The challenges facing PBC: -

Drawing on our analysis of the issues facing the Central London economy, we have identified key challenges, which the PBC faces over the next 3 years.

- Building and maintaining a stable customer base among small businesses to enable us to contribute to improving business competitiveness.
- Tackling the lack of co-ordination of Central London's economic development capability.
- Developing alternative income streams to supplement revenue from core programmes.

OUR MISSION

"To be a leading provider of world class training, counselling and consultancy services through listening and responding to the needs of our customers. To help start up and growing

businesses realise their potential through high quality, independent and confidential support delivered by an innovative and professional team."

OBJECTIVES

- (i) To promote enterprise in Central and West London with special reference to encouraging the formation and development of small businesses.
- (ii) To be a world class Enterprise Agency and business support organisation.
- (iii) To provide education, instruction, training and support for "start up" and existing businesses in our catchment area.
- (iv) To focus on the true requirements of our customers by tailoring our services to their requirements.
- (v) To maintain financial viability through servicing our existing contracts and by quickly responding to market drivers and being innovative.

SECTION 1 REVIEW OF SERVICES 1998 - 1999

1.0 The PBC operates two service centres:

The Business Development Centre
The Information Technology Centre

Each centre operates closely with the other providing complementary support to PBC clients who fall into the following categories:

- unemployed people planning self-employment or a small business
- self-employed or freelance workers
- micro business owners / managers employing 1 - 10 people

1.1 Business Development Centre
Business Development Services:

- one to one business start up counselling incorporating:
 - business planning
 - marketing planning
 - financial planning
 - raising finance
- one to one counselling to existing businesses incorporating:
 - growth planning issues
 - crisis management
- business review of existing businesses incorporating:
 - 2-4 day review of operations
 - comprehensive report and recommendations for future development
- PBC business loans & grants

1.2 Business Training Courses

- biweekly 2 hour induction into business planning
- three weekly 4 day Business Start-up Course
- Starting Your Own Restaurant/Cafe - 8 evening modules
- Starting Your Own Fashion Business - 10 evening modules
- Growing your Fashion Business - 20 evening and weekend modules

1.3 Information Technology Centre

IT Services:

- MAC, PC, Video and CD ROM platform and packages
- fax, photocopying, printing, e-mail resources
- internet and the WWW

1.4 IT Training Courses

- 1 day course in Quark Xpress
- 1 day course in Photoshop
- 1 day course in Word for Windows
- 1 day course in Excel
- 1 day course in Access
- 1 day course in computerised accounting
- 2 evening course in the Internet and WWW - beginners
- 4 evening course in the Internet and WWW - advanced
- a large range of computer based flexible training programmes in business skills including:
 - finance for non-financial managers
 - time management
 - marketing theory and practice
 - the balance sheet barrier
 - selling skills
 - managing people

SECTION 2 REVIEW OF OUTPUTS 1998 - 1999

- 2.0** The PBC is required to provide a number of output reports, each marginally different in form and content, for its various partners. We will present data in this report that follows the format required by RBK&C and hope that it will be of interest to our other partners:

Table 1 Outputs 1998/99

Description	Projected 1998/99	Actual '98/99	Projected 1999/2000
No. of existing businesses seen	650	669	650
No. of pre-start business seen	800	871	900
No. of new individuals using IT Centre	450	309	320
No. of new individuals using Bus Dev Centre	1200	1086	1400
No of IT Centre sessions	3500	2545	2600
No. of business advisory sessions	3000	2532	2600
Total no. of PBC sessions	6500	5077	5200
No. of businesses started trading in the year	150	147	130
No. of businesses trading in RBKC area	100	61	60
No. of businesses trading in FUNK area	50	43	39
No. of additional jobs created	120	164.5	170

Table 2 Additional Data

Description	Projected	Actual
Number of training attendees	500	265
Numbers of IT Trainees	150	48
Total funds levered on behalf of businesses	3,000,000	£1,900,000
Number of businesses awarded PBC Loans		

2.2 The PBC continues to assist the voluntary sector in RBKC and Westminster. In RBKC has involved contact with Youth Cable Televisions (YCTV), North Kensington Opportunities Centre, the Portobello Group of Projects as well as Ebony steel band and the Tabernacle Community Centre.

2.3 Business Failures

The PBC does not have a specific budget for formal monitoring of survival rates across its broad client base. However, the following data demonstrates high rates of survival. The PBC loan scheme has awarded in total 72 loans within the last 3 years. 7 of these businesses have failed, this translates into just over 90% success rate.

2.4 Achievements 1998 - 1999

- successfully delivered most of our FOCUS contracts
- maintained BS EN 9001, SELECTassure quality kites
- commended for smooth delivery of the SRB/RBKC Hotel Scheme
- established a bridgehead into Kensal Town Housing Estate with the TMO
- Central London co-ordinator for national Shell Livewire

- invited to be SRB 5 partnership with Westminster Council
- successfully introduced 2 major training programmes
- raised £2 million in conjunction with customer business proposals
- involved with TSK2000 strategy for creative industries

SECTION 3 INCOME & EXPENDITURE REVIEW 1998 - 1999

The PBC secures funding from a variety of sources to deliver services to businesses and individuals in Kensington & Chelsea and Central London. The company's success in bidding for these funds depends on its past performance, the quality of its service and the value for money these offer.

The majority of funding is from RBKC and Westminster Council which contracts with the PBC to deliver its core economic development support programmes. Additionally, the PBC is funded by FUNK to deliver business start up support for the London W10 and W11 areas and by the Business Link to deliver Business Enterprise support programmes, such as Business Reviews, Business Start Up Loans and Training Courses.

SECTION 4 QUALITY

The PBC has robust quality assurance procedures in line with Government procedures. This quality management is further enhanced by PBC attainment of ISO 9001. To ensure that all our projects meet their objectives, monitoring and evaluation play a crucial role. The evaluation process ensures that projects meet beneficiary needs and achieves this through a system that collects all necessary monitoring data at the appropriate time and facilitates evaluation to assess project performance.

We use regular qualitative monitoring information compiled on a monthly basis re numbers, qualification, attendance activity etc. We also use evaluation documentation / questionnaires to collect qualitative information. The evaluation of projects include monthly evaluation meetings with Project Managers, and the production of monthly evaluation reports identifying progress of projects. The results of these reports are raised at monthly staff meetings, reviewed and where appropriate leads to further development of projects.

The review and evaluation of our services is part of our quality standard framework which helps to ensure the development of clear and smart aims and objectives for our projects. Evaluation includes stakeholder and employer consultations. We evaluate content, objectives, process, equal opportunities outcomes and reaction level. We also pay special attention to quality of delivery, outputs against target analysis, numbers and breakdown of enquiries, quality of applications, counselling and training attendance records.

The final success of the PBC and its programmes lies with a satisfied customer base that benefits from the business development process inherent in our programmes. PBC Trainers and Counsellors are at the sharp end of delivery and have an impressive track record and understanding of the skill needs of small businesses.

SECTION 5 STAFFING AND MANAGEMENT

The overall responsibility of the management of the PBC rests with the Directors who determine policy and supervise the performance of PBC operations. The Chief Executive reports to the Board and he is responsible for devising and implementing strategy and ensuring that the PBC succeeds as an effective, viable operation. His functions include:

- Ensuring the delivery of consistently high quality services
- Generating, negotiating and sustaining support and resources from partner organisations and other private and public bodies
- Promoting the range and benefits of PBC services to the business and wider community
- Identifying and assessing opportunities to improve existing and introduce new services

5.1 The Chief Executive is supported by 8 full time members of staff

5.2 Additional staffing resources are supplied through consultancy and casual contracts as well as by volunteers who contribute to the counselling and training work of the PBC

5.3 The management and development of the PBC is controlled through regular Directors and Staff meetings

5.4 The agendas for these meetings are geared to business development and service activities and information is provided on expenditure against budget and current performance against target on a monthly basis.

5.5 Staffing Appointments

- We maintain a rigorous recruitment and assessment process for all new or vacant positions. ISO 9001 systems are in place that meets the minimum standard of the Institute of Personnel Management.
- We produce and implement a training plan that supports our business objectives
- We review the benefits package with a view to enhancing it to motivate staff to higher achievement and to retain staff. A flexible bonus scheme is being considered at the moment.

5.6 Staff Developments

- Personal action planning provides the basis for identifying and meeting the training and development needs of all staff. A variety of means are used to address staff learning needs, such as open learning, action learning, coaching as well as external training courses.
- All staff have, and work to, agreed job descriptions and participate in self appraisal development and review procedures

5.7 Equal Opportunities

- The PBC is an equal opportunities employer. No job applicant, employee, or contractor will receive less favourable treatment than another on the grounds of ethnic or national origin, colour, race, sex, marital status, disability, age or sexual orientation.
- Tackling Social and Economic Exclusion

No economic development strategy can afford to ignore either social or commercial implications of the most disadvantaged in society.

The PBC will be taking a lead in working together with partners to ensure there is an integrated approach to economic exclusion issues. We will be able to have the most significant impact by enabling people to become economically active, developing their ability to run their own businesses and hence enjoy a better standard of living, quality of life and raised self esteem.

No one should be excluded from opportunity and the chance to develop their potential, but it is still a fact that particular groups in the community face disadvantage and discrimination. A recent report by London TECs showed that people from black and ethnic minority populations were twice as likely to be unemployed as other people with the same level of qualification. They form a pool of qualified labour which is ignored without justification. Similarly there is gender-based discrimination, ageism and discrimination against disabled people.

The PBC has a key role to play in overcoming barriers to equality. We can, and must, use our links with employers and partners to demonstrate that diversity is a positive asset that enhances the workforce and the community.

5.8 Openness

- The PBC publishes performance targets in its corporate and business plans which aims to meet the interests of the local community and businesses alongside those to which it is committed by its contract.
- The publication of 1999 literature such as the Annual Report and the information on how the PBC's current performance is compared with previous years is open to scrutiny by the public.
- A summary of minutes from monthly Board meetings is available on request.

5.9 Customer Service

- In line with the framework for local accountability, the PBC aims to ensure its dealings with customers are on the basis of openness and high quality service.
- Complaints are handled in accordance with our customer complaints procedure, which sets out defined time scales and designated responsibilities.

5.10 Suppliers

- The PBC seeks to work with suppliers and consultants on the basis of fair and reasonably negotiated contracts which reflect the requirements placed upon us by our funders and include relevant performance and quality standards, information requirements and payment and termination conditions. We expect to receive the same open, honest and fair treatment from our suppliers.

SECTION 6 INCOME GENERATION

Our long term strategy is to continue to build income streams from a wide range of sources thus avoiding over-dependence on one provider or a few services and providing some immunity from severe fluctuations in general funding policy.

However, we cannot avoid the fact that we operate in an area of market failure and owner managers of small businesses will always be a very difficult group of organisations to sell into.

The clear choice before us in the short term is to stay close to the ground and be innovative in terms of products and services and similarly be responsive to opportunities in the market place.

To this end it is proposed that a new company be formed which will serve as a vehicle for running commercial courses. The income from these courses which will be complementary to the core remit of the PBC will ultimately serve as a "cash cow" contributing to the overall long term sustainability of the Centre.

SECTION 7 THE IMPORTANCE OF MARKETING

Our promotional efforts and satisfied customers will help to ensure that businesses are persuaded of the benefits of the PBC and related services. We must devote adequate resources to marketing to ensure that we have sound understanding of customer needs and that targeted local businesses are not only aware of us but appreciate our value. In promotion, the most convincing and real impact will come from personal contact and referral, best pursued at our local level. Effective marketing will also help ensure that we achieve our targets for income generation.

Promotional Methods

- Proactive approaches to targeted companies
- Systematic PR campaign
- Promotion to Chamber of Commerce members
- FOCUS groups, networking events
- Promotion to banks and intermediaries
- Direct marketing
- Case studies of client success stories
- Point of sales materials
- Selective use of database marketing
- Selective use of telesales
- Exhibitions

SECTION 8 SERVICES

8.1 Business Advisers

Central to our service are Business Advisers. They function as generalists, undertaking diagnoses of company needs and building long term relationships which clients value. To be viewed as credible and relevant to clients, they must have a business background, be able to strike a ready rapport, and be capable of advising on the wide range of topics likely to arise in the course of the diagnostic and follow-up service.

Skill in interpreting financial statements is a core requirement. They are recruited with and/or are expected to develop particular sectoral knowledge. As there are charges for some of our services, they may sometimes be capable of converting customer interest into decision to buy.

8.2 Business Development Services

- One to one business start-up counselling incorporating:
 - Business planning
 - Marketing planning
 - Financial planning
 - Raising finance

8.3 Business 2000 Programme

The Business 2000 Programme is catering for the needs of the new and young businesses with growth potential offering advice and interest free loans. Funding is being sought through the Business Link to continue this programme for 1999/2000.

SECTION 9 NEW PROGRAMMES

9.1 Mentoring

This project is a new programme proposed in response to SME demands across our network for support on business development strategy. The project will allow 45 businesses to be visited and action plans provided in response to an analysis by a mentor of skills needs. Key issues addressed will be the introduction of new technology and raising employers' awareness of their own skill needs. The development of this scheme will provide:

- a) A non threatening learning opportunity, knowledge to SMEs from Mentors with years of experience
- b) An encouragement to confront challenges, seize opportunities, overcome problems, recognise weaknesses and build on strengths

Key elements of the scheme are compatibility, concern, participation and action. Funding is being sought through Objective 4 funding for this new programme.

9.2 The Business Forum

The Forum currently contains 152 local SMEs across a range of sectors, most of which employ less than 25 people. We wish to develop the Forum and increase its membership from the current pilot level. It is anticipated that by the end of this year the level of membership will have risen to 400 across Central London.

The objective of the Forum is to promote the spread of good practice and create a multiplier effect across SMEs enhancing learning and improving business quality and competitiveness. Current support available through the Forum includes legal advice, tax consultation, newsletter, regular meetings and a fortnightly update by fax. The transfer of knowledge between businesses involved in this project will be encouraged and is, in fact, one of the main aims.

The Forum will also link into other networks enabling other samples of best practice be shared allowing members the opportunity to learn from other sectors and regions. The benefits of this transfer of knowledge will be the promotion of best practice, the development of new and

innovative ideas and improve SME competitiveness. Funding is being sought for this development from Objective 4 funding.

9.3 Music Course

This is another new programme which has been developed through an assessment of music businesses in London. It will result in 50 music industry SMEs raising their profile and increasing their employment / sales turnover by ensuring that they maximise all opportunities.

The project will give confidence, guidance and advice on start-up and growth business issues defined by a strategy that matches skills with opportunity, determination with reward and international growth with company branding and recognition. This is a specialised project set up in response to demands from the music sector SMEs. It will provide specialised one to one and small group training for SME owner managers allowing them to develop their business in a strategic fashion that will make them more competitive. This is another of our new projects with funding being sought from Objective 4 funding.

SECTION 10 THE FUTURE

During the past 4 months the PBC began using the Business Excellence model as a framework for securing improvement across every aspect of the company. A cross-functional team led a comprehensive self-assessment of our activities and results against the 9 criteria of the model of excellence outlined in the diagram below.

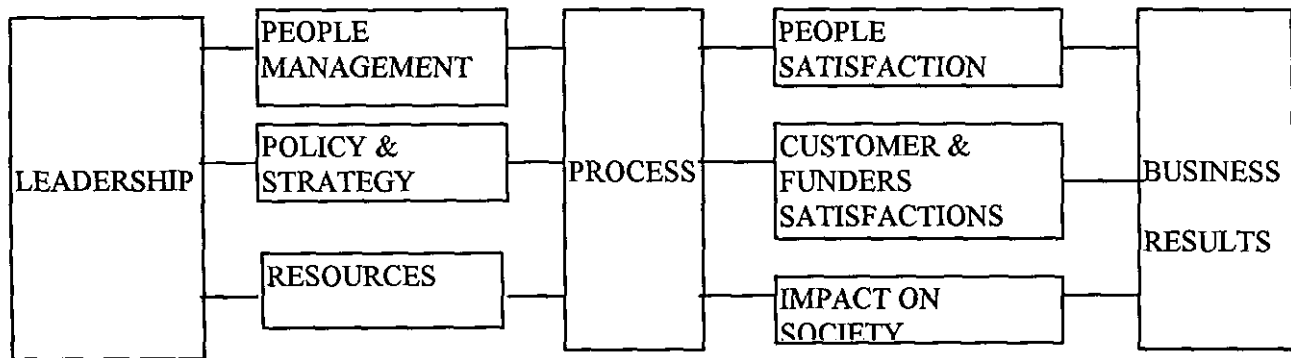
Key strengths identified include: -

- Strong track record in achieving performance records
- Extensive involvement in partnerships working towards economic regeneration and leveraging in additional funding for businesses in our catchment area.
- Structured and systematic approach to managing and reviewing resources
- Low risk financial banding
- Use of a clearly defined, systematic planning cycle with the annual corporate plan based on thorough assessment of the market and expectation of our stakeholders

Areas for future action include: -

- To improve evaluations of programmes and services especially through developing with the Business Link a new impact assessment framework
- To define additional targets and monitor trends more effectively in order to obtain better data, which will assist in benchmarking and improving performance.
- To develop other sources of income generation
- To switch from transactional marketing to relationship marketing

BUSINESS EXCELLENCE MODEL



DIRECTOR'S REPORT

The directors present their report with the financial statements of the company for the year ended 31 March 1999.

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 profit or loss of the company for the period.

In preparing those financial statements, the directors are required to select suitable accounting policies and then to apply them consistently, making judgements and estimates that are reasonable and prudent and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in the business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

REVIEW OF ACTIVITIES

For the review of company activities and future plans, please see the Chief Executive's report on pages 2 to 13.

DIRECTORS

The directors who served during the year and their dates of Appointments were as follows:

*Cllr Merrick Cockell – chairman	(7 February 1995)
William FitzHugh	(7 February 1995)
John Brown	(7 February 1995)
Rod Taylor	(7 February 1995)
Robin Tuck	(14 December 1995)
*Mrs Jill May	(14 October 1996)
Janice Cook	(23 April 1998)
*Stephen Hoier	(29 October 1996)

* Appointed by the Royal Borough of Kensington and Chelsea.

The directors are all members of the company.

SECRETARY

To be appointed shortly.

TAXATION STATUS

The company is a recognised enterprise agency exempt from taxation under Section 79(4) (a) of the Income and Corporation Act 1988. Tax provision for investment income which is not exempt under this section, has been made in the accounts.

AUDITORS

The auditor, Guy Mayers, Chartered Accountant, will be proposed for re-appointment in accordance with section 385 of the companies Act 1985.

ON BEHALF OF THE BOARD



Director/Secretary

Dated September 1999

Auditor's report to the members of
PORTOBELLO BUSINESS CENTRE
(a company limited by guarantee)
for year ended 31 March 1999

I have audited the financial statements on pages 17 to 24 which have been prepared under the historical cost convention and the accounting policies set out on page 19.

Respective responsibilities of directors and auditors

As described on page 14, the directors are responsible for the preparation of the financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

Basis of Opinion

I conducted my audit in accordance with 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In my opinion, the financial statements give a true and fair view of the state of the company's affairs at 31st March, 1999 and of its financial activities for the year ended 31st March, 1999 and that they have been properly prepared in accordance with the Companies Act 1985.

5/7 Vernon Yard
Portobello Road
London
W11 2DX

Dated 26. Nov. 1999



GUY MAYERS FCA
Chartered Accountant
Registered Auditor

PORTOBELLO BUSINESS CENTRE LTD

**DETAILED INCOME & EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1999**

	NOTES	£	1999 £	£	1998 £
INCOME					
GRANTS & DONATIONS					
Grants - Royal Borough K & Chelsea		150,880		170,880	
- Westminster Borough		20,000		19,853	
- FUNK		50,000		120,000	
- European Social fund		4,330		6,283	
- Other Grants		6,897		8,000	
Donations	3	<u>23,343</u>		<u>51,389</u>	
			255,450		376,405
CONTRACT SERVICES			212,831		278,155
INTERNALLY GENERATED INCOME					
IT Centre		12,926		14,859	
BEP Fees		7,985		5,623	
Accountancy Fees		763		11,404	
Other PBC Fees		23,871		17,941	
Rent Receivable		51,375		0	
Interest Receivable		9,838		3,876	
Miscellaneous Charges		<u>15,159</u>		<u>5,503</u>	
			121,918		59,206
TURNOVER			<u>590,198</u>		<u>713,766</u>
EXPENDITURE					
Accommodation		66,484		60,050	
Staff Admin & Training		6,338		10,819	
General Administration		87,644		62,840	
PBC Training Costs		4,915		6,062	
Contract & Other Training		128,461		115,399	
Promotion		3,984		10,250	
Fundraising		13,100		9,150	
Staff Costs	7	258,471		328,311	
Consultants & Casual		7,885		23,827	
Research & Development		2,728		4,853	
Redundancies		1,133		38,002	
Depreciation	2	26,574		21,052	
Loss on disposal				9,455	
Bad Debts Write off		654		11,426	
TOTAL EXPENDITURE			<u>608,371</u>		<u>711,497</u>
(DEFICIT)/SURPLUS FOR THE YEAR BEFORE TAXATION			(18,173)		2,269
Tax on Bank Interest			4,380		0
(DEFICIT)/SURPLUS FOR THE YEAR			<u>(22,553)</u>		<u>2,269</u>

There were no recognised losses or gains other than those included above.

PORTOBELLO BUSINESS CENTRE LTD
(limited by guarantee)

BALANCE SHEET
31 MARCH 1999

			1999	1998
	NOTES	£	£	£
<u>ASSETS</u>				
TANGIBLE FIXED ASSETS				
Equipment	2		16,003	32,691
CURRENT ASSETS				
Debtors	4	100,208		107,167
Cash at Bank and in Hand	6	<u>359,216</u>		<u>333,794</u>
		459,424		440,961
CREDITORS - Amounts falling due within one year	5	<u>(112,620)</u>		<u>(84,116)</u>
NET CURRENT ASSETS			346,804	356,845
CREDITORS - Amounts falling due after more than one year				<u>(187,170)</u>
TOTAL NET ASSETS			<u>362,807</u>	<u>202,366</u>

FUNDS

GENERAL FUND		197,093		194,825
(Deficit)/Surplus for the Year		<u>(22,553)</u>		<u>2,268</u>
			174,540	197,093
RESTRICTED FUNDS	9		188,267	5,273
			<u>362,807</u>	<u>202,366</u>

signed by:

..... Chairman

..... Director

27 October 1999

PORTOBELLO BUSINESS CENTRE LIMITED

NOTES TO THE ACCOUNTS

31 March 1999

1. ACCOUNTING POLICIES

The statements have been prepared on a historic cost basis.

a) Capital Expenditure and Depreciation

Assets of an expected life span of more than one year and costing over £100 are capitalised and depreciated over their expected life span.

All office equipment and furniture is depreciated at the rate of 25% on the straight line basis.

b) Grants and Donations

Income from grants and donations has been brought into the accounts on the accruals principle.

Grants received for particular purposes are applied for those purposes only.

Where a service is provided with help from a government grant both the grant income and expenditure are included in the Income and Expenditure account.

c) Donated Goods and Services

Where goods and services have been donated, no value is attributed in the accounts, unless the estimated aggregate value exceeds £10,000.

2. FIXED ASSETS

	1999 Office Furniture and Equipment £	1998 Office Furniture and Equipment £
<u>Acquisition Value or Cost</u>		
Beginning of year	84,210	102,502
Disposals		(25,010)
Additions at cost	9,885	6,718
	-----	-----
End of year	94,095	84,210
	=====	=====
<u>Depreciation</u>		
At beginning of year	51,519	46,022
On Disposal		(15,555)
Charge for the year	26,573	21,052
	-----	-----
	78,092	51,519
	=====	=====
Net Book value 31.3.99	16,003	32,691
	=====	=====

3. DONATIONS

Donations received during the year were as follows:

	1999 £	1998 £
Barclays Bank	5,000	20,470
Princes' Youth Bus. Trust	12,000	12,000
Bank of England	1,000	
Tony Lorenz Memorial Trust		10,000
Campden Charities	2,673	2,139
Virgin Communications Ltd.		3,333
National Westminster Bank	2,500	2,000
Sundry Donors	170	1,447
	-----	-----
	23,343	51,389
	=====	=====

The donation by Campden Charities relates to a grant given to fund a music processing centre. The music centre and the grant have been written off pro rata for the past four years. The grant is now fully expended, £2,673 having been transferred this year.

4. DEBTORS

	1999	1998
	£	£
Royal Borough K & C	5,119	
City of Westminster	4,130	6,903
FUNK	1,228	
Trafalgar Square 2000	3,000	
Princes' Youth Business Trust	6,000	
Portobello Trust		3,921
Staff Advances	1,415	1,015
Barclays Bank		650
Prepayment	14,100	1,445
Portobello Houseshare		852
The Tabernacle Trust		2,937
Accrued Interest	519	
Rent Receivable	8,329	
Sundry Trade Debtors	762	1,452
Amounts due to Loan Fund - Note 8	55,606	87,992
Total Debtors	<u>100,208</u>	<u>107,167</u>

5. CREDITORS (Less than one year)

Corporation Tax	4,380	
Accruals	6,000	4,000
Trade Creditors	11,300	29,963
Deferred Income	17,844	1,022
Opportunity Centre	9,689	
Business Link Central London	27,207	39,026
Portobello Business Forum		962
Sundry Creditors	36,200	8,143
Total Creditors	<u>112,620</u>	<u>84,116</u>

6. CASH AT BANK AND IN HAND

	1999	1998
Current account	33,426	156,474
Moneymaster Account	35,065	27,984
Money Market Account	155,907	50,000
Portobello Business Forum Account	8,328	2,331
Petty Cash	500	500
	-----	-----
	233,226	237,289
Money Held for restricted use:		
Loan Fund – RBKC (note 8)	125,990	96,505
	-----	-----
	359,216	333,794
	=====	=====

7. STAFF

a) Remuneration

	1999	1998
Salaries	231,722	292,057
Social security Costs	21,090	26,281
Pension Costs	5,659	9,973
	-----	-----
Total	258,471	328,311
	=====	=====

The average number of staff during the year was 10.

b) Pension Schemes

The company does not operate an independent pension scheme. However, the company is an approved member of the local council's pension scheme to which staff transferred from the Business Resource Centre are free to join. This is part of the terms of undertaking negotiated during the formation of the company.

Other staff are free to operate an independent pension scheme with an approved pension fund provider to which the company contributes 3% of the employee's pensionable salary.

The differential in employer contribution to the two schemes is adjusted in the employees' salary.

8. LOAN/GRANT FUND

North Kensington City Challenge, Barclays Bank and PBC came to an agreement whereby North Kensington City Challenge provided a loan/grant fund which would provide a maximum grant of £1,000 to start-up businesses and a maximum of £10,000 loan to existing businesses. This fund is administered by Portobello Business Centre. The PBC Loan/Grant Fund was initially available to businesses operating within the North Kensington City Challenge area. This year the coverage has been extended to include all North Kensington areas.

The initial fund was set up by North Kensington City Challenge (NKCC) providing £205,151. Barclays Bank provides additional funding by way of a loan where necessary. It has now been decided that, unlike previous practice, all costs relating to the fund will be recovered from the fund itself and a commission of £300 for every processed loan will be paid from the fund towards the cost of running the scheme. With the demise of NKCC in March, 1998 the funds now are under the control of the PBC but can only be used as set out by NKCC.

The Loan/Grant scheme operation since inception has been:

	1999	1998
	£	£
Net funds received to 31.3.99	205,151	205,151
Add: Bank interest	11,388	6,209
Interest Received on Loans	8,641	4,596
	<u>225,180</u>	<u>215,956</u>
Deduct:		
Loans Written Off	17,904	11,263
Start-up grants	25,429	19,977
Bank charges	251	219
Admin charge	3,000	
	<u>46,584</u>	<u>31,459</u>
	<u>178,596</u>	<u>184,497</u>

Represented by balances in:

Money market account	50,000	50,000
Deposit Account	75,890	46,405
Current account	100	100
	<u>125,990</u>	<u>96,505</u>
Debtors (Note 4)	55,606	87,992
Creditors	(3,000)	-
	<u>178,596</u>	<u>184,497</u>

9. RESTRICTED FUNDS

As provided by accounting policy 1b), during the year the company received funds from the Royal Borough of Kensington and Chelsea to award as grants. The company receives a percentage of grants it disburses towards its administrative costs.

The grants are aimed at improving hotels around Earls Court area known for its international exhibitions and its many tourist attractions.

The balance in the account represents the funds as follows:

	1999	1998
	£	£
Grants to improve hotels in Earls Court area	9,581	5,273
Loans and Grant Fund (Note 8)	178,686	
	-----	-----
Restricted Funds at Year End	<u>188,267</u>	<u>5,273</u>

10. DIRECTORS REMUNERATION

Under the terms of the articles of association of the company, Directors do not receive any remuneration, but genuine out of pocket expenses incurred while conducting company business are reimbursable. Similarly, services rendered or goods supplied to the company by a Director in a professional or business capacity but not in the course of carrying out his duties in the capacity of Director, are paid for by the company as an "at arms length" transaction.

During the year to 31st March, 1999:

Total payment to Directors in any capacity was	<u>£7,150 (1997/98 nil)</u>
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