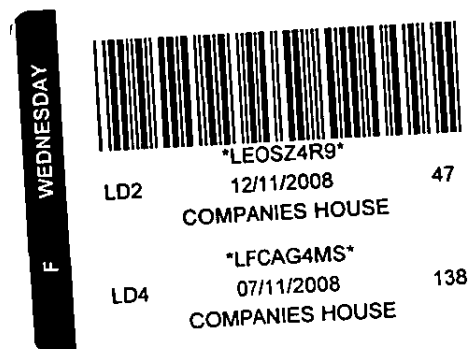


INNOVATIVE ENTERPRISE ACTION LIMITED
(formerly Islington Enterprise Agency Limited)
(A Company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007



Company No: 3169990
Charity No: 1053819

INNOVATIVE ENTERPRISE ACTION LIMITED

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INNOVATIVE ENTERPRISE ACTION LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Legal status

The organisation is a charitable company limited by guarantee and as such is governed by its Memorandum and Articles of Association. The company was incorporated on 8 March 1996 and registered as a charity on 19 March 1996.

Directors and trustees

Dan Brown	Resigned 27 September 2006
Peter Gotham	Resigned 27 September 2006
Ian Lush	Appointed 27 September 2006
Dee Patton	Appointed 27 September 2006
Brigitte Volland	Chair
Graham Mallett	Appointed 16 April 2007
Hassan Asmal	Resigned 25 April 2006
Peter Kalton	Resigned 21 June 2006

Company Secretary

Marcia Harris

Company Number

3169990 (England and Wales)

Charity Number

1053819

Registered Office

76-80 City Road
London EC1Y 2BJ

Auditors

Kingston Smith LLP
Devonshire House
60 Goswell Road
London
EC1M 7AD

Bankers

Barclays Bank
167 High Street Bromley, Town Centre
Bromley, BR1 1NJ

ISLINGTON ENTERPRISE AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

The trustees present their report and the audited financial statements for the year ended 31 March 2007

STRUCTURE AND GOVERNANCE

Innovative Enterprise Action (IEA) is managed by a Board of Trustees (The Board) made up of up to 9 members, who meet quarterly (On 28 September 2005, the Members of the Company passed a resolution revising Clause 26 of the Articles of Association to read as follows Unless otherwise determined by a General Meeting, the number of members of the Board shall be not less than three nor more than nine) The Board appoints a Chief Executive who, together with a team of professionals, manages the day-to-day operations of the charity

RELATED PARTIES

The charity has a very close relationship with its trading subsidiary - IEA Trading Ltd - which is a company limited by guarantee wholly controlled by the charity The results of the IEA Trading Ltd have been consolidated into the Statement of Financial Activities on a line-by-line basis A summary of the IEA Trading Ltd results has also been included in note 14 to the financial statements

In September 2005, the Members of IEA (charity) at the Exceptional General Meeting of 28 September 2005 set up a new trading subsidiary, called IEA Social Enterprises, for the purpose of operating various social enterprises to be used for hands-on training in enterprise skills and to bring in new sources of revenue to IEA (charity) However, over time, it became apparent that it was unnecessary to have two trading subsidiaries Therefore, in fiscal year 2007-8, the Board voted to consolidate the two subsidiaries, with the Memorandum and Articles of IEA Social Enterprises being taken over by IEA Trading Ltd

RECRUITMENT AND APPOINTMENT OF TRUSTEES

New trustees are recruited by existing trustees and the Chief Executive to represent various aspects of the organisation's work The Board then votes on the appointment of new candidates for trustees

New trustees receive an induction pack, and ongoing training as appropriate, offered by various organisations providing training to charity sector trustees

RISK MANAGEMENT

The trustees have carried out an analysis of the major risks that the organisation faces The charity has developed systems to monitor and control these risks and to mitigate any impact that they may have on the agency in the future

CHARITABLE OBJECTS

Innovative Enterprise Action (IEA) provides enterprise and related enterprise development support in order to achieve social and economic outcomes of inclusion and regeneration In brief, its broad mission is regeneration through strategic enterprise development, with a more narrowly defined mission of enabling individuals and groups from various disadvantaged population groups to acquire the skills to develop and run enterprises

INNOVATIVE ENTERPRISE ACTION LIMITED

TRUSTEES ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2007

Summary of Objectives

All or any of the following means establishes the Association for the promotion for the public benefit of urban or rural regeneration in areas of social and economic deprivation in the Greater London area

- 1 the advancement of education, training or retraining, particularly by the provision of vocational training and courses in literacy and numeracy and particularly among unemployed people, and providing unemployed people with work experience,
- 2 the relief of poverty and the provision of financial assistance, technical assistance or business advice or consultancy in order to provide training and employment opportunities for unemployed and other disadvantaged people in cases of financial or other charitable need through help (i) in setting up their own business, or (ii) in running existing businesses,
- 3 the creation of training and employment opportunities by the provision of workspace, buildings, and/or land for use on favourable terms,
- 4 improvement of the efficient application of resources for charitable purposes by the provision of advice to community groups and the development of social enterprises, and
- 5 such other means as may from time to time be determined subject to the prior written consent of the Charity Commissioners for England and Wales

Aims

In order to achieve its objectives, IEA aims to deliver funded projects that support enterprise development in strategically identified market sectors, reducing social and economic exclusion among disadvantaged populations, primarily women, black, Asian and minority ethnic groups including refugees (BAME) and regenerating deteriorated neighbourhoods of London through providing enterprise training, support & social enterprise development

The activities of IEA have been grouped into two major categories

- 1 Community Development, which includes the work with voluntary sector organisations around the development of consortia to design and deliver collaborative projects like SIED, PRESTO and WHAM which encourage community development through the skills development (such as the See It, Get It project) and the development of social enterprises that draw together community members, as well as our internal internship programme, in which university students, graduates and postgraduates volunteer as interns in our community development projects
- 2 Small Business Support, which includes projects offering general business advice and business training, and targeted industry sector focused business advice and training for the retail, creative industries and 'sustainability' sectors and STEP (a scheme placing university students in small businesses)

Main objectives for the year and strategies for achieving objectives

- To expand services for, and the capacity of, BAME community members, women, refugees and asylum seekers through the EASI, Islington Mobile Creche social enterprise, Octopus Learning Communities, PRESTO, See It, Get It, SIED and WHAM programmes (Community Development)
- To expand further into the sustainable sector through effective delivery of the BuildON, BuildUP and Business Improvement Network (BIN) programmes (Small Business Support)

- To expand further into the creative sector through effective delivery of the Creative Skills Challenge and BIN programmes (Small Business Support)
- To continue effective delivery and project management of various programmes supporting small businesses generally, such as Business London and in the retail sector, such as the Caledonian Road project (Small Business Support)

**SIGNIFICANT ACTIVITIES CONTRIBUTING TO
ACHIEVEMENT OF STATED OBJECTIVES
and ACHIEVEMENTS AND PERFORMANCE**

COMMUNITY DEVELOPMENT

EASI (Empowering Asylum Seekers to Integrate)

The EASI partnership, led by Islington Training Network and funded by the European Social Fund (ESF) EQUAL programme involves collaboration with 12 other voluntary organisations and educational institutions in England, as well as with comparable partnerships from the France and Hungary. EASI aims to improve the conditions of asylum seekers and provide them with a meaningful existence during the asylum seeking process. EASI enables asylum seekers to improve their employment opportunities by delivering support and bespoke pre-vocational training to equip them with key and specialised skills if they get a positive decision on their asylum claim. This programme is also designed to build the capacity of refugee community organisations strengthening them to give more support to asylum seekers (through volunteering opportunities) and improve their access to mainstream services.

In the EASI project in 2006-7, IEA provided volunteering opportunities and related skills training for asylum seekers within its social enterprises. In addition, IEA developed and delivered ESOL-embedded training in early years child care (see discussion under PRESTO below) and ESOL training through drama. IEA also began the development of a manual for ESOL training through drama.

PRESTO (Professional Refugees into Employment Through Support, Training and On-Line Learning)

The PRESTO partnership, funded by the European Social Fund (ESF) EQUAL programme involves collaboration with 12 other organisations in the UK, as well as with comparable partnerships from the Czech Republic, Germany and Italy, in order to provide employment support and training to highly skilled refugees with professional qualifications primarily in the medical, engineering and education sectors. During 2006-7, IEA's role in the UK partnership was to expand its development of two social enterprises building on the skills of the professional sectors targeted by the partnership and to provide enterprise and related training for the programme participants.

These social enterprises were Hybridlab, a multi-media web channel showcasing creative enterprise (described further under WHAM) which will focus on refugee engineers and PULSE, a social enterprise that builds on the skills of refugee medical professionals. Initially, IEA had planned to incorporate refugee teachers into its social enterprise providing on-site child care, however, this proved very difficult as their credentials were not transferable into early years credentials. However, the PULSE social enterprise of refugee medical professionals developed a ESOL-embedded training programme called 'Health Foundations of Early Years Childcare'. This 12-week training programme was delivered to

refugees and asylum seekers in various parts of London, at different venues, in collaboration with ESOL training programmes at those venues

SIED (Supporting Integration through Enterprise Development)

SIED, led by the London Borough of Islington, involves collaboration with a variety of local authority, voluntary organisation, higher education and other partners as well as collaborative work with national partnerships in Denmark, Hungary and Spain. SIED, funded through the ESF EQUAL programme, promotes new means of opening up the business creation process through supporting community organisations to provide enterprise support. IEA's role is in providing training leading to SFEDI accreditation as well as mentoring support and developing resource tools for community-based business advisors. These tools include an interactive CD on business advisor training and a CD listing of the institutions providing various types of finance to SME's in the UK.

Other

With funding from Islington Council and the EC1 New Deal programme, IEA moved from its 2005-6 provision of support for the development of an external social enterprise (or a coalition of social enterprises) to the development and internal management of crèche services for disadvantaged populations within the borough of Islington.

SMALL BUSINESS SUPPORT

General Support for Start-up and Existing Businesses

IEA has an active programme of support services targeted at pre-start, early stage and existing small businesses as one of the partners in the Central London Enterprise Coalition funded by the London Development Agency under the Business London programme. This programme is the mechanism by which people who contact Business Link are channeled to one-to-one business advice and other support services. Through this programme, IEA offers a package of support services including business advice on a one-to-one basis and access to workshops, ranging from general business start-up to specific skills such as marketing or finance.

The Shell Training & Enterprise Programme (STEP), an ongoing project in the portfolio of IEA services, offers companies an opportunity to recruit a university student to carry out a business project, normally related to marketing or computing. For students it is an opportunity to gain first hand experience of small businesses and sharpen their skills and knowledge. IEA acts as the STEP agent for the London Central area.

Industry Specific Programmes - Creative Industries

IEA continued delivery as lead partner on the Government Office for London/ESF funded Creative Skills Design project. This project involves various types of support to creative enterprises, including specific skills training, business support and showcasing on Hybridlab, IEA's multi-media web channel focused on creative enterprise. This focus has also provided links to the Business Improvement Network programme, in which IEA is a partner, that enables SMEs to participate in a sector-segmented online community.

Industry Specific Programmes - Sustainability Industries

IEA continued delivery as lead partner on the Pan-London LSC ESF funded project Build UP and began delivery as lead partner on the LDA Opportunities Fund programme BuildON. These projects provide a range of support and training for SMEs and employees.

of SMEs in various segments of the construction industry, as well as to SMEs in the more broadly conceived built environment sector. The projects involve collaboration with CITB-Construction Skills, the sector skills council, voluntary organisations, large private sector corporations, further education colleges and higher education institutions. This focus has also provided links to the Business Improvement Network programme, in which IEA is a partner, that enables SMEs to participate in a sector-segmented online community.

Industry Specific Programmes - Retail

IEA is lead partner on a project providing support to the retail traders on the Caledonian Road, with funding from the London Borough of Islington. This project has focused on the development of a traders' association and on the development of shared marketing approaches for the traders on the road.

WHAM (Women Helped to Advance in Media)

IEA is lead partner on the WHAM (Women Helped to Advance in Media) project, from the Central London Learning and Skills Council (LSC) ESF funds. WHAM provides video skills and Management and Leadership training as well as work placement opportunities for unemployed women, many from BAME backgrounds, in a range of traditional and new media, primarily in high tech media where the percentage of women employed in this field in London ranges between 0 and 4%. IEA's role is in managing the project, delivering the Management and Leadership training and the work placements.

WHAM has facilitated the development of IEA's social enterprise, Hybridlab, a multi-media web channel showcasing and supporting creative enterprise. Hybridlab has begun by showcasing unsigned independent bands. It provides work placement opportunities for women in photography (still and video), journalism, web design and marketing.

The WHAM project has also helped support the development of IEA's social enterprise, Streetwise Productions Live, by providing work placement opportunities and an NVQ unit in management and leadership to participants in the enterprise.

IEA is the lead partner on the See It, Get It project with funding from the London Councils, formerly the Association of London Governments. This project focuses on people who are economically inactive, unemployed or at risk of being unemployed within the London Borough of Islington. An important aspect of this programme was a focus on people from traditional communities (especially those for whom English is not a first language), many of whom have carer responsibilities. IEA developed bespoke training programmes that focused on self-employment activities that could be done part-time from home, in areas such as food, health and beauty.

USE OF VOLUNTEERS

IEA has developed an internship programme of mentored work placements for recent graduates and international students. The volunteering of these interns also provides the 'match' funding for the EQUAL/ESF-funded programmes.

REVIEW OF PERFORMANCE AGAINST OBJECTIVES

In 2006-7, IEA successfully achieved its objectives. Programmes were effectively delivered, and received praise from funding bodies. The amount of grant money raised to achieve objectives increased by 36% over 2005-6.

INNOVATIVE ENTERPRISE ACTION LIMITED

TRUSTEES ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2007

FUTURE PLANS

We look to 2007-8 as a year of consolidation and expansion of our existing programmes, during which we share our expertise through the development and dissemination of new media-based materials

SPECIAL ACKNOWLEDGEMENTS

The Board wishes to record its appreciation of the support received from clients, partners and funding bodies whose contribution has been a vital ingredient of the work of the agency

TRUSTEES

Trustees are appointed according to the company's articles of association. The number of trustees should be between three and nine. New trustees may be appointed any member as a member of the trustee board provided the maximum number is not exceeded. Such appointed trustees will remain in office until the Annual General Meeting where they will be eligible for re-election.

Trustees have no beneficial interest in the company and are not remunerated.

The trustees who have served during the year and after the year-end are set out on page 1.

MEMBERS' LIABILITY

Members of the company guarantee to contribute an amount not exceeding £1 to the assets of the charitable company in the event of winding up. The total number of such guarantees at 31 March 2007 was 3 (2006 – 3).

RESERVES POLICY

The principal aim of our Reserves Policy is to achieve a reasonable degree of financial stability so that we can provide reliable services to our beneficiaries over the longer term. We aim for free reserves to cover at least two months' basic overhead costs, plus staff costs. This amounts to approximately £125,000 at year end operating levels. Current reserves are £194,018.

RESPONSIBILITY OF THE TRUSTEES

Company law requires the Trustees to prepare financial statement for each financial year which give a true and fair view of the state of the affairs of the group and the charitable company as at the balance sheet date and of the incoming resources and application of resources including income and expenditure of the group for the year then ended.

In preparing those financial statements, the trustees are required to

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the group will continue on that basis

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and the charitable company and to enable them to ensure that the financial statements comply with the

INNOVATIVE ENTERPRISE ACTION LIMITED

TRUSTEES ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2007

Companies Act 1985 They are also responsible for safeguarding the assets of the group and the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

AUDITORS

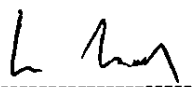
A proposal regarding selection of auditors for the following year will be put forward at the coming Annual General Meeting

So far as each of the trustees at the time of the trustees' report is approved is aware

- there is no relevant information of which the auditors are unaware, and
- they have taken all relevant steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with Financial Reporting Standards for Smaller Entities (effective January 2007)

This report was approved by the Trustees on 6 November 2008 and signed on its behalf by



Ian Lush
Trustee

Independent Auditors' Report to the Members of Innovative Enterprise Action Limited

We have audited the group and parent charitable company financial statements (the "financial statements") of Innovative Enterprise Action Limited for the year ended 31 March 2007 which comprise the Group Statement of Financial Activities, the Group and Charitable Company Balance Sheets and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken for no purpose other than to draw to the attention of the charitable company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work.

Respective Responsibilities of Trustees and Auditors

The responsibilities of the trustees (who are also the directors of Innovative Enterprise Action Limited for the purposes of company law) for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether, in our opinion, the information given in the Trustees' Report is consistent with the financial statements. In addition we report to you if, in our opinion, the charitable 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 trustees'.

We read the Trustees' Annual 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 International Standards on Auditing (UK and Ireland) 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 trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and charitable company's circumstances, consistently applied and

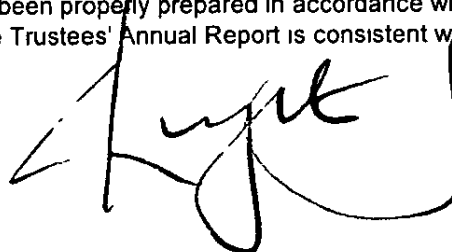
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with the United Kingdom Generally Accepted Accounting Practice, of the state of the group's and charitable company's affairs as at 31 March 2007 and of the group's incoming resources and application of resources, including the income and expenditure of the group for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information provided in the Trustees' Annual Report is consistent with the financial statements.

Devonshire House
60 Goswell Road
London EC1M 7AD
Date 6/11/08


Kingston Smith LLP
Chartered Accountants
and Registered Auditors

INNOVATIVE ENTERPRISE ACTION LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2007

	Note	Unrestricted Funds £	Restricted Funds £	2007 Total Funds £	2006 Total Funds £
Incoming Resources					
Grants receivable	2	315,265	747,046	1,062,311	780,112
Incoming resources from generated funds					
Income from trading subsidiary		88,314		88,314	263,363
Investment income	3	1,004	-	1,004	709
Miscellaneous income		-	-	-	4,774
Consultancy Fees		4,028	-	4,028	30,813
				-	
Total Incoming Resources		<u>408,611</u>	<u>747,046</u>	<u>1,155,657</u>	<u>1,079,771</u>
Resources Expended					
Cost of generating funds					
Trading subsidiary costs		228,462		228,462	257,629
Fundraising costs		2,830	54,565	57,395	49,523
Cost of investments		-		-	856
Cost of activities in furtherance of the charity's objectives					
Community Development		54,369	234,424	288,793	267,612
Small Business Support		-	515,593	515,593	584,773
Governance costs		<u>25,121</u>	<u>-</u>	<u>25,121</u>	<u>25,138</u>
Total Resources Expended	4	<u>310,782</u>	<u>804,582</u>	<u>1,115,364</u>	<u>1,185,531</u>
Net Income/(Expenditure) for the year		97,829	(57,536)	40,293	(105,760)
Balance brought forward at 1st April 2006					
		<u>96,189</u>	<u>57,536</u>	<u>153,725</u>	<u>259,485</u>
Balance carried forward at 31st March 2007					
		<u>194,018</u>	<u>-</u>	<u>194,018</u>	<u>153,725</u>

The net result of the charity for the year was a surplus of £36,974

All recognised gains and losses for the year are included in the Statement of Financial Activities

INNOVATIVE ENTERPRISE ACTION LIMITED
CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 MARCH 2007

	Note	Group		Charity	
		2007 £	2006 £	2007 £	2006 £
Fixed Assets					
Tangible assets	8	21,130	47,139	15,448	39,139
Current Assets					
Debtors	9	295,191	222,286	295,191	163,679
Cash at bank and in hand		<u>49,011</u>	<u>96,149</u>	<u>39,880</u>	<u>89,400</u>
		344,202	318,435	335,071	253,079
Creditors: Amounts falling due within one year	10	<u>(171,314)</u>	<u>(211,849)</u>	<u>(180,605)</u>	<u>(163,278)</u>
Net Current Assets		172,888	106,586	154,466	89,801
Net Assets	12	<u>194,018</u>	<u>153,725</u>	<u>169,914</u>	<u>128,940</u>
Funds					
Restricted funds	11	-	57,536	-	57,536
Unrestricted funds - general reserves	11	<u>194,018</u>	<u>96,189</u>	<u>169,914</u>	<u>71,404</u>
		<u>194,018</u>	<u>153,725</u>	<u>169,914</u>	<u>128,940</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standards for Smaller Entities (effective January 2007)

Approved by the board of directors and trustees on 6th November 2008
and signed on its behalf



Ian Lush
Trustee

The notes on pages 5 to 16 form part of these financial statements

INNOVATIVE ENTERPRISE ACTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007

1 Accounting Policies

a) Basis of Preparation

The financial statements are prepared under the historical cost convention and are in accordance with the Statement of Recommended Practice - "Accounting and Reporting by Charities" published in 2005, with the Financial Reporting Standards for Smaller Entities (effective January 2007) and with the Companies Act 1985

Consolidated financial statements "group accounts" have been prepared in respect of the charitable company and its wholly owned subsidiary, IEA Trading Ltd. The results of IEA Trading Ltd have been consolidated into the Statement of Financial Activities on a line by line basis. In accordance with Section 230 of the Companies Act 1985 a separate Income and Expenditure Account for the charitable company has not been presented

b) Charitable Status

The charity is a company limited by guarantee. The members of the company are trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

c) Funds Accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes. Restricted funds are funds which are to be used in accordance with the specific restriction imposed by donors.

d) Incoming Resources

All incoming resources are included in the Statement of Financial Activities when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Grants are credited to incoming resources in the year in which they are received or are receivable, whichever is the earlier, unless they relate to a specified future period, in which case they are deferred.

c) Resources Expended

All expenditure is accounted for on an accruals basis and inclusive of VAT which cannot be recovered.

Charitable expenditure comprises all expenditure directly relating to the objects of the charity.

Support costs comprise costs incurred directly in support of expenditure on the object of the charity. These have been apportioned to the various charitable activities on the basis set out in note 4.

Governance costs are those costs associated with the governance arrangements of the charity which relate to the general running of the charity.

Costs are allocated to the functional expenditure categories as far as possible. The remaining costs are then apportioned on the basis of staff time spent.

The group makes payments to staff personal pension schemes on behalf of its employees. The contributions are recognised in the Statement of Financial Activities as they fall due.

INNOVATIVE ENTERPRISE ACTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007

1 Accounting Policies (Continued)

d) Tangible fixed assets and depreciation

Tangible fixed assets costing more than £200 are capitalised. The incidental costs of installing and incidental costs of acquisition are not capitalised.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life as follows:

Leasehold Improvements	- over the lease term
Computer Equipment	- 3 years
Office Equipment	- 3 years
Fixtures & Fittings	- 3 years

e) Leasing Costs

Rentals payable under operating leases where substantially all the risks and rewards of ownership remain with the lessor, are charged to the Statement of Financial Activities on a straight line basis over the lease duration.

INNOVATIVE ENTERPRISE ACTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007

2 Grants receivable

	2007 £	2006 £
<u>Grants Receivable for Community Development</u>		
EQUAL - ESF		
SIED Project	64,515	69,656
EASI Project	43,531	10,979
PRESTO Project	92,398	59,686
DTI Pheonix Fund		
REP Project	-	25,000
London Borough of Islington and EC1 New Deal		
Mobile Creche	119,293	-
LSC Central London		
WHAM	36,947	-
Surestart Holloway		
Stay & Play Session	2,343	-
Barnsbury Job Centre Plus		
Creche	378	-
Parent Partnership		
Creche	95	-
Other income	8,457	-
<u>Grants receivable for Small Business Support</u>		
Finsbury Park SRB		
Community Enterprise (COMET)	-	29,910
London Borough of Islington and EC1 New Deal		
Mobile Creche	-	104,586
Greater London Enterprise		
See It, Get It	16,312	-
Greater London Enterprise One LONDON		
LDA Business London	55,825	-
Trust and Foundations		
Streetwise Productions Live	-	1,000
GOL/ESF		
Creative Skills Challenge	105,366	119,830
DTI Pheonix Fund		
Loan Fund	112,484	12,916
LSC Pan London		
BUILD UP	326,086	230,975
LSC Central London		
WHAM	36,947	115,574
Caledonian and Holloway Road/Arsenal Project	11,166	-
STEP		
Shell Technology Programme	19,070	-
Action Acton		
Business Improvement Network Funding	9,465	-
Business Development Network	1,623	-
	<u>1,062,301</u>	<u>780,112</u>

INNOVATIVE ENTERPRISE ACTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007

3 Investment Income	2007	2006
	£	£
Interest Receivable	<u>1,004</u>	<u>772</u>

4 Analysis of Costs

	Direct Costs £	Direct Salaries £	Support Costs £	Total 2007 £	Total 2006 £
Fundraising Costs	-	42,518	14,876	57,394	49,523
Cost of Investment	-	-	-	-	856
Trading Subsidiary Costs	228,462	-	-	228,462	257,629
	<u>228,462</u>	<u>42,518</u>	<u>14,876</u>	<u>285,856</u>	<u>308,008</u>
Community Development	66,231	142,082	80,481	288,793	267,612
Small Business Support	117,564	222,357	175,671	515,593	584,773
Governance Costs	17,571	-	7,550	25,121	25,138
	<u>201,366</u>	<u>364,439</u>	<u>263,702</u>	<u>829,508</u>	<u>877,523</u>

5 Breakdown of Support Costs

	2007	2006
	£	£
Staff Costs	125,816	72,014
Training and other staff costs	1,480	21,336
Office Costs	17,184	33,628
Premises costs	17,995	75,095
Marketing and professional memberships	1,955	5,188
Computer Maintenance and Software	9,638	10,500
Professional Fees	15,042	15,453
Insurance	3,277	4,681
Other costs	16,960	2,532
Depreciation	24,812	-
Bank Charges	458	-
Bad Debt Provision	43,962	-
	<u>278,579</u>	<u>240,427</u>

Governance Costs

	2007	2006
	£	£
Salaries	-	12,622
Support Costs allocation	7,550	6,516
Professional fees	17,571	6,000
	<u>25,121</u>	<u>25,138</u>

Net expenditure for the year is stated after charging

Audit Fees	7,000	6,000
Other fees payable to auditor	4,000	-
Operating lease - land and buildings	126,328	87,300
Depreciation	<u>24,812</u>	<u>19,813</u>

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6 Staff Costs	2007	2006
Staff costs are as follows	£	£
Wages and Salaries	460,750	350,182
Social security costs	61,613	34,873
	<u>522,363</u>	<u>385,055</u>

The average number of full time equivalent employees during the year was

	2007	2006
Charitable Activities	15	14
Management and administration of the charity	5	1
Trading subsidiary	-	1
Fundraising	2	1
	<u>22</u>	<u>17</u>

One employee earned between £60,000 and £70,000 in the year (2006 nil)

7 Trustees Remuneration

The Trustees neither received nor waived any emoluments during the year (2006 nil)

8.a Tangible Fixed Assets

Group	Leasehold	Computer	Office	Total
Cost	Improvements	Equipment	Equipment	
£	£	£	£	£
At 1st April 2006	61,876	80,839	44,793	187,508
Additions	-	1,731	-	1,731
	<u>61,876</u>	<u>82,570</u>	<u>44,793</u>	<u>189,239</u>
At 31st March 2007	61,876	82,570	44,793	189,239
Depreciation				
At 1st April 2006	61,876	58,537	19,956	140,369
Charge for the year	-	19,076	8,664	27,740
	<u>61,876</u>	<u>77,613</u>	<u>28,620</u>	<u>168,109</u>
At 31st March 2007	61,876	77,613	28,620	168,109
Net Book Value				
At 31st March 2007	-	4,957	16,173	21,130
At 31st March 2006	-	22,302	24,837	47,139

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8.b Tangible Fixed Assets

	Leasehold Improvements £	Computer Equipment £	Office Equipment £	Total £
Charity Cost				
At 1st April 2006	2,500	80,839	25,992	109,331
Additions		1,121		1,121
At 31st March 2007	<u>2,500</u>	<u>81,960</u>	<u>25,992</u>	<u>110,452</u>
Depreciation				
At 1st April 2006	2,500	58,537	9,155	70,192
Charge for the year	-	16,148	8,664	24,812
At 31st March 2007	<u>2,500</u>	<u>74,685</u>	<u>17,819</u>	<u>95,004</u>
Net Book Value				
At 31st March 2007	<u>-</u>	<u>7,275</u>	<u>8,173</u>	<u>15,448</u>
At 31st March 2006	<u>-</u>	<u>22,302</u>	<u>16,837</u>	<u>39,139</u>

9 Debtors

	Group		Charity	
	2007	2006	2007	2006
	£	£	£	£
Grants Receivable	154,127	80,199	154,127	80,199
Trade Debtors	68,319	137,618	68,319	67,531
Prepayments & other debtors	767	4,469	767	4,469
Loan Fund Debtors	71,978	-	71,978	-
Due from subsidiary	-	-	-	11,480
	<u>295,191</u>	<u>222,286</u>	<u>295,191</u>	<u>163,679</u>

Included within debtors is £70,325 (2006 nil) which is receivable in more than one year

10 Liabilities: Amounts falling due within one year

	Group		Charity	
	2007	2006	2007	2006
	£	£	£	£
Social security and other taxes	78,857	4,732	76,060	
Other creditors	35,797	122,042	19,383	100,728
Accruals	56,660	32,078	14,063	9,553
Due to Subsidiary undertaking	-	-	71,099	-
Loan Fund	-	52,997	-	52,997
	<u>171,314</u>	<u>211,849</u>	<u>180,605</u>	<u>163,278</u>

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11 Movements in Funds

	Balance at 1 April 2006 £	Incoming resources £	Expenditure £	Balance at 31 March 2007 £
<u>Restricted Funds</u>				
London Borough of Islington & EC1 Mobile Creche	-	55,591	55,591	-
GOL/ESF Creative Skills Challenge	32,033	105,366	137,399	-
EQUAL - ESF SIED Project	-	64,515	64,515	-
EASI Project	-	43,531	43,531	-
PRESTO Project	-	92,398	92,398	-
DTI/Phoenix Fund Loan Fund	-	112,483	112,483	-
LSC Pan London BUILD UP	25,503	171,061	196,564	-
CALEDONIAN AND HOLLOWAY ROAD PROJECT	-	20,499	20,499	-
GREATER LONDON ENTERPRISE SEE IT, GET IT	-	16,312	16,312	-
LDA BUSINESS LONDON	-	55,825	55,825	-
ACTION ACTON BUSINESS IMPROVEMENT NETWORK FUNDING	-	9,465	9,465	-
				-
Total	<u>57,536</u>	<u>747,046</u>	<u>804,582</u>	<u>-</u>
General Unrestricted Funds	96,189	408,611	310,782	194,018
Total Funds	<u>153,725</u>	<u>1,155,657</u>	<u>1,115,364</u>	<u>194,018</u>

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Purpose of Restricted Funds

LB1 Community Enterprise (COMET) project supports community groups engaged in self-help through the creation of community businesses, co-operatives, micro businesses, credit unions and other such initiatives

Mobile crèche – funds were received from the London Borough of Islington and the EC1 New Deal for Communities to run a mobile crèche in the borough

London Borough of Islington (LB1) – Jobs and Training Project – the project is aimed at providing an integrated portfolio of business training and advice services for unemployed Islington residents aged 25 and under

GOL/ESF-funded Creative Skills Challenge project provides training and business support to promote creative enterprise

The SIED (Supporting Integration Through Enterprise Development) programme is a multi-member partnership funded through the European Social Fund Equal Programme that supports community organisations in delivering business advice services IEA's role is in providing training leading to SFEDI accreditation as well as mentoring support and resource tools for community-based business advisors

The EASI (Empowering Asylum Seekers to Integrate) partnership, led by Islington Training Network and funded by the European Social Fund (ESF) EQUAL programme involves collaboration with 12 other voluntary organisations and educational institutions in England, as well as with comparable partnerships from the France and Hungary IEA's role in 2005-6 was to develop volunteering opportunities and related skills training for asylum seekers within its social enterprises

PRESTO (Professional Refugees into Employment through Support, Training, and On-line Learning) is funded by the European Social Fund Equal Programme, which involves collaboration with other organisations in the UK and in Europe The programme aims to provide employment support and training to highly skilled refugees with professional qualifications primarily in the medical, engineering and education sectors, and IEA's role is to research available support and the potential for developing social enterprises

REP (Refugee Enterprise Partnership) was funded by DTI/Phoenix Fund and led by the British Refugee Council IEA's role was the conducting of a research project to look into the needs of, and services for, refugee entrepreneurs in three regions in the UK

The DTI/Phoenix Fund Loan Fund support was revenue funding to get the loan fund up and running within IEA This funding was as a result of rolling over pan-London loan fund to IEA from an organisation that has gone into liquidation

BUILD UP is funded by LSC-Pan London and delivers training and support to built environment sector businesses and groups that do not normally participate in training, supports increased economic participation by Women's SMEs and black and ethnic minorities, raises awareness of environmental issues and action that can be taken by SMEs and SME employees, and aims to address skill shortages highlighted by local businesses through training and restoration skills

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Restricted Funds Cont

The WHAM (Women Helped to Advance in Media) project, funded by LSC-London Central, is led by IEA and provides video skills and Management and Leadership training as well as work placement opportunities for unemployed women, many from BAME backgrounds, in a range of traditional and new media, primarily in high tech media where the percentage of women employed in this field in London ranges between 0 and 4%. IEA's role is in managing the project, delivering the Management and Leadership training and the work placements

12 Analysis of group net assets between funds

	Restricted Funds 2007 £	Unrestricted Funds 2007 £	Total Funds 2007 £
Tangible fixed assets		21,130	21,130
Current assets	248,397	95,805	344,202
Current Liabilities		(171,314)	(171,314)
	<u>248,397</u>	<u>(54,379)</u>	<u>194,018</u>

13 Trading Subsidiary

The results of the charitable company have been consolidated with those of its trading subsidiary, IEA Trading Ltd, a company limited by guarantee in England and Wales (company number 2422882)

IEA Trading Ltd holds the head lease of the premises at 64 Essex Road, London, N1. IEA Trading Ltd provides managed workspace and office accommodation to agencies working in the Social Economic Development field

The result of IEA Trading Ltd for the financial year are summarised below

	2007 £	2006 £
Turnover	231,492	263,140
Total costs	<u>232,463</u>	<u>257,628</u>
	-971	5,512
Interest Receivable	289	223
Taxation	-	-
(Loss)/profit for the year after taxation	-682	5,735
Profit brought forward at 1 April 2006	24,786	19,051
	<u>24,104</u>	<u>24,786</u>
Profit carried forward at April 2007		

14 Corporation Tax

The charitable company is exempt from corporation tax as all its income is applied for charitable purposes. There is no provision for corporation tax by the trading subsidiary in respect of its taxable activities as it is covered by its trading loss for the year (2006 nil)

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15 Commitments

	2007 £	2006 £
The charity has the following commitments in respect of its property leases		
within one year	<u>-</u>	<u>87,300</u>

16 Related Party Transactions

During the year the charity paid £3,875 in consultancy fees to Gotham Erskine Limited. Peter Gotham, a director of Gotham Erskine Limited, was also a director of IEA Trading Limited for part of the year.