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**Finance South East Limited**

Report and Financial Statements

Year Ended

31 March 2005



**BDO**  
BDO Stoy Hayward  
Chartered Accountants

## **Finance South East Limited**

### **Annual report and financial statements for the year ended 31 March 2005**

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#### **Directors**

J Alexander  
G Baker  
M L Burch  
S A Goodsell  
P Lander  
C A Williams  
R J Spencer  
P J Bailey  
G A Finch

#### **Secretaries and registered office**

J R G Edwards, New Court, I Barnes Wallis Road, Segensworth East, Fareham, Hampshire,  
PO15 5UA

#### **Company number**

4463599

#### **Auditors**

BDO Stoy Hayward LLP, Connaught House, Alexandra Terrace  
Guildford, Surrey, GU1 3DA

## **Finance South East Limited**

### **Report of the directors for the year ended 31 March 2005**

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The directors present their report together with the audited financial statements for the year ended 31 March 2005.

#### **Results**

The income and expenditure account is set out on page 5 and shows the surplus for the year.

#### **Principal activities**

The company's principal activities are investment readiness advice, fund management and the provision of mentoring services. The company is a not for profit organisation supported by the South East England Development Agency (SEEDA) and the region's Business Link organisations.

#### **Directors**

The directors of the company during the year were:

J Alexander	
G Baker	
M L Burch	
S A Goodsell	
P Lander	
C A Williams	Resigned 31 March 2005
R J Spencer	
C S Newell	Resigned 2 July 2004
P J Bailey	
G A Finch	Appointed on 12 July 2004

The company is limited by guarantee, and consequently has no issued share capital.

#### **Directors' responsibilities**

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 net surplus or deficit of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 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.

**Finance South East Limited**

**Report of the directors for the year ended 31 March 2005 (Continued)**

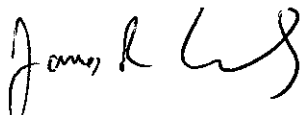
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**Auditors**

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

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

**By order of the board**



J Edwards  
Secretary

Date: 7<sup>th</sup> March 2006

## Finance South East Limited

### Report of the independent auditors

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#### To the shareholders of Finance South East Limited

We have audited the financial statements of Finance South East Limited for the year ended 31 March 2005 on pages 5 to 12 which have been prepared under the accounting policies set out on page 7.

#### *Respective responsibilities of directors and auditors*

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### *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 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.

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 31 March 2005 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**BDO STOY HAYWARD LLP**  
*Chartered Accountants*  
*and Registered Auditors*  
Guildford

Date: 20 March 2006

**Finance South East Limited**

**Income and expenditure account for the year ended 31 March 2005**

	<b>Note</b>	<b>2005 £</b>	<b>2004 £</b>
<b>Turnover</b>	2	<b>803,724</b>	466,256
Cost of sales		<b>287,759</b>	170,704
		<hr/>	<hr/>
<b>Gross surplus</b>		<b>515,965</b>	295,552
Administrative expenses		<b>640,577</b>	280,757
		<hr/>	<hr/>
		<b>(124,612)</b>	14,795
Other operating income - management charge to subsidiary		<b>137,609</b>	-
		<hr/>	<hr/>
<b>Operating surplus</b>	3	<b>12,997</b>	14,795
Interest receivable and similar income		<b>219</b>	446
		<hr/>	<hr/>
<b>Surplus on ordinary activities before and after taxation for the financial year</b>		<b>13,216</b>	15,241
		<hr/>	<hr/>

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the income and expenditure account.

There are no movements in shareholders' funds in the current and prior year apart from the surplus for the year.

The notes on pages 7 to 12 form part of these financial statements.

Finance South East Limited

Balance sheet at 31 March 2005

	Note	2005 £	2005 £	2004 As restated £	2004 As restated £
<b>Fixed assets</b>					
Tangible assets	6		18,845		11,225
Fixed asset investments	7		1		1
			<u>18,846</u>		<u>11,226</u>
<b>Current assets</b>					
Debtors	8	114,439		63,736	
Cash at bank and in hand		36,787		1,201	
		<u>151,226</u>		<u>64,937</u>	
<b>Creditors: amounts falling due within one year</b>	9	141,615		60,922	
		<u></u>		<u></u>	
<b>Net current assets</b>			9,611		4,015
			<u></u>		<u></u>
<b>Total assets less current liabilities</b>			28,457		15,241
			<u></u>		<u></u>
<b>Capital and reserves</b>					
Income and expenditure account	10		28,457		15,241
			<u></u>		<u></u>
<b>Members' funds</b>			28,457		15,241
			<u></u>		<u></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.

The financial statements were approved by the Board on 7<sup>th</sup> March 2006

Director



R J SPENCER



S A GOODSSELL

The notes on pages 7 to 12 form part of these financial statements.



## 1 Accounting policies

The financial statements have been prepared under the historical cost convention.

The following principal accounting policies have been applied:

### *Consolidated financial statements*

The company is exempt from the requirement to prepare consolidated financial statements by virtue of section 248 of the Companies Act 1985 as the group it heads qualifies as a small group. These financial statements therefore present information about the company as an individual undertaking and not about its group.

### *Turnover*

Turnover represents grant income received from agencies in the South East of England and other fees charged for consultancy.

### *Depreciation*

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Office equipment	- 20% per annum on a straight-line basis
Computer equipment	- 33.3% per annum on a straight-line basis

### *Computer Software*

Software expenditure is written off in the year of purchase.

### *Pension costs*

Contributions to the company's defined contribution pension scheme are charged to the income and expenditure account in the year in which they become payable.

### *Government Grants*

The Grants received are of a revenue nature and are credited to the income and expenditure account in the period to which they relate.

The grant income received relates to ongoing consultancy work and the reimbursement of costs previously incurred. It is intended to finance the activities of the organisation for specific periods of time specified in the individual agreements.

## 2 Turnover

Turnover arises solely within the United Kingdom.

# Finance South East Limited

Notes forming part of the financial statements for the year ended 31 March 2005 (Continued)

## 3 Operating surplus/(deficit)

	2005 £	2004 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	7,973	785
Audit services	4,200	2,750
	<u>          </u>	<u>          </u>

## 4 Directors' remuneration

	2005 £	2004 £
Aggregate emoluments and pension contributions	83,424	79,575
	<u>          </u>	<u>          </u>

## 5 Taxation on surplus on ordinary activities

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2005 £	2004 £
Surplus on ordinary activities before tax	13,216	15,241
	<u>          </u>	<u>          </u>
Surplus on ordinary activities at the standard rate of corporation tax in the UK of 19% (2004 - 19%)	2,511	2,896
Effect of:		
Expenses not deductible for tax purposes	127	13
Capital allowances for period in excess of depreciation	(89)	149
Utilisation of tax losses	(7,222)	-
Net effect of non-taxable grant income	11,166	(10,280)
Group transfer of tax losses	(6,493)	-
Tax losses for year carried forward	-	7,222
	<u>          </u>	<u>          </u>
Current tax charge for period	-	-
	<u>          </u>	<u>          </u>

Finance South East Limited

Notes forming part of the financial statements for the year ended 31 March 2005 (*Continued*)

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6 Tangible fixed assets

	Office equipment £
<i>Cost</i>	
At 1 April 2004	12,126
Additions	15,593
	<hr/>
At 31 March 2005	27,719
	<hr/>
<i>Depreciation</i>	
At 1 April 2004	901
Provided for the year	7,973
	<hr/>
At 31 March 2005	8,874
	<hr/>
<i>Net book value</i>	
At 31 March 2005	18,845
	<hr/>
At 31 March 2004	11,225
	<hr/>

## Finance South East Limited

Notes forming part of the financial statements for the year ended 31 March 2005 (*Continued*)

### 7 Fixed asset investments

	Shares in group undertakings £
<i>Cost or valuation</i>	
At 1 April 2004 and 31 March 2005	1

#### *Subsidiary undertakings*

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

	Proportion of voting rights and ordinary share capital held	Nature of business
<i>Subsidiary undertakings</i>		
FSE Loan Management Limited	100%	Finance provision

Unless otherwise stated, the following figures have been extracted from audited financial statements for the year ended 31 March 2005:

	Aggregate share capital and reserves		Deficit for the period	
	2005	2004	2005	2004
	£	£	£	£
<i>Subsidiary undertakings</i>				
FSE Loan Management Limited	(280,148)	-	(280,149)	-

The subsidiary was formed on 11 February 2004 and commenced activity on 1 April 2004.

As this was the subsidiary's first period of trading it bore significant non-recurring start-up costs of £56,788 in the period.

The investment value has been restated in the comparative year to correctly reflect the issued share capital and thus investment cost in the subsidiary. The corresponding entry has been to adjust the amount owed to group companies.

# Finance South East Limited

Notes forming part of the financial statements for the year ended 31 March 2005 (Continued)

## 8 Debtors

	2005 £	2004 £
Trade debtors	81,860	29,862
Amounts owed by group undertakings	5,266	-
Other debtors	27,313	33,874
	<u>114,439</u>	<u>63,736</u>

All amounts shown under debtors fall due for payment within one year.

## 9 Creditors: amounts falling due within one year

	2005 £	2004 As restated £
Trade creditors	24,486	31,229
Amounts owed to group undertakings	-	1
Taxation and social security	8,186	5,093
Accruals and deferred income	108,943	24,599
	<u>141,615</u>	<u>60,922</u>

## 10 Reserves

	Profit and loss account £
At 1 April 2004	15,241
Profit for the year	13,216
	<u>28,457</u>
At 31 March 2005	

# 11 Share Capital

The company is limited by guarantee and does not have an issued share capital. No part of the company's income or capital may be distributed to members by dividend or other distribution, other than by reasonable and proper remuneration for services provided. On a winding-up any surplus must be paid to one or more companies, organisations or institutions that exist for purposes similar to those of the company.

# 12 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	2005 Land and buildings £	2004 Land and buildings £
Operating leases which expire:		
In two to five years	19,000	19,000

# 13 Related party disclosures

## *Controlling parties*

The company has no ultimate controlling party.

## *Related party transactions and balances*

	Management charge to related party £	Amount due from related party £
<b>Related party</b>		
FSE Loan Management Limited	137,609	5,266

FSE Loan Management Limited is a subsidiary of the company.

Finance South East Limited was set up and is funded by the region's Business Link organisations and the South East England Development Agency. The company receives grant income and referrals from these organisations.