

**EAST LONDON SMALL BUSINESS CENTRE
(LIMITED BY GUARANTEE)**

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2004



Brian Kelsey & Co Ltd
Chartered Accountants
Registered Auditors
1 West Street
Faversham
Kent ME13 7JE

**EAST LONDON SMALL BUSINESS CENTRE
(LIMITED BY GUARANTEE)**

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*for the Year Ended 30 September 2004***

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**EAST LONDON SMALL BUSINESS CENTRE
(LIMITED BY GUARANTEE)**

**COMPANY INFORMATION
for the Year Ended 30 September 2004**

DIRECTORS:

C C W Berkeley
Mrs K J Cavelle
A Choudhury
P J M Cooper
A Ferries
A J Girling
P J Hill
A Joshi
A Muhith
Mrs M Oseni
P J M Prain
S Rogers
P Thackwray
J D Thomas
J L P Whiter

SECRETARY:

K J Ridley

REGISTERED OFFICE:

88-94 Wentworth Street
London
E1 7SA

REGISTERED NUMBER:

1400613 (England and Wales)

AUDITORS:

Brian Kelsey & Co Ltd
Chartered Accountants
Registered Auditors
1 West Street
Faversham
Kent ME13 7JE

**EAST LONDON SMALL BUSINESS CENTRE
(LIMITED BY GUARANTEE)**

**REPORT OF THE DIRECTORS
for the Year Ended 30 September 2004**

The directors present their report with the financial statements of the company for the year ended 30 September 2004.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of promotion and advancement of business and employment opportunities in industry and commerce in the United Kingdom, and in particular in the London Boroughs of Tower Hamlets, Newham, Waltham Forest, Barking, and Dagenham, Redbridge and Havering.

The company is an approved local enterprise agency under Section 79 of the Income and Corporation Taxes Act 1988.

East London Small Business Centre is a company limited by guarantee. The company has no share capital, but under the terms of clause 6 of the Memorandum of Association, every member is liable to contribute a sum not exceeding £10 in the event of the company being wound up while he or she is a member, or within one year after he or she ceases to be a member, for the payment of the debts and liabilities of the company contracted before he or she ceased to be a member and the costs, charges and expenses of winding up.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

The company continued to develop its services including business incubation and risk capital investments. Loan fund activity continued to be a major part of service to the local business community with further expansion of Islamic business finance.

Turnover for the year amounted to £803,013, and reserves now total £417,100.

DIRECTORS

The directors during the year under review were:

C C W Berkeley	
Ms L Bjorck	- resigned 13.2.2004
D Boehm	- resigned 17.6.2004
G P Cann	- resigned 21.5.2004
Mrs K J Cavelle	
A Choudhury	
P J M Cooper	- appointed 29.6.2004
A Ferries	
A J Girling	- appointed 2.12.2003
P C Gover	- resigned 9.3.2004
P J Hill	
A Joshi	
A Muhith	
Mrs M Oseni	
P J M Prain	
S Rogers	- appointed 9.3.2004
A G Stewart	- resigned 17.6.2004
P Thackwray	
J D Thomas	
J L P Whiter	

STATEMENT OF 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 profit or loss of the company for that period. 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

**EAST LONDON SMALL BUSINESS CENTRE
(LIMITED BY GUARANTEE)**

**REPORT OF THE DIRECTORS
for the Year Ended 30 September 2004**

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

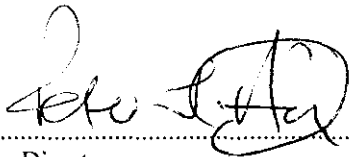
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

AUDITORS

The auditors, Brian Kelsey & Co Ltd, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

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

ON BEHALF OF THE BOARD:


.....

P J Hill - Director

8.3.05.
Date:

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
EAST LONDON SMALL BUSINESS CENTRE
(LIMITED BY GUARANTEE)**

We have audited the financial statements of East London Small Business Centre (Limited by Guarantee) for the year ended 30 September 2004 on pages five to ten. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on pages two and three the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

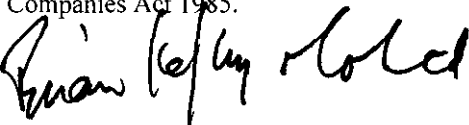
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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 30 September 2004 and of its deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Brian Kelsey & Co Ltd
Chartered Accountants
Registered Auditors
1 West Street
Faversham
Kent ME13 7JE

Date:



**EAST LONDON SMALL BUSINESS CENTRE
(LIMITED BY GUARANTEE)**

**INCOME AND EXPENDITURE ACCOUNT
for the Year Ended 30 September 2004**

		<u>2004</u>	<u>2003</u>
	Notes	£	£
INCOME	2		
Project income & grants receivable		654,052	689,504
Loan fund administration fees		126,461	118,814
Donations received		<u>22,500</u>	<u>27,920</u>
		803,013	836,238
EXPENDITURE			
Project costs		130,481	217,254
Establishment		52,491	26,210
Administration		618,287	562,419
		<u>801,259</u>	<u>805,883</u>
NET OPERATING SURPLUS	3	1,754	30,355
Interest receivable		<u>3,918</u>	<u>3,297</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		5,672	33,652
Taxation	4	<u>-</u>	<u>-</u>
SURPLUS FOR THE FINANCIAL YEAR AFTER TAXATION		5,672	33,652
(Increase)/decrease in loan fund provisions	5	(152,178)	-
SURPLUS/DEFICIT FOR THE FINANCIAL YEAR		<u>(146,506)</u>	<u>33,652</u>
Retained surplus brought forward		563,606	529,954
Retained surplus carried forward		<u>417,100</u>	<u>563,606</u>

There were no recognized gains or losses during the period other than those shown above.

In the current and preceding years there were no discontinued operations.

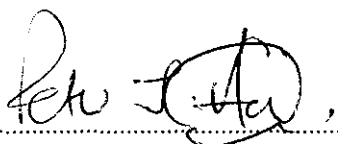
**EAST LONDON SMALL BUSINESS CENTRE
(LIMITED BY GUARANTEE)**

**BALANCE SHEET
30 September 2004**

	Notes	2004 £	2003 £
FIXED ASSETS			
Tangible assets	6	105,130	80,415
Investments	7	<u>1</u>	<u>1</u>
		105,131	80,416
CURRENT ASSETS			
Assets held in trust	8	265,303	234,602
Debtors	9	148,727	200,982
Loan fund assets	10	-	292,005
Cash at bank		<u>329,219</u>	<u>162,338</u>
		743,249	889,927
CREDITORS			
Amounts falling due within one year	11	<u>165,977</u>	<u>172,135</u>
NET CURRENT ASSETS		<u>577,272</u>	<u>717,792</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		682,403	798,208
PROVISIONS FOR LIABILITIES AND CHARGES	12	<u>265,303</u>	<u>234,602</u>
		<u>417,100</u>	<u>563,606</u>
RESERVES			
Income & Expenditure account		<u>417,100</u>	<u>536,606</u>
		<u>417,100</u>	<u>563,606</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 Standard for Smaller Entities (effective June 2002).

ON BEHALF OF THE BOARD:



P J Hill - Director

Approved by the Board on 8.3.05

The notes form part of these financial statements

**EAST LONDON SMALL BUSINESS CENTRE
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 30 September 2004**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 5% on reducing balance
Office furniture & equipment	- 25% on reducing balance
Computer equipment	- 33% on reducing balance

Expenditure

Establishment and administration costs are apportioned between the Centre and East London Small Business Charity Limited on the basis of gross income with the exception of salaries and project expenditure which are allocated to the charity where the work performed is in accordance with the objectives of the charity.

Staff costs

Payroll costs are apportioned by the company to East London Small Business Charity where work performed by its staff is undertaken to further the objectives of the charity. Net payroll costs for the year in respect of an average of 24 administrative staff amounted to £ 497,984 (2003: £485,461, 25 staff).

2. TURNOVER

Income from grants is accounted for in the period to which the grants relate. Income from donations is accounted for in the period of receipt or the period to which they relate, whichever is the later. Donations were received with thanks during the year from HSBC plc, Henderson and Deutsche Bank. In addition, Barclays Bank plc provided the company with free banking services in the form of a donation, and Deutsche Bank donated the bank interest on the Special Funds.

3. OPERATING PROFIT

The operating profit is stated after charging:

	2004	2003
	£	£
Depreciation - owned assets	15,270	10,285
Auditors remuneration	<u>3,705</u>	<u>3,400</u>
Directors' emoluments and other benefits etc	<u>-</u>	<u>-</u>

4. TAXATION

The Centre has corporation tax losses brought forward at 1 October 2003 of £113,152. This exceeds the taxable surplus for the year to 30 September 2004, and there is no tax charge for the period.

5. (INCREASE)/DECREASE IN LOAN FUND PROVISIONS

The directors consider that full provision should now be made in respect of certain loan funds acquired in 2001 through public sector contracts, in line with its policy on all other loan funds.

**EAST LONDON SMALL BUSINESS CENTRE
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2004**

6. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Office furniture & equipment £	Computer equipment £	Totals £
COST				
At 1 October 2003	81,455	22,683	64,544	168,682
Additions	<u>21,032</u>	<u>750</u>	<u>18,203</u>	<u>39,985</u>
At 30 September 2004	<u>102,487</u>	<u>23,433</u>	<u>82,747</u>	<u>208,667</u>
DEPRECIATION				
At 1 October 2003	15,668	19,737	52,862	88,267
Charge for year	<u>4,545</u>	<u>763</u>	<u>9,962</u>	<u>15,270</u>
At 30 September 2004	<u>20,213</u>	<u>20,500</u>	<u>62,824</u>	<u>103,537</u>
NET BOOK VALUE				
At 30 September 2004	<u>82,274</u>	<u>2,933</u>	<u>19,923</u>	<u>105,130</u>
At 30 September 2003	<u>65,787</u>	<u>2,946</u>	<u>11,682</u>	<u>80,415</u>

7. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
Additions	<u>1</u>
At 30 September 2004	<u>1</u>
NET BOOK VALUE	
At 30 September 2004	<u>1</u>

8. ASSETS HELD IN TRUST

	2004 £	2003 £
Cash held in trust	94,181	82,862
Loans - Special Funds	<u>171,122</u>	<u>151,740</u>
	<u>265,303</u>	<u>234,602</u>

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Trade debtors	100,599	129,053
Prepayments	40,045	6,726
Amounts due from East London Small Business Charity	-	61,620
Amount due by subsidiary	<u>8,083</u>	<u>3,583</u>
	<u>148,727</u>	<u>200,982</u>

**EAST LONDON SMALL BUSINESS CENTRE
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2004**

10. LOAN FUND ASSETS

	2004	2003
	£	£
Loan fund debtors	1,355,831	902,306
Loan fund bank balances	673,214	866,883
Provisions for loan fund liabilities	<u>(2,029,045)</u>	<u>(1,477,184)</u>
	<u>-</u>	<u>292,005</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004	2003
	£	£
Loan	3,000	3,000
Trade creditors	12,519	12,533
Social security and other taxes	22,407	26,070
VAT	16,434	20,076
Other creditors – client monies held on account	17,776	77,241
Accruals and deferred income	<u>93,841</u>	<u>33,215</u>
	<u>165,977</u>	<u>172,135</u>

The £3,000 loan above is unsecured, interest free and repayable on demand. The directors consider that it is unlikely that the lender (London Chamber of Commerce) will seek repayment within the next twelve months.

12. PROVISION FOR LIABILITIES AND CHARGES

Provision in full has been made for liabilities in respect of assets of Special Funds held in trust totalling £265,303 (2003: £234,602).

At the balance sheet date these were represented by:

Deutsche Morgan Grenfell Development Fund bank balances £ 78,604 (2003: £74,629), loans outstanding £121,699 (2003: £121,472).

Short Term Clothing Fund bank balances £15,577 (2003: £8,233), loans outstanding £49,423 (2003: £30,268).

13. RESERVES

	Income and expenditure account £
At 1 October 2003	563,606
Retained deficit for the year	<u>(146,506)</u>
At 30 September 2004	<u>417,100</u>

**EAST LONDON SMALL BUSINESS CENTRE
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 September 2004**

14. RELATED PARTY DISCLOSURES

The company has a normal trading relationship with East London Small Business Charity Limited. At the balance sheet date there were no amounts owing by the company to East London Small Business Charity Limited (2003:£61,620).

The company has a subsidiary, GoEast Ventures Limited. Its holding of one Ordinary share represents 100% of the subsidiary's share capital. At the balance sheet date the amount owing to the company by GoEast Ventures Limited on normal trading was £8,083, and on loan account £750,000.

Mr P J Hill, a director of the company, and Mr T D Heath, an officer of the company, are also directors of GoEast Ventures Limited.