

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

**REPORT OF THE DIRECTORS AND**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2006**

Brian Kelsey & Co Ltd  
Chartered Accountants  
Registered Auditors  
7A Court Street  
Faversham  
Kent ME13 7AN

WEDNESDAY



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

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for the Year Ended 30 September 2006**

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

**COMPANY INFORMATION  
for the Year Ended 30 September 2006**

**DIRECTORS:**

C C W Berkeley  
Mrs K J Cavelle  
A Choudhury  
P J M Cooper  
A Ferries  
P J Hill  
A Joshi  
Mrs V J Lavery  
D J Morton  
A Muhith  
Mrs J Ruddock  
P Thackwray  
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  
7A Court Street  
Faversham  
Kent ME13 7AN

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

**REPORT OF THE DIRECTORS  
for the Year Ended 30 September 2006**

The directors present their report with the financial statements of the company for the year ended 30 September 2006.

**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, Barking & 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 in helping people in East London start and grow small businesses. Loan funding and business incubation has expanded and further risk capital activity was undertaken. Overall, the directors and officers are pleased with the progress the company has made in the year and see new initiatives developing in the coming year through the influence of the 2012 London Olympic Games, and the Local Enterprise Growth Initiative in the Barking area.

**DIRECTORS**

The directors during the year under review were:

C C W Berkeley	
Mrs K J Cavelle	
A Choudhury	
P J M Cooper	
A Ferries	
P J Hill	
A Joshi	
Mrs V J Lavery	
D J Morton	
A Muhith	
Mrs M Oseni	- resigned 7.3.2006
P J M Prain	- resigned 7.3.2006
S Rogers	- resigned 31.12.2005
Mrs J Ruddock	- appointed 16.12.2005
P Thackwray	
J D Thomas	- resigned 22.9.2006
J L P Whiter	

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing 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 2006**

**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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

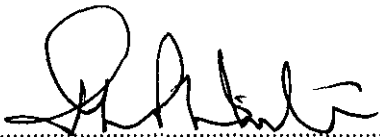
So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**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:**



J L P Whiter - Director

Date: 6th March 2007

**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 2006 on pages five to ten. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

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 (United Kingdom Generally Accepted Accounting Practice).

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 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 other transactions 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 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 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.

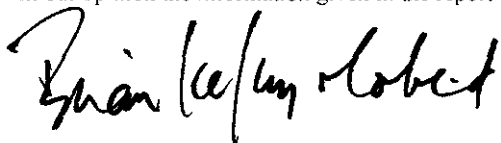
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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:

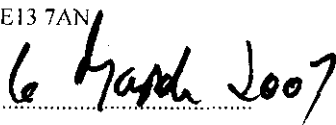
- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 30 September 2006 and of its surplus for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

In our opinion the information given in the report of the directors is consistent with the financial statements.



Brian Kelsey & Co Ltd  
Chartered Accountants  
Registered Auditors  
7A Court Street  
Faversham  
Kent ME13 7AN

Date: .....



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

**INCOME AND EXPENDITURE ACCOUNT  
for the Year Ended 30 September 2006**

		<u>2006</u>	<u>2005</u>
	Notes	£	£
<b>INCOME</b>	2		
Project income & grants receivable		1,040,326	886,510
Loan fund administration fees		122,609	119,692
Donations received		<u>23,150</u>	<u>54,165</u>
		<b>1,186,085</b>	<b>1,060,367</b>
<b>EXPENDITURE</b>			
Project costs		233,188	212,195
Establishment		45,007	49,694
Administration		886,881	778,129
		<u>1,165,076</u>	<u>1,040,018</u>
<b>NET OPERATING SURPLUS</b>	3	<b>21,009</b>	<b>20,349</b>
Interest receivable		<u>6,982</u>	<u>9,654</u>
<b>SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>27,991</b>	<b>30,003</b>
Taxation	4	<u>-</u>	<u>-</u>
<b>SURPLUS FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<b>27,991</b>	<b>30,003</b>
(Increase)/decrease in loan fund provisions	5	<b>810,190</b>	<b>269,943</b>
<b>SURPLUS FOR THE FINANCIAL YEAR</b>		<u><b>838,181</b></u>	<u><b>299,946</b></u>
Retained surplus brought forward		<b>717,046</b>	<b>417,100</b>
<b>Retained surplus carried forward</b>		<u><b>1,555,227</b></u>	<u><b>717,046</b></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.

The notes form part of these financial statements

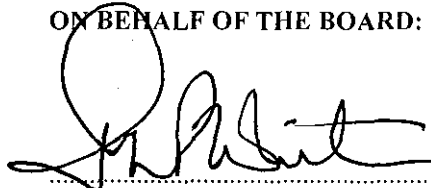
**EAST LONDON SMALL BUSINESS CENTRE  
(LIMITED BY GUARANTEE)**

**BALANCE SHEET  
30 September 2006**

	Notes	2006 £	2005 £
<b>FIXED ASSETS</b>			
Tangible assets	6	104,505	98,600
Investments	7	<u>5</u>	<u>3</u>
		104,510	98,603
<b>CURRENT ASSETS</b>			
Assets held in trust	8	264,656	259,289
Debtors	9	249,598	233,997
Loan fund assets	10	1,101,241	291,190
Cash at bank		<u>376,309</u>	<u>180,671</u>
		1,991,804	965,147
<b>CREDITORS</b>			
Amounts falling due within one year	11	<u>276,431</u>	<u>87,415</u>
<b>NET CURRENT ASSETS</b>		<u>1,715,373</u>	<u>877,732</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,819,883	976,335
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	12	<u>264,656</u>	<u>259,289</u>
		<u>1,555,227</u>	<u>717,046</u>
<b>RESERVES</b>			
Income & Expenditure account		<u>1,555,227</u>	<u>717,046</u>
		<u>1,555,227</u>	<u>717,046</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 January 2005).

ON BEHALF OF THE BOARD:



J L P Whiter - Director

Approved by the Board on 6<sup>th</sup> March 2007

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 2006**

**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 January 2005).

**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 28 administrative staff amounted to £704,304 (2005: £640,661, 26 staff).

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the income and expenditure account.

**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 Deutsche Bank, Lloyds TSB, Henderson and Barclays Bank plc. 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:

	2006	2005
	£	£
Depreciation - owned assets	17,223	13,561
Auditors remuneration	<u>5,155</u>	<u>4,905</u>
Directors' emoluments and other benefits etc	<u>-</u>	<u>-</u>

**4. TAXATION**

The Centre has corporation tax losses brought forward at 1 October 2005 exceeding the taxable surplus for the year to 30 September 2006, and there is no tax charge for the period.

**5. (INCREASE)/DECREASE IN LOAN FUND PROVISIONS**

The directors have approved further reductions in provisions previously made against certain loan funds acquired through public service contracts.

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

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the Year Ended 30 September 2006**

**6. TANGIBLE FIXED ASSETS**

	Fixtures and fittings £	Office furniture & equipment £	Computer equipment £	Totals £
<b>COST</b>				
At 1 October 2005	103,412	23,543	88,743	215,698
Additions	<u>16,871</u>	<u>1,555</u>	<u>4,702</u>	<u>23,128</u>
At 30 September 2006	<u>120,283</u>	<u>25,098</u>	<u>93,445</u>	<u>238,826</u>
<b>DEPRECIATION</b>				
At 1 October 2005	24,373	21,261	71,464	17,098
Charge for year	<u>8,741</u>	<u>959</u>	<u>7,523</u>	<u>17,223</u>
At 30 September 2006	<u>33,114</u>	<u>22,220</u>	<u>78,987</u>	<u>134,321</u>
<b>NET BOOK VALUE</b>				
At 30 September 2005	<u>87,169</u>	<u>2,878</u>	<u>14,458</u>	<u>104,505</u>
At 30 September 2006	<u>79,039</u>	<u>2,282</u>	<u>17,279</u>	<u>98,600</u>

**7. FIXED ASSET INVESTMENTS**

	Shares in group undertakings £
<b>COST AND NET BOOK VALUE</b>	
At 1 October 2005	3
Additions, at cost	<u>2</u>
At 30 September 2006 (Note 14)	<u>5</u>

**8. ASSETS HELD IN TRUST**

	2006 £	2005 £
Cash held in trust	110,044	131,723
Loans - Special Funds	<u>154,612</u>	<u>127,566</u>
	<u>264,656</u>	<u>259,289</u>

**9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2006 £	2005 £
Trade debtors	217,015	195,414
Prepayments	28,500	28,500
Amount due by subsidiary (Note 14)	<u>4,083</u>	<u>10,083</u>
	<u>249,598</u>	<u>233,997</u>

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

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the Year Ended 30 September 2006**

**10. LOAN FUND ASSETS**

	2006	2005
	£	£
Loan fund debtors	3,119,850	2,470,402
Loan fund bank balances	453,172	750,342
Provisions for loan fund liabilities	<u>(2,471,781)</u>	<u>(2,929,554)</u>
	<u>1,101,241</u>	<u>291,190</u>

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2006	2005
	£	£
Loan	3,000	3,000
Trade creditors	39,790	23,202
Amount owing to subsidiary (Note 14)	2,350	2,350
VAT	48,463	-
Other creditors	119,639	22,702
Accruals and deferred income	<u>63,189</u>	<u>36,161</u>
	<u>276,431</u>	<u>87,415</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 £264,656 (2005: £259,289).

At the balance sheet date these were represented by:

Deutsche Morgan Grenfell Development Fund bank balances £96,635 (2005: £105,618, loans outstanding £98,644 (2005: £86,636).

Short Term Clothing Fund bank balances £13,409 (2005: £26,105), loans outstanding £55,968 (2005: £40,930).

**13. RESERVES**

	Income and expenditure account £
At 1 October 2005	717,046
Retained surplus for the year	<u>838,181</u>
At 30 September 2006	<u>1,555,227</u>

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

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the Year Ended 30 September 2005**

**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 (2005:£nil).

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 £4,083 (2005: £10,083), and is shown at Note 9.

The company has another subsidiary, Absolutely Consulting Limited. Its holding of one share represents 100% of the subsidiary's share capital. At the balance sheet date the amount owing by the company to Absolutely Consulting Limited on normal trading was £2,350 (2005: £2,350), and is shown at Note 11.

Another wholly-owned subsidiary, GoEast Enterprise Services Limited, has not yet commenced to trade.

Two further wholly-owned subsidiaries, 2012 Ventures Fund Limited, and Barking & Dagenham Enterprise Services Limited, were formed during the year but have not yet commenced to trade.

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 and of Absolutely Consulting Ltd. Mr T D Heath is also a director of GoEast Enterprise Services Limited, 2012 Ventures Fund Limited and Barking & Dagenham Enterprise Services Limited.

There are therefore five wholly-owned subsidiary companies, each with an issued share capital of £1. The total cost of £5 also represents the net book value of the investments, and is shown at Note 7.