

The BES Association Limited

*((T/A) The Enterprise Investment & Business
Expansion Schemes Association)
(a company limited by guarantee)*

Directors' report and financial statements

31 May 1997

Registered number 2480430



Directors' report and financial statements

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Chairman's Statement

There are continuing signs that both the Enterprise Investment Scheme (EIS) and Capital Gains Re-investment reliefs are becoming more widely understood and used. Although some companies raised significant sums from public share subscriptions, Inland Revenue statistics show that the amounts raised by most companies are small.

The Labour government announced in the Budget that it 'wishes to sharpen the focus of the EIS and Venture Capital Trusts to exclude arrangements where a substantial part of the return to investors is guaranteed, or which are backed by property and do not therefore carry the degree of risk envisaged when the schemes were introduced'. The Inland Revenue asked to meet the Association (which they view as the only co-ordinated source of practitioner experience on the EIS) in September to hear our views before publishing draft legislation.

A meeting was held and the Association subsequently submitted its considered views in writing. In essence, we accepted that guaranteed returns were not acceptable to the Government, but put forward a strong case for the retention within the EIS of companies with property assets. We recommended that the scheme be expanded by making it easier for hi-tech companies to raise finance, rather than imposing further restrictions.

After lengthy discussions, about finding a new name to reflect the Association's interests, the Council has concluded that the advantages of retaining the present registered and trading names outweigh the benefits that might be derived from a change.



MC Seymour
Chairman

Directors' report

The directors have pleasure in submitting their annual report and financial statements for the year ended 31 May 1997.

Principal activities

The company has two principal activities. The first is to lobby for the promotion and development of the Enterprise Investment Scheme and Capital Gains Re-investment provisions, by acting as a focus and voice for practitioners, by proposing legislative and regulatory changes and by encouraging good realisable returns to investors. The second is to encourage best practice by its members.

There are 34 corporate members of the Association.

Financial review

The Association has realised an excess of income over expenditure for the period of £3,988 (1996: £834 surplus).

Income is divided into Subscriptions and Miscellaneous. Joining Fees were used to contribute towards the cost of the Association's infrastructure and literature. Subscriptions are raised annually to fund the regular costs of the Association and are presently set at a fixed amount for all members. Miscellaneous income arises from the profits accruing from the provision of services both to members (e.g. press cuttings) and non-members (e.g. research).

Directors' report

Directors

The directors of the company during the year were as follows:

TC Villiers	(appointed 17 April 1990)
MC Seymour	(appointed 17 April 1990)
K Lassman	(appointed 5 June 1995)

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 Association and of the excess of income over expenditure of the Association for that period. In preparing these 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association 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 Association and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Directors' report

Auditors

Our auditors, KPMG, are willing to continue in office and in accordance with Section 385 of the Companies Act 1985, a resolution concerning their re-appointment will be submitted at the Annual General Meeting.

By order of the board



TC Villiers
Secretary

Holywell Centre
1 Phipp Street
London
EC2A 4PS

19 November 1997.



PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Report of the auditors to the members of The BES Association Limited

We have audited the financial statements on pages 6 to 9.

Respective responsibilities of directors and auditors

As described on page 3 the Association's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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 Association's affairs as at 31 May 1997 and of its excess of income over expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

20 November 1997

Income and expenditure account

for the year ended 31 May 1997

	<i>Note</i>	1997 £	1996 £
Income			
Subscriptions and joining fees	2	29,818	25,105
Expenditure			
Staff costs	5	(13,515)	(9,000)
Establishment and administration charges		(12,437)	(15,341)
		(25,952)	(24,341)
Operating surplus		3,866	764
Interest received		160	93
Surplus for the year before taxation		4,026	857
Taxation		(38)	(23)
Surplus for the year		3,988	834
Surplus/(deficit) brought forward		192	(642)
Surplus carried forward		4,180	192

The results for the year all arise from continuing operations. There are no recognised gains or losses in either the current or previous year other than those included in the income and expenditure account.

Balance sheet

at 31 May 1997

	Note	1997 £	1996 £
Current assets			
Debtors	6	1,918	1,476
Cash at bank and in hand		7,019	1,735
		8,937	3,211
Creditors: amounts falling due within one year	7	(4,757)	(3,019)
Net assets		4,180	192
Surplus/(deficit) carried forward		4,180	192

These financial statements were approved by the board of directors on 19 November, 1997 and were signed on its behalf by:



MC Seymour
Director

Notes

(forming part of the financial statements)

1 Status of the company

The BES Association Limited is a company limited by guarantee. Every member of the company undertakes to contribute to the assets of the company in the event of the same being wound up while he is a member, or within one year after he ceases to be a member, for payment of the debt and liabilities of the company contracted before he ceases to be a member, and the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributor's among themselves, such amount as may be required not exceeding one pound.

2 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The accounts have been prepared on a going concern basis.

Annual subscriptions

The annual subscription is currently at a flat rate of £395 per annum. There were 34 members of the Association as at 31 May 1997 (1996:38).

Taxation

The BES Association Limited has provided for corporation taxation on bank interest which was paid gross during the financial year.

Cash flow statement

The company has prepared no cash flow statement as it is exempt from doing so under the criteria included in FRS1.

3 Remuneration of auditors

	1997	1996
	£	£
Audit fee	851	851
	<u> </u>	<u> </u>

Notes (continued)

4 Remuneration of directors

	1997 £	1996 £
Director's emoluments	13,515	9,000
	<u>13,515</u>	<u>9,000</u>

The emoluments, excluding pension contributions, of the only director was £13,515 (1996: £9,000).

No other directors receive any remuneration from the company.

5 Staff numbers and costs

The average number of employees, including directors, during the year was 1 (1996: 1).

The aggregate payroll costs of these persons were as follows:

	1997 £	1996 £
Wages and salaries	13,515	9,000
	<u>13,515</u>	<u>9,000</u>

6 Debtors

	1997 £	1996 £
Trade debtors	1,918	1,476
	<u>1,918</u>	<u>1,476</u>

7 Creditors: amounts falling due within one year

	1997 £	1996 £
Trade creditors	475	1,506
Accruals	4,244	1,490
Corporation tax	38	23
	<u>4,757</u>	<u>3,019</u>