

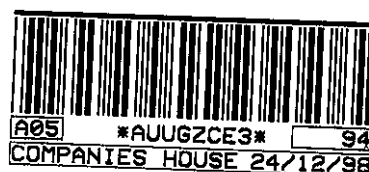
The BES Association Limited

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

Directors' report and financial statements

31 May 1998

Registered number 2480430



Directors' report and financial statements

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Chairman's Statement

This year's Finance Bill contained significant changes to the Enterprise Investment Scheme and Capital Gains Re-investment Relief. These changes are likely to lead to a considerable increase in the use of the scheme by entrepreneurial companies and sponsors as, although companies with property based assets will generally find the scheme difficult to use, the lifting of the capitalisation limit to £16 million from £1 million will encourage many more companies to consider it as a way of raising equity capital. This will be good news for members of the Association who are likely to be called on increasingly as experts on the scheme.

However, it does mean that members who are professional advisers to, or promoters of, companies will carry significant responsibility for ensuring that all public offers of shares meet high standards of disclosure and structure. Satisfied investors are essential to the long term future of the scheme and thereby to members' businesses.

Meanwhile, the Inland Revenue have again approached the Association with a view to holding discussions on the further development of the EIS.

With all this in mind, the future looks bright for practitioners with detailed knowledge of the 'new' EIS and the Association will continue to play an important role in promoting its members' skills and in representing their views to government ministers, officials and the press.

MC Seymour
Chairman



1-10-98

Directors' report

The directors have pleasure in submitting their annual report and financial statements for the year ended 31 May 1998.

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 £2,654 (1997:£3,988 *surplus*).

Income includes 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 (*continued*)

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 *(continued)*

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

1 Oct 98.

Holywell Centre
1 Phipp Street
London
EC2A 4PS



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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 1998 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.

KPMZ

KPMG
Chartered Accountants
Registered Auditors

14 October 1998

Income and expenditure account

for the year ended 31 May 1998

	<i>Note</i>	1998 £	1997 £
Income			
Subscriptions, joining fees and miscellaneous	2	27,653	29,818
Expenditure			
Staff costs	5	(13,042)	(13,515)
Establishment and administration charges		(12,222)	(12,437)
		(25,264)	(25,952)
Operating surplus		2,389	3,866
Interest received		336	160
Surplus for the year before taxation		2,725	4,026
Taxation		(71)	(38)
Surplus for the year		2,654	3,988
Surplus brought forward		4,180	192
Surplus carried forward		6,834	4,180

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.

*The BES Association Limited
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 Expansion Schemes Association)
 (a company limited by guarantee)
 Directors' report and financial statements
 31 May 1998*

Balance sheet

at 31 May 1998

	<i>Note</i>	1998 £	1997 £
Current assets			
Debtors	6	1,950	1,918
Cash at bank and in hand		6,651	7,019
		8,601	8,937
Creditors: amounts falling due within one year	7	(1,767)	(4,757)
Net assets		6,834	4,180
Surplus carried forward		6,834	4,180

These financial statements were approved by the board of directors on its behalf by:

1998 and were signed on

MC Seymour
Director



1-10-98.

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 1998 (1997:34).

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

	1998	1997
	£	£
Audit fee	1,175	851

Notes (continued)

4 Remuneration of directors

	1998	1997
	£	£
Director's emoluments	13,042	13,515

The emoluments, excluding pension contributions but including benefits in kind, of the only director were £13,042 (1997: £13,515).

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 (1997: 1).

The aggregate payroll costs of these persons were as follows:

	1998	1997
	£	£
Wages and salaries	13,042	13,515

6 Debtors

	1998	1997
	£	£
Trade debtors	1,950	1,918

7 Creditors: amounts falling due within one year

	1998	1997
	£	£
Trade creditors	501	475
Accruals	1,195	4,244
Corporation tax	71	38
	1,767	4,757