

# Financial Statements

For the year ended March 2020

Company Name: Enterprise4 Limited  
Company Number: 7852910



Connexus

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## **Directors and Advisors**

### **Directors:**

David Lincoln (appointed July 2017)  
Duncan Forbes (appointed October 2018, resigned April 2019)  
John Cross, Chair (appointed December 2018)  
Hillary Gardner (appointed December 2018)  
Philippa Jones (appointed December 2018, resigned April 2019)  
Paul Smith (appointed December 2018)  
Richard Woolley (appointed April 2019)

**Secretary** Nicola Griffiths (appointed March 2019)

**Registered Office** Legion Way  
Hereford  
Herefordshire  
United Kingdom  
HR1 1LN

**Auditor** KPMG LLP  
One Snow Hill  
Snow Hill Queensway  
Birmingham  
B4 6GH

**Solicitor** Anthony Collins  
134 Edmund Street  
Birmingham  
B3 2ES

**Company Number** 7852910

## Report of the Directors

The directors present their report together with the audited financial statements for the year ended 31 March 2020.

### Financial Performance

Due to the reduction in business during the year in preparation for the ceasing of Enterprise4 Limited home maintenance works, it has seen income reduce by £87,000 to £90,000. Corresponding operating costs fell by £94,000 to £99,000 during the period. This produced a 2019/20 operating deficit of £9,000. The total deficit for the year after interest and finance costs is £18,000 (2019: £38,000 deficit)

The main reasons for the reduced income are as follows:

- Income from property and maintenance services during 2019/20 has reduced by £88,000 in preparation for the closing of the Enterprise4 Limited home maintenance works.
- Income from Housing Services remained at the same level as 2018/19.
- Central overheads and support costs amounting to £9,000 have been recharged by the parent company Connexus Housing Two Limited (2019: £22,000). This reflects a reduction in Enterprise4 activity in the year.

Enterprise4 Limited continued in its agreement to lease 7 properties in Widemarsh Street, Hereford from Bluebell Properties on a 10 year repairing lease. Enterprise4 rents these homes on the open market. Under this agreement the lessor required a rent deposit deed - an amount paid by the lessee into a separate bank account of the lessor but only accessible should the lessee not pay the quarterly lease payments. To permanently fund this deposit it was agreed by the Parent Board that an intercompany loan could be set up between Connexus Housing Two Limited and Enterprise4 Limited. This intercompany loan is at arm's length (i.e. on market terms 4.193% as paid for by Connexus Housing Two Limited).

The Company's principal activities include the provision of consultancy and other non-charitable activities such as property maintenance and management of market rent properties to deliver profit for the parent and to contribute to the charitable aims of the group.

### Parent Company

Connexus Housing Two Limited is registered with the Cooperative and Community Benefit Societies Act 2014, Registered No 30269 and is registered with the Homes and Communities Agency as a social housing Registered Provider. Connexus Housing Two Limited was registered as a charity on 16<sup>th</sup> September 2004.

## **Report of the Directors (continued)**

### **Directors and Directors' Indemnities**

The directors of the Company who were in office during the year and up to the date of signing the financial statements are set out on page three. As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the financial year and is currently in force. The Company also purchased and maintained throughout the year directors' and officers' liability insurance in respect of itself and its directors.

### **Employees**

The Company has no employees. All employee services are provided by the parent and recharged to the Company at cost.

### **Going concern**

During the year ended 31 March 2020, the directors took the decision to cease trading in the coming 12 months following the end of lease arrangements on some of the properties it manages for market rent as explained in note 2c for this reason the directors do not believe it is appropriate to prepare these financial statements on a going concern basis.

The Company receives ongoing support from Connexus Housing Two Limited. For this reason, the board have confidence that Enterprise 4 will be able to settle its financial liabilities with the support it receives from Connexus Housing Two Limited.

### **Annual General Meeting**

The annual general meeting will be held on 15 September 2020 at the registered office, The Gateway, Craven Arms.

### **Independent Auditor**

KPMG LLP were appointed by the Board as auditors to the Connexus Group (of which Enterprise 4 Limited is a subsidiary) in November 2017. A resolution to reappoint KPMG LLP, as independent auditor, will not be put to the members at the annual general meeting due to the need for a competitive tender to take place.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

## **Report of the Directors (continued)**

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) FRS 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Statement as to disclosure of information to auditor**

The directors who held office at the date of approval of these financial statements confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware. Each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The Report of Directors and the financial statements were approved by the Board on 15 September and signed on its behalf by:



**Richard Woolley**  
Director

15 September 2020

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## **Independent auditor's report to the members of Enterprise4 Limited**

### **Opinion**

We have audited the financial statements of Enterprise4 Limited ("the company") for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements.

The directors have not prepared the financial statements on the going concern basis as they intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern until this time the ("the going concern period").

### **Emphasis of Matter- Non going concern basis of preparation**

We draw attention to the disclosure made in note 2(c) to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter

### **Directors' report**

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and

### **Independent auditor's report to the members of Enterprise4 Limited (continued)**

- in our opinion that report have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or



- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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.

**Harry Mears (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
One Snowhill, Snow Hill Queensway  
Birmingham B4 6GH

Date:



## Statement of Comprehensive Income

For the period ended 31 March 2020

Note	Notes	2020 £'000	2019 £'000
Turnover	3	90	177
Operating expenditure	4	(107)	(214)
<b>Operating profit / (loss) on ordinary activities before taxation</b>		<b>(17)</b>	<b>(37)</b>
Interest payable and bank charges		(1)	(1)
<b>Total profit / (loss) for the year before taxation</b>		<b>(18)</b>	<b>(38)</b>
Tax on profit on ordinary activities*	5		-
<b>(Loss)/profit for the year</b>		<b>(18)</b>	<b>(38)</b>

The operating deficit for the financial year arises from the Company's continuing operations. There is no material difference between the profit/loss on ordinary activities before taxation and the profit for the financial year stated above and their historical costs equivalent.

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of recognised gains and losses has been presented.

**Statement of Financial Position**


As at the 31 March 2020

Note	Notes	2020 £'000	2019 £'000
<b>Current assets</b>			
Stock		-	-
Trade and other debtors	8	52	28
Cash and cash equivalents	9	97	79
		<b>149</b>	<b>107</b>
Creditors: amounts falling due within one year	10	(209)	(148)
<b>Net current assets / (liabilities)</b>		<b>(60)</b>	<b>(41)</b>
Creditors: amounts falling due after more than one year		(30)	(30)
<b>Total net assets / (liabilities)</b>		<b>(90)</b>	<b>(71)</b>
<b>Capital and reserves</b>			
Called up share capital	11	-	-
Income and expenditure account	12	(90)	(71)
<b>Total shareholders' funds / (deficit)</b>	13	<b>(90)</b>	<b>(71)</b>

The financial statements on pages 10 to 17 were approved by the Board and authorised for issue on 15 September 2020 and signed on its behalf by:



**Richard Woolley**  
 Director  
 15 September 2020



**John Cross**  
 Director

Notes to the Financial Statements (continued)

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## Notes to the Financial Statements

### 1. Legal status

Enterprise4 Limited (formerly Enterprise Herefordshire Limited) is a private company limited by shares, incorporated under the Companies Act 2006. The Company was incorporated on 18th November 2011.

### 2. Accounting policies

The following accounting policies have been adopted as being appropriate to the Company's circumstances with regard to giving a true and fair view and have been applied consistently in dealing with items which are considered to be material in relation to the Company's financial statements.

#### a. Cash flow

The Company is exempt from producing a cash flow statement in accordance with FRS102.

#### b. Basis of Accounting

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and in accordance with the Companies Act 2006. The financial statements have been prepared in accordance with the historical cost convention, on an accruals basis, the accounts have not been prepared on a going concern basis as detailed in note 2.c. Until the entity is wound down future expected cash-flows will be as a result of property rental and repairs services.

#### c. Going concern

It is the intention of the directors to wind down E4 in the coming 12 month period as part of the Connexus group simplification. The directors have prepared the financial statements on a going concern basis until the point of wind down which they consider to be appropriate due to a letter of support being in place from the parent Connexus Housing Two Limited, which indicates its intention to continue to make available such funds as are needed by the company for the period until it is wound down.

#### d. Turnover

Turnover represents fees receivable for the provision of services or management of properties for third parties and rental income received from 7 market rent properties. Turnover is recognized on completion or part-completion of works or services carried out, or as it falls due under contractual arrangements.

### 2: Accounting policies (continued)

#### e. Management costs

Management costs are recharged from Connexus Housing Two Limited on the basis of an estimation of colleague time allocated, except for specific items of expenditure, which are allocated directly.

Notes to the Financial Statements (continued)

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**f. Reserves**

Enterprise4 Limited (formerly Enterprise Herefordshire Limited) has a general reserve that is unrestricted and can be applied freely, at the discretion of the Company (within its powers). The Company has not earmarked any of this reserve, as a designated reserve, at this point in time.

**g. Bad and doubtful debts**

Provision is made for fees receivable in relation to the provision of services to the extent that recovery is considered doubtful.

**h. Taxation**

The Company is liable to corporation tax on profits. Deferred tax is recognized in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results, as stated in the financial statements. The recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

**i. Value Added Tax**

The Group is registered for VAT. The Company is registered within the Group for VAT purposes. No VAT is liable on charges between the Company and the parent.

Notes to the Financial Statements (continued)

**3. Turnover**

**Turnover**

Analysis by class of business

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Property services and consultancy	38	125
Market rents	52	52
<b>Total turnover</b>	<b>90</b>	<b>177</b>

These activities have been delivered across the four key regions within which Enterprise4 Limited operates: Herefordshire, Gloucestershire, Worcestershire and Shropshire.

**4. Operating profit**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Operating profit is arrived after charging:		
Auditor's remuneration for external audit services	5	5

**5. Tax on result/profit on ordinary activities**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Profit on ordinary activities before tax	(18)	(38)
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19%	-	-
<b>Total tax expense included in profit or loss</b>	<b>-</b>	<b>-</b>

**6. Employees**

The Company employed no staff and incurred no employee costs during the year (2019: nil).

Notes to the Financial Statements (continued)

**7. Directors' emoluments**

The directors are also directors of the parent Connexus Housing Limited, or subsidiaries within the Group. Their emoluments are paid by the parent company which makes no recharge to Enterprise4 Limited. Their roles to Enterprise4 Limited are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the parent company.

<b>Board Member</b>	<b>Date appointed</b>	<b>Date resigned</b>
David Lincoln	28/02/2014	-
Richard Woolley	01/04/2019	-
John Cross	11/12/2018	-
Hillary Gardner	11/12/2018	-
Philippa Jones	11/12/2018	14/04/2019
Paul Smith	11/12/2018	-
Duncan Forbes	24/10/2018	01/04/2019
Michael McCarthy	15/03/2018	31/12/2018
James Williamson	27/07/2017	30/11/2018
Graham Biggs	27/07/2017	15/11/2018
Jacob Berriman	15/03/2018	19/09/2018
Sonia Higgins	15/03/2018	30/11/2018
Paul 'O' Driscoll	15/03/2018	01/04/2019

**8. Trade and other debtors**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Due within one year:</b>		
Trade debtors	46	(3)
Bad debt provision	(28)	(17)
Sundry debtors	34	48
Amounts owed by group undertakings	-	-
	<b>52</b>	<b>28</b>

**9. Cash at bank and in hand**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Cash and cash equivalents	97	79

Notes to the Financial Statements (continued)

**10. Creditors: amounts falling due within one year**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Due within one year:</b>		
Bank overdraft	-	-
Amounts owed to group undertakings	198	134
Receipts in advance	-	-
Rent prepayment	2	2
Accruals and deferred income	9	12
	<b>209</b>	<b>148</b>

**11. Called up share capital**

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
Number of £1 shares at beginning of the year	1	1
Returned shares	-	-
Shares issued during the financial year	-	-
<b>Number of shares at 31 March</b>	<b>1</b>	<b>1</b>

**12. Profit and loss account**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Balance at beginning of the year	(71)	(33)
Profit/(loss) for the financial year	(18)	(38)
	<b>(89)</b>	<b>(71)</b>

**13. Reconciliation of movements in shareholders' funds / deficit**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Balance at beginning of the period	(71)	(33)
Profit / (loss) for the financial year	(18)	(38)
Distribution to shareholders in the form of gift aid	-	-
Tax credit on gift aid	-	-
<b>Closing shareholders' funds / (deficit)</b>	<b>(89)</b>	<b>(71)</b>



Notes to the Financial Statements (continued)

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**14. Related Party Transactions**

The directors of the Company are either employees or Board Members of the parent, Connexus Housing Limited. As the Company is a wholly owned subsidiary, it has taken advantage of the exemption under FRS8 not to disclose in full intra-group transactions.

**15. Post balance sheet events**

It is the intention of the board to wind down E4 in the coming 12 months by ceasing operation and novating any remaining contracts to other group entities.,

**16. Ultimate parent undertaking and controlling party**

The Company is a wholly owned subsidiary of Connexus Housing 2 Limited (formerly Herefordshire Housing Limited), which itself is a subsidiary of Connexus Housing Limited, and has taken advantage of the following exemptions:

- Exemption from producing a cash flow statement in accordance with FRS102
- Exemption from disclosing transactions or balances with entities which form part of the Group.

The Company's parent undertaking, which is also the Company's ultimate parent undertaking, is Connexus Housing 2 Limited, a company incorporated in Great Britain.

The consolidated financial statements of Connexus Housing Limited are available from the Company Secretary, The Gateway, The Auction Yard, Craven Arms, Shropshire, SY7 9BW.