

enterprise⁴

Annual Report & Financial Statements

For the year ended
31 March 2018



Contents

Section	Page
Company Information	3
Report of the Directors	4
Independent auditor's report to the members of Enterprise4 Limited	8
Statement of Comprehensive Income	10
Statement of Financial Position	11
Notes to the Financial Statements	12

Company Information

Company Number	7852910
Directors	Michael McCarthy, Chair, (appointed March 2018) Jake Berriman (appointed March 2018, resigned September 2018) Graham Biggs (appointed July 2017) Peter Brown (resigned March 2018) Carol Dover (resigned July 2017) Sonia Higgins (appointed March 2018) David Lincoln Christopher Mellings (appointed July 2017, resigned March 2018) Paul O'Driscoll (appointed March 2018) James Williamson (appointed July 2017) Richard Woolley (resigned July 2017)
Secretary	Jen Hayball (appointed July 2017, resigned July 2018) Richard Woolley (appointed July 2018)
Registered Office	Legion Way Hereford Herefordshire United Kingdom HR1 1LN
Auditors	External Auditor: KPMG LLP One Snowhill Snow Hill Queensway Birmingham B4 6GH Internal Auditor: Beever & Struthers St Philips Point Temple Row Birmingham B2 5AF
Solicitor	Anthony Collins 134 Edmund Street Birmingham B3 2ES

Report of the Directors

The directors present their report together with the audited financial statements for the year ended 31 March 2018.

Financial Performance

It has been a challenging year for Enterprise4 Limited, which has seen income reduce by £66,000 to £226,000. Operating costs reduced by £43,000 to £246,000, producing an operating deficit of £20,000. This contrasts with the prior year where a break-even position was reported. The total loss for the after interest and finance costs is £21,000.

The main reasons for the reduced income are as follows:

- Income from property and maintenance services during 2017-18 has reduced by £68,421. The main reasons being the completion of ground maintenance works for Keepmoat at Radford Gardens resulting in £16,500 being received in 17-18 compared to £98,500 in 16-17. Income from the Handyperson Scheme and Stonewater Aids & Adaptions fell by 24%, £101,200 to £76,900.
- Reduced income is partly offset by fitting kitchens for Stonewater, £24,000 and creation of a Hair Salon for HTC, £20,400.
- Income from Housing Services has increased by £2,600 due to less void market rents in 17/18.
- Central overheads and support costs amounting to £60,700 have been recharged by the parent company Herefordshire Housing Limited (2017: £68,500).

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 Herefordshire Housing Limited and Enterprise4 Limited. This intercompany loan is at arm's length (i.e. on market terms 4.193% as paid for by Herefordshire Housing 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

Herefordshire Housing Limited is a not-for-profit private company limited by guarantee and is registered with the Homes and Communities Agency as a social housing Registered Provider. Herefordshire Housing Limited was registered as a charity on 16th September 2004.

Enterprise4 Limited

Report and financial statements for the year ended 31 March 2018

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

After making enquiries the Board has a reasonable expectation that the Company has adequate resources to continue its operational activities for the foreseeable future, being a period of twelve months after the date on which the report and financial statements were signed.

The Company receives ongoing support from Herefordshire Housing Limited. For this reason, it continues to adopt the going concern basis in the financial statements.

Annual General Meeting

The annual general meeting will be held on 26 September 2018 at the registered office, Legion Way, Hereford.

Enterprise4 Limited
Report and financial statements for the year ended 31 March 2018

Report of the Directors (continued)

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 be put to the members at the annual general meeting.

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

The report of the director's was approved by the Board on 27 September 2018 and signed on its behalf by:



Michael McCarthy
Director
27 September 2018



Richard Woolley
Secretary

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 21 August and signed on its behalf by:



Richard Woolley
Director & Secretary
27 September 2018

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 2018 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 2018 and of its profit 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. We have nothing to report in these respects.

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
- 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
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

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

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.

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.



Sarah Brown (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snowhill, Snow Hill Queensway

Birmingham B4 6GH

Date: 27 September 2018

Statement of Comprehensive Income

For the period ended 31 March 2018

	Notes	2018 £'000	2017 £'000
Turnover	3	226	292
Operating expenditure	4	(246)	(289)
Operating profit / (loss) on ordinary activities before taxation		(20)	3
Interest payable and bank charges		(1)	(2)
Total profit / (loss) for the year before taxation		(21)	1
Tax on profit on ordinary activities	5	-	(1)
Profit / (loss) for the year		(21)	-

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.

Enterprise4 Limited
 Report and financial statements for the year ended 31 March 2018
Statement of Financial Position
 As at the 31 March 2018

Note	Notes	2018 £'000	2017 £'000
Current assets			
Trade and other debtors	8	58	140
Cash and cash equivalents	9	34	53
		92	193
Creditors: amounts falling due within one year	10	(95)	(175)
Net current assets		(3)	18
Creditors: amounts falling due after more than one year		(30)	(30)
Total net liabilities		(33)	(12)
Capital and reserves			
Called up share capital	11	-	-
Income and expenditure account	12	(33)	(12)
Deficit on equity shareholders' funds	13	(33)	(12)

The financial statements on pages 10 to 17 were approved by the Board and authorised for issue on 21 August and signed on its behalf by:



Richard Woolley
 Director
 27 September 2018



Michael McCarthy
 Director

Notes to the Financial Statements (continued)

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 and going concern basis.

c. Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue its operational activities for the foreseeable future, being a period of twelve months after the date on which the report and financial statements were signed. Enterprise 4 is a vehicle of Herefordshire Housing Limited whose purpose is to allow the Group to carry out non-charitable trading activities and gift aid the profits to the parent to further its charitable activities. Its going concern is therefore based on the strength of the Group and would be supported by the parent if required on a one-off basis. However, trading activity is only carried out in pursuit of delivering a surplus. For this reason, it continues to adopt the going concern basis in the financial statements.

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.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

e. **Management costs**

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

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.

Enterprise4 Limited
Report and financial statements for the year ended 31 March 2018

Notes to the Financial Statements (continued)

3. Turnover

	2018	2017
	£'000	£'000
Property services and consultancy	174	243
Market rents	52	49
Total turnover	226	292

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

4. Operating profit

	2018	2017
	£'000	£'000
Operating profit is arrived after charging:		
Auditor's remuneration for external audit services	5	5

5. Tax on result/profit on ordinary activities

	2018	2017
	£'000	£'000
Profit / (loss) on ordinary activities before tax	(21)	1
Profit on ordinary activities at the standard rate of corporation tax in the UK of 20%	-	1
Total tax expense included in profit or loss	-	1

6. Employees

The Company employed no staff and incurred no employee costs during the year (2017: nil).

Enterprise4 Limited
Report and financial statements for the year ended 31 March 2018

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.

Board Member	Date appointed	Date resigned
Peter Brown	18/11/2011	15/03/2018
Richard Woolley	18/11/2011	27/07/2017
David Lincoln	28/02/2014	-
Michael McCarthy	15/03/2018	27/07/2017
Carol Dover	28/10/2015	27/07/2017
Christopher Mellings	27/07/2017	15/03/2018
James Williamson	27/07/2017	-
Graham Biggs	27/07/2017	-
Jacob Berriman	15/03/2018	-
Sonia Higgins	15/03/2018	-
Paul 'O' Driscoll	15/03/2018	-

Michael McCarthy resigned as a Board Member in July 2017 following the merger of Herefordshire and Shropshire Housing Groups to form Connexus Housing Group and was reappointed in March 2018.

8. Trade and other debtors

	2018 £'000	2017 £'000
Due within one year:		
Trade debtors	24	98
Bad debt provision	(17)	(24)
Other debtors	51	66
	58	140

9. Cash at bank and in hand

	2018 £'000	2017 £'000
Cash and cash equivalents	34	53

Notes to the Financial Statements (continued)

10. Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Amounts owed to group undertakings	82	141
Receipts in advance	-	-
Rent Prepayment	2	3
Accruals and deferred income	11	31
	95	175

11. Called up share capital

	2018 Number	2017 Number
Number of £1 shares at beginning of the year	1	1
Returned shares	-	-
Shares issued during the financial year	-	-
Number of shares at 31 March	1	1

12. Profit and loss account

	2018 £'000	2017 £'000
Balance at beginning of the year	(12)	(12)
Profit/(loss) for the financial year	(21)	-
	(33)	(12)

13. Reconciliation of movements in shareholders' funds

Reconciliation of movements in shareholders' funds / deficit

	2018 £'000	2017 £'000
Balance at beginning of the period	(12)	(12)
Profit / (loss) for the financial year / period	(21)	1
Distribution to shareholders in the form of gift aid	-	(1)
Tax credit on gift aid	-	-
Closing shareholders' funds / (deficit)	(33)	(12)

Notes to the Financial Statements (continued)

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

There are no post balance sheet events.

16. Ultimate parent undertaking and controlling party

The Company is a wholly owned subsidiary of 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 Herefordshire Housing 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.