

Company No: 02127064 (England and Wales)

**BRITISH BUSINESS ANGELS ASSOCIATION
(FORMERLY NATIONAL BUSINESS ANGELS NETWORK LIMITED)
(Limited by Guarantee)**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST MARCH 2005



British Business Angels Association
(formerly National Business Angels Network Limited)
(Limited by Guarantee)
Contents

	Page
Advisors and Registered Office	1
Chairman's Statement	2
Director's Report	3
Statement of Director's Responsibilities and Report of the Auditors	4
Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7 to 10

**British Business Angels Association
(formerly National Business Angels Network Limited)
(Limited by Guarantee)
Advisors and Registered Office**

Directors:

M. Carr
A.R. Clarke
K.D. Cooper
J. Goodger
M. White

Secretary:

R.B. Norman

Company Number:

2127064

Registered Office:

28 Park Street
London SE1 9EQ

Auditors:

Pridie Brewster
Carolyn House
29-31 Greville Street
London
EC1N 8RB

British Business Angels Association
(formerly National Business Angels Network Limited)
(Limited by Guarantee)
Chairman's Statement

The British Business Angels Association is now making its mark as the new trade body representing the Business Angel Market.

BBAA's key focus will be to promote and support the development of business angel networks and related organisations, raising awareness of the importance of this sector as a key source of investment in SME growth within government and the financial market place. As a trade body, BBAA is also keen to promote best practice in relation to angel investment as a way of widening its appeal and has developed a strong code of conduct for its Members which is now being adopted.

Our 15 founder members comprising Business Angel Networks and Angel Groups cover most of the regions of the UK and many others are now in the process of joining. To date we have registered 14 Associates representing a wide range of expertise in the equity and finance markets and we hope that our members will promote this opportunity to other potential associates in their regions.

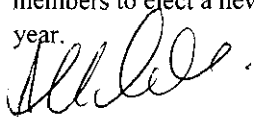
I would like to particularly like to express my thanks for the support of our first two sponsors Nesta and Kingston Smith as well as the founder Board Members, Martin Carr, Ken Cooper, John Goodger and Mark White who have helped to guide the transition in establishing the new structure for the BBAA. I am sure you will join me in also thanking Greater London Enterprise (GLE) for providing BBAA with facilities for its operations since August 2004 together with interim management and infrastructure support under the direction of our Board.

BBAA now has its own website and regular monthly newsletter to support its ongoing communications with members and associates who are encouraged to provide local content about their activities. There will also be a members' section to encourage sharing of information and best practice.

BBAA's first annual conference to be held in Birmingham on 6th and 7th June will reinforce the increasingly important role of business angels in funding Britain's small and early stage businesses.

The BBAA national conference will focus on the benefits of angel investing, with high profile speakers and contributors from the investment world, government and industry, both in the UK and internationally. This event which promises to be of interest to all those involved in the wider private equity marketplace, will also highlight success for both investors and investees through a special awards dinner on the first evening.

Our first AGM for BBAA to be held on 7th June after the annual conference will provide an opportunity for members to elect a new Board which will strengthen the organisation and deliver our strategy for the coming year.



Anthony R Clarke
Chairman: British Business Angels Association

Dated: 27th May 2005

British Business Angels Association
(formerly National Business Angels Network Limited)
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Report of the Directors

The directors submit their report and the audited financial statements for the year ended 31st March 2005.

Results

The loss for the year after taxation amounted to £19,552 (2004 - profit of £5,784).

Principal Activity and Review of Business

The British Business Angels Association (BBAA) is the new National Trade Association for the UK's Business Angel Networks and its Associates and Affiliates. BBAA has a number of roles ranging from highlighting the contribution business angels make to the entrepreneurial culture to supporting its members and lobbying government to encouraging the exchange of best practice, experiences and ideas between its members. It specifically does not have a purpose to promote investment opportunities to investors or to advisers.

British Business Angels Association (BBAA) and Greater London Enterprise Limited (GLE) entered into an agreement on 8th November 2004 whereby GLE agreed to relocate BBAA to its London offices and provide general secretariat and administrative services to BBAA from 1st September 2004 to 31st March 2006 through its in house Secretariat to support the future development of BBAA to become a trade association for its members.

Change of name

The name of the company was changed to the British Business Angels Association on 29th November 2004.

Directors

The directors who served during the year were as follows:

S. Ager	(resigned 31st August 2004)
J. Braithwaite	(resigned 31st August 2004)
M Carr	(appointed 31st August 2004)
A.R. Clarke	
N. Cox	(resigned 31st August 2004)
B. Hallowell	(resigned 31st August 2004)
K. Kapur	(resigned 31st August 2004)
A. Marratt	(resigned 31st August 2004)
R.B. Norman	(resigned 31st August 2004)
S.M. Pegge	(resigned 31st August 2004)
M.J. Snyder	(resigned 31st August 2004)
J. Goodger	(appointed 18th October 2004)
K.D. Cooper	(appointed 18th October 2004)
M. White	(appointed 31st August 2004)

Small Company Rules

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

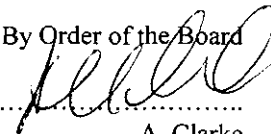
Auditors

Pridie Brewster have signified their willingness to continue in office and a resolution to reappoint them will be forwarded at the Annual General Meeting.

28 Park Street
London SE1 9EQ

Date: 27th May 2005

By Order of the Board


.....
A. Clarke
Director

British Business Angels Association
(formerly National Business Angels Network Limited)
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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 company and of the profit or loss 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; and prepare the financial statements on a going concern basis unless it is inappropriate to assume that the company 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 company and 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.

Independent Auditors' Report to the Members of
British Business Angels Association

We have audited the financial statements of British Business Angels Association for the year ended 31st March 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These have been prepared under the historical cost convention and the accounting policies set out therein and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and 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 in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Directors' Report 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 the directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

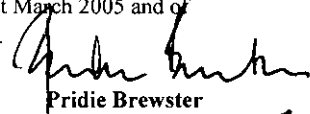
Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom 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 company's affairs as at 31st March 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Pridie Brewster
Registered Auditors
Carolyn House
29-31 Greville Street
London
EC1N 8RB

27th May 2005.

British Business Angels Association
(formerly National Business Angels Network Limited)
(Limited by Guarantee)
Profit and Loss Account
For the year ended 31st March 2005

	Note	2005 £	2004 £
Turnover - continuing activities	2	40,651	124,466
Cost of sales		<u>(14,225)</u>	<u>(18,619)</u>
Gross Profit		26,426	105,847
Administrative expenses		(348,034)	(848,831)
Other operating income	3	<u>301,716</u>	<u>746,342</u>
Operating (Loss) / Profit - continuing activities	4	(19,892)	3,358
Income from shares in group undertakings		-	1,547
Interest receivable and similar items		<u>340</u>	<u>879</u>
(Loss) / Profit on Ordinary Activities before Taxation		(19,552)	5,784
Taxation	6	-	-
(Loss) / Profit on Ordinary Activities after Taxation	11	<u><u>(19,552)</u></u>	<u><u>5,784</u></u>

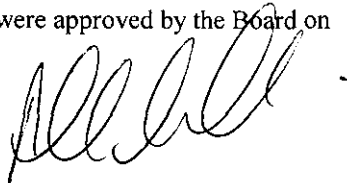
There are no other recognised gains or losses other than stated above.

British Business Angels Association
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Balance Sheet as at 31st March 2005

	Note	2005	2004
		£	£
Fixed Assets			
Tangible assets	7	-	2,001
Investments	8	<u>1</u>	<u>1</u>
		1	2,002
Current Assets			
Debtors	9	84,724	225,293
Cash at bank and in hand		<u>39,684</u>	<u>4,769</u>
		124,408	230,062
Creditors: Amounts falling due within one year	10	<u>(125,984)</u>	<u>(214,087)</u>
Net Current Assets		<u>(1,576)</u>	<u>15,975</u>
Total Assets less Current Liabilities		<u><u>(1,575)</u></u>	<u><u>17,977</u></u>
Capital and Reserves			
Profit and loss account	11	<u>(1,575)</u>	<u>17,977</u>
Members' Funds		<u><u>(1,575)</u></u>	<u><u>17,977</u></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 June 2002).

The financial statements were approved by the Board on



A.R. Clarke 27th May 2005

Director

British Business Angels Association
(formerly National Business Angels Network Limited)
(Limited by Guarantee)
Notes to the Financial Statements
For the year ended 31st March 2005

1 Accounting Policies

Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

Turnover is the total amount receivable by the company in the ordinary course of business from outside customers and subscribers for services provided, excluding VAT.

Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their estimated useful lives on the following basis:

Leasehold land and buildings	over the term of the lease
Fixtures and fittings	25% straight line

Operating Leases

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

Pensions

The company operated a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions paid to the fund.

Grants

Grants received and receivable and credited to the profit and loss account in the period to which they relate.

Group Accounts

The company has taken advantage of the exemption in s248 of the Companies Act 1985 from the requirement to prepare group accounts on the basis that it is a small group.

These accounts present information on the company only and not the group as a whole.

2 Turnover

All turnover arose within the United Kingdom.

3 Other Operating Income

	2005	2004
	£	£
DTI grants	244,883	636,284
Sponsorship	56,833	87,084
Sundry income	-	22,974
	<u>301,716</u>	<u>746,342</u>

British Business Angels Association
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Notes to the Financial Statements (continued)
For the year ended 31st March 2005

4 Operating Profit	2005	2004
	£	£
The operating profit is stated after charging:		
Depreciation of tangible fixed assets:		
Owned by the company	-	5,576
Audit fees	3,800	3,600
DTI audit fees	950	1,900
	<hr/>	<hr/>
5 Staff costs	2005	2004
<i>Staff</i>	£	£
Wages and salaries	97,055	333,742
Redundancy costs	51,945	1,050
Social security costs	9,491	35,141
Pension costs	4,688	16,962
	<hr/>	<hr/>
	163,179	386,895
<i>Directors</i>		
Directors' emoluments	42,919	128,754
Redundancy costs	43,445	-
Pension costs	4,292	12,875
	<hr/>	<hr/>
	90,656	141,629
	<hr/>	<hr/>
6 Taxation	2005	2004
	£	£
Corporation tax on interest received at current rates	-	-
	<hr/>	<hr/>
7 Fixed Assets	Fixtures, Fittings, Tools and Equipment	Total
	Leasehold Improvements	
	£	£
Cost		
At 1st April 2004	18,374	45,775
Written off	(18,374)	(43,775)
Disposals	-	(2,000)
	<hr/>	<hr/>
At 31st March 2005	-	-
	<hr/>	<hr/>
Depreciation		
At 1st April 2004	18,373	43,774
Written off	(18,373)	(43,774)
	<hr/>	<hr/>
At 31st March 2005	-	-
	<hr/>	<hr/>
Net Book Value		
At 31st March 2005	-	-
	<hr/>	<hr/>
At 31st March 2004	1	2,001
	<hr/>	<hr/>

British Business Angels Association
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Notes to the Financial Statements (continued)
For the year ended 31st March 2005

8 Investments

	Shares in Group Undertakings £
Cost	
At 1st April 2004	30,000
Written off in the year	(30,000)
At 31st March 2005	<u>-</u>
Provision for permanent diminution in value	
At 1st April 2004	29,999
Written off in the year	(29,999)
At 31st March 2005	<u>-</u>
Net Book Value	
At 31st March 2005	<u><u>1</u></u>
At 31st March 2004	<u><u>1</u></u>

Investments comprised 100% of the ordinary share capital of NBANTOO Limited. NBANTOO Limited is registered in England and Wales. The company is in the process of being dissolved and the investment has been written off accordingly.

9 Debtors

	2005 £	2004 £
Due within one year		
Trade debtors	20,416	126,621
Other tax and social security	4,810	-
Other debtors	59,498	98,672
	<u>84,724</u>	<u>225,293</u>

10 Creditors: Amounts falling due within one year

	2005 £	2004 £
Trade creditors	59,618	78,256
Other tax and social security	-	7,453
Other creditors	1,644	-
Accruals and deferred income	64,722	128,378
	<u>125,984</u>	<u>214,087</u>

11 Reserves

	2005 £	2004 £
Balance brought forward	17,977	12,193
Profit for the year	(19,552)	5,784
Balance carried forward	<u>(1,575)</u>	<u>17,977</u>

British Business Angels Association
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Notes to the Financial Statements (continued)
For the year ended 31st March 2005

12 Members' Liability

In the event of the company being wound up, every member, or person who has been a member within the 12 months immediately preceding the date of the winding up order, undertakes to contribute £1 if the assets of the company are insufficient to meet its liabilities in full. At the balance sheet date there were 10 (2004 - 7) members.

13 Ultimate Controlling Party

There is no ultimate controlling party.