



**OLDHAM ECONOMIC  
DEVELOPMENT ASSOCIATION  
LIMITED**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 MARCH 2003**

**REGISTERED NO. 1527986**



**OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 MARCH 2003**

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**OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

**DIRECTORS AND ADVISERS**

**BOARD DIRECTORS**

B J MATHER  
Chairman

D HIBBERT

C HILYER

D R JONES

A KILBURN  
Finance

R KNOWLES

K PENDLEBURY Appointed 17th May 2002

**BOARD MEMBERS**

C SHYNE

J DILLON

J GREENWOOD

R HINDLE

J JOHNSON

M KELLY

**SECRETARY & REGISTERED OFFICE**

A B HARWOOD  
PO BOX 33  
CIVIC CENTRE  
WEST STREET  
OLDHAM  
OL1 1UL

**REGISTERED AUDITORS**

STEPHEN SENIOR & CO  
147 UNION ST  
OLDHAM  
OL1 1TD

## **OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

### **CHAIRMAN'S STATEMENT**

The company has remained inactive in the past year because of the restrictions, which apply to companies wholly owned by a local authority.

The continued delays to the proposed developments are disappointing, as these would have released capital receipts. It remains likely, however, that developments may be attracted to the Southlink Business Park by grant assistance available through Economic Development Zone.

The Directors continue to review the usefulness of the company and whether it should be voluntarily wound up but at this stage consider it appropriate to retain the company in its non trading state whilst taking action to minimise attributable costs. The Directors thus consider it appropriate to prepare to prepare accounts on an ongoing basis.

## **OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

### **DIRECTORS' REPORT FOR THE 12 MONTHS ENDED 31 MARCH 2003**

The Directors present their eighteenth annual report and the audited financial statements for the year ended 31 March 2003.

#### **PRINCIPAL OBJECTIVES**

The principal objective of the Company is to act as an investment and property holding company.

#### **CAPITAL FUNDING**

The initial funding of the Company came from the Oldham Metropolitan Borough Council ('OMBC'). The Council made an investment in the Company on 28 November 1980 of £790,000 and a further investment of £425,000 on 21 October 1988.

Over the course of the following 10 years the company undertook a development programme which required, in addition to the Council's investment, external borrowings of some £16,000,000. Scheduled repayments of the borrowings were repaid with final repayment taking place in March 2000, when the last of the Company's developed assets were sold.

In the event of its winding up or dissolution, the Company will be required to repay the funding from the Council. It is for this reason the funding from the Council is shown in the Company's financial statements as capital.

#### **RESULTS FOR THE YEAR**

Although the company has been inactive there has been a net loss in the year of £17,991 some costs have been incurred on accountancy/audit fees and staff costs recharged from the Council.

#### **FUTURE DEVELOPMENTS**

Previous proposals to develop part of the development land for a further office block of about 20,000 sq ft, with the assistance of ERDF grant have been delayed as a result of the difficulties of completing the project within the timescales contained in the grant conditions. It is now being proposed that an alternative development will be undertaken for a 40,000sq ft office by the developer, Gladmans, who will receive an ERDF grant under the Economic Development Zone.

A proposal to develop part of the company's land for Health Authority Office HQ in conjunction with land adjoining, owned by the Council, will not now proceed as the inquiry has been satisfied elsewhere.

The remainder of the Company's developable land will benefit when the adjoining railway land becomes available, following the introduction of Metrolink and the

## **OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

opportunity to gain direct access on to Oldham Way. The timescale for Metrolink and the release of the railway land is, however, at least 5 years away.

### **DIRECTORS**

The directors of the Company during the year to 31 March 2003, are listed on page 3. In accordance with the Articles of Association, the directors are drawn from the members and officers of Oldham Metropolitan Borough Council.

### **EMPLOYEES AND ADMINISTRATION**

The Board's policy with regard to the running of the Company is to work closely with the Council.

The Company has no employees, therefore, all necessary professional and administrative services are obtained from appropriate Council staff. A proportion of the relevant employment costs are reimbursed by the Company to the Council.

This also applies to those Council Officers who are directors of the Company. The amount shown in the financial statements for directors remuneration consequently includes additional sums in respect of management. These are paid not to the directors themselves but to the Council.

More specialised financial and taxation advice is provided by Stephen Senior & Co.

### **TAXATION**

The Company is not a close Company within the provisions of the Income and Corporation Taxes Act 1988, and this position has not changed since the end of the financial year.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial period that 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.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the 12 months ended 31 March 2003 and that applicable accounting standards have been followed and that it is appropriate to prepare the accounts on the going concern basis.

The directors are responsible for keeping proper accounting records that 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.

**OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

**AUDITORS**

Following the decision not to reappoint PriceWaterhouseCoopers LLP at the annual general meeting on 30 January 2003, it was agreed by a postal ballot on 30<sup>th</sup> April 2003 to appoint Stephen Senior & Co.

A handwritten signature in black ink, appearing to be 'A Kilburn', written in a cursive style.

**By order of the Board  
A KILBURN (Director)**

**OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE BOARD DIRECTORS AND MEMBERS OF OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED (last years report)**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

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

This opinion has been prepared for and only for the company's members in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

**Basis of audit 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

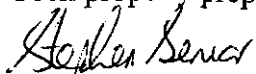


**OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

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 at 31 March 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Stephen Senior & Co

Chartered Certified Accountants and Registered Auditors  
Oldham

**OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 MARCH 2003**

	NOTE	2003 £	2002 £
Operating expenses		(1,749)	(7,338)
Administrative expenses	6		
- Exceptional - Write down in Land Value		-	(116,000)
- Other		(16,380)	(61,770)
Operating loss		<u>(18,129)</u>	<u>(185,108)</u>
Investment income	7	139	1,455
Loss on ordinary activities before taxation	8	<u>(17,990)</u>	<u>(183,653)</u>
Taxation	9	-	-
Loss for the year		<u>(17,990)</u>	<u>(183,653)</u>

All results derive from continuing operations

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

OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

BALANCE SHEET AS AT 31 MARCH 2003

	NOTE	2003 £	2002 £
<b>Fixed Assets</b>			
Tangible assets	10	429,000	429,000
		<u>429,000</u>	<u>429,000</u>
<b>Current Assets</b>			
Debtors	12	380,219	433,073
Cash in bank and in hand		12,690	8,105
		<u>392,909</u>	<u>441,178</u>
Creditors : amounts falling due within one year	13	(40,355)	(70,634)
Net current assets		<u>352,554</u>	<u>370,544</u>
Total assets less current liabilities		<u>781,554</u>	<u>799,544</u>
Net assets		<u>781,554</u>	<u>799,544</u>
<b>Capital and Reserves</b>			
Capital Fund	15	1,215,000	1,215,000
Profit and Loss account	15	(433,446)	(415,456)
Shareholders funds	14	<u>781,554</u>	<u>799,544</u>

The financial statements on pages 10 to 17 were approved by the Board of Directors on and were signed on its behalf by :

DIRECTORS



DATE 18.12.03.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2003**

**1. GUARANTEE**

The Company is limited by guarantee. At 31 March 2003 there were 12 Members of the Council, each of whom on a winding up has undertaken to contribute an amount not exceeding £1.

**2. PRINCIPAL ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom. A summary of the accounting policies, which have been applied consistently, is set out below.

**Basis of Accounting**

The financial statements contain information about Oldham Economic Development Association Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 248 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as the group it heads qualifies as a small group.

**Cash Flow**

The company and the group are exempt from the requirements of FRS1 to prepare a cash flow statement.

**Tangible Fixed Assets**

Tangible fixed assets, which comprise freehold land held for redevelopment, is held at valuation. Valuations are performed on a regular basis by external valuers and are reviewed in the intervening periods by internal officers. Freehold land is not depreciated.

**Deferred Taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which future reversal of the timing differences can be deducted. Deferred tax assets and liabilities are not discounted.

## OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

### Turnover

Turnover represents rental and service charge income net of value added tax.

### 3. INCOME

The company has not received any rental income for the past two financial years

### 4. DIRECTORS EMOLUMENTS

	2003 £	2002 £
Sum paid to third parties for director's services	<u>5,000</u>	<u>5,000</u>

Sums paid to third parties for directors' services represent the total amount reimbursable to OMBC in respect of the employment costs of those Council Officers who are Directors.

### 5. EMPLOYEE INFORMATION

The Company has no employees; see the directors' report.

### 6. ADMINISTRATION EXPENSES

	2003 £	2002 £
- write down of value of land	-	116,000
- settlement of claim	-	41,071
- other	16,381	20,699
	<u>16,381</u>	<u>177,770</u>

### 7. INVESTMENT INCOME

	2003 £	2002 £
Income from current asset investments	89	93
Interest on short term monies loaned to Parent Company	50	1,362
	<u>139</u>	<u>1,455</u>

## 8. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2003 £	2002 £
Loss on ordinary activities before taxation is stated after charging expenditure relating to:		
Auditors' remuneration for:		
Audit	5,600	3,000
Other Services	3,065	2,200
Payment of contribution for Prince of Wales Business Park	-	9,085
Reimbursement to OMBC in respect of all professional and staff costs, including related overheads.	8,660	13,628
	<hr/>	<hr/>

## 9. TAXATION

	2003 £	2002 £
Loss on ordinary activities before tax (as per page 10)	(17,990)	(183,653)
Tax on loss on ordinary activities at the standard rate (30%)	(5,397)	(55,096)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	0	2,725
Short term timing differences	42	437
Losses carried forward	5,355	51,934
Current tax charge for period	<hr/> -	<hr/> -

The Company has unrecognised deferred tax asset of £254,802 (2002:£250,000) which relates primarily to carried forward trading losses.

# 10. TANGIBLE FIXED ASSETS

	£
<b>VALUATION</b>	
At 31 March 2002 & 31 MARCH 2003	429,000
 <b>DEPRECIATION</b>	
At 31 March 2003	-
 <b>NET BOOK VALUE AT 31 MARCH 2002 &amp; 31 MARCH 2003</b>	<u>429,000</u>

The last external valuation of the land was performed by Lambert Smith Hampton in March 2000 and supported a carrying value of £545,000. An internal valuation was performed in December 2002, which indicated that the value of the land had fallen to £429,000.

The internal valuation was prepared by John R Mitchell (MRICS) on the Open Market Value basis, which is defined in Appraisal and Valuation Manual published by the Royal Institute of Chartered Surveyors.

# 11. FIXED ASSET INVESTMENT

The Company has a 100% subsidiary, Southlink Developments Limited, a Company registered in England and Wales, which operates as a property development company. This has been fully written down in the books of the Company.

# 12. DEBTORS

	2003 £	2002 £
Amounts falling due within one year:		
Amounts owed by subsidiary undertaking	219	204
Amounts owed by parent company	380,000	430,000
Other debtors	0	2,869
	<u>380,219</u>	<u>433,073</u>

The figure in 'Amounts owed by Parent Company' represents £380,000 as the balance owed on the purchase price of land and property at Southlink Business Park.

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Legal claim (note 6)	-	41,071
Accruals and other creditors	40,355	29,563
	<u>40,355</u>	<u>70,634</u>

**14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Loss on ordinary activities after taxation	(17,990)	(183,653)
Opening shareholders' funds	799,544	983,197
Closing shareholders' funds	<u>781,554</u>	<u>799,544</u>

**15. MOVEMENT OF CAPITAL AND RESERVES**

	<b>CAPITAL FUND</b>	<b>PROFIT and LOSS</b>
	<b>£</b>	<b>£</b>
At 1 April 2002	1,215,000	(415,456)
Loss for the year	-	(17,990)
At 31 March 2003	<u>1,215,000</u>	<u>(433,446)</u>

The initial funding of the Company came from the Oldham Metropolitan Borough Council. The Council made an investment in the Company on 28 November 1980 of £790,000 and a further Investment of £425,000 on 21 October 1988.

**16. INFORMATION ON THE PARENT COMPANY**

The Company is a 100% subsidiary of Oldham Metropolitan Borough Council (OMBC). The principal place of business for OMBC is the Civic Centre, West Street, Oldham, OL1 1UL.