

**OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 MARCH 1997**

**REGISTERED NO. 1527986**



**OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 MARCH 1997**

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# **OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

## **DIRECTORS AND ADVISERS**

### **DIRECTORS**

JB BATTYE  
Chairman

AJ DILLON

BJ MATHER

M RILEY

C SMITH  
Finance

NE BENNETT

H MCDONALD

M CURRAN

J JOHNSON

### **SECRETARY & REGISTERED OFFICE**

G SMITH  
CIVIC CENTRE  
WEST STREET  
OLDHAM  
OL1 1UL

### **REGISTERED AUDITORS**

COOPERS & LYBRAND  
ABACUS COURT  
6 MINSHULL STREET  
MANCHESTER  
M1 3ED

## **OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

### **CHAIRMAN'S STATEMENT**

The Company's activity and future role continue to be constrained by the impact of the Government's legislation on Local Authorities and Companies. The effect of this legislation is that it is no longer financially beneficial to the Council ( the owners of the Company ) to use OEDA Limited as a development vehicle.

Some limited further development, which is effectively the completion of the Company's planned development programme, will be undertaken in 1997 /1998. This will be the construction of about 20,000 square feet of offices at Southlink Business Park. Office space at this site has let well and there is every confidence that this will make a further contribution to development close to one of the disadvantaged areas of the Borough.

Apart from the planning of that development it has been a year of consolidation with the further letting of industrial space at Brookside Business Park and Prince of Wales Mill. After a difficult period they are now letting well, particularly Brookside.

The Company has incurred significant losses over recent years, however, the Company's profitability has improved with the prospect of further improvement in rental income. It should be emphasised that the losses incurred in recent years have resulted from the Company sustaining a significant development programme throughout the recent recession. This has undoubtedly helped the Borough to come out of the recession in a relatively strong position.

Looking to the future, however, it is necessary to plan for a re-structuring of the Company, due to the impact of the legislation mentioned above. This re-structuring will involve the disposal of the majority of the Company's assets and probably the introduction of a private sector partner to complete development at Southlink. The intention, however, is to ensure that a continuing contribution can be made to the economic regeneration of the Borough. The Company's role over the past years in this respect should not be underestimated.

## **OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

### **DIRECTORS' REPORT FOR THE 12 MONTHS ENDED 31 MARCH 1997**

The Directors present their thirteenth annual report and the audited financial statements for the 12 months ended 31 March 1997

#### **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. 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.

To fund the development programme in 1990, two external loans were arranged :

- On 30 March 1990 a loan amounting to £525,000 was arranged with National Westminster Bank PLC., repayable over 15 years and secured by a charge on the Acorn Development. This loan was repaid in full on 26th February 1997.
- On 7 November 1990 a loan amounting to £3.0 million was arranged with Morgan Grenfell and Company Limited, and was subsequently repaid on 30 November 1994.

To fund a further development programme a further loan of £5.0 million was arranged with Morgan Grenfell and Company Limited, on 25th March 1993, which was subsequently extended by a further £2.5 million on 31 January 1994 and £2.5 million on 31st August 1994. This loan, totalling £10 million, is guaranteed by Oldham Metropolitan Borough Council, and is repayable on or before 25 March 1998.

Finally, on 31 March 1995 a loan of £2.5 million was arranged with National Westminster Bank Plc., the loan is repayable over 15 years and is secured on the Brookside Business Park.

The Company is required to use the funding in accordance with its Memorandum of Association for the purposes of its objectives. In the event of its winding up or dissolution, the Company will be required to repay all outstanding loans including 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**

The profit and loss account is set out on page 6  
The rental income for the year included in the profit and loss account is £1,012,295  
Expenditure on administration and depreciation amounted to £291,013

#### **CHANGES IN FIXED ASSETS**

The movements in fixed assets during the year are set out in note 11 to the financial statements.

#### **POST BALANCE SHEET EVENTS**

Post balance sheet events are set out in note 22 to the financial statements

## **OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED.**

### **DIRECTORS**

- ▮ The directors of the Company during 31 March 1997, are listed on page 1. In accordance with the Articles of Association, the directors are drawn from the members and officers of Oldham Metropolitan Borough Council.
- ▮ The following Directors resigned during the year, M Curran on 15th May 1996 and M Riley on 27th November 1996.
- ▮ Johnson was appointed as Director on 27th November 1996.
- ▮ There are vacancies remaining unfilled from the private sector.

### **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 Coopers & Lybrand.

### **FUTURE DEVELOPMENTS**

- ▮ As a result of the impact of the legislation on Local Authorities and Companies, a strategy for the re-structuring of the Company has been agreed.
- ▮ This involves the disposal of the greater part of the Company's assets and the repayment of loans over the next year.
- ▮ It is proposed that the remaining assets be transferred to Southlink Developments Limited, a company formed by shares, where a private equity partner could be introduced.

### **TAXATION**

- ▮ The Company is liable in the ordinary way to corporation tax on its profits or Company surpluses. It is the objective of the Company to realise profits for further investment and the income received from the invested capital will ordinarily be liable to tax.
- ▮ 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.

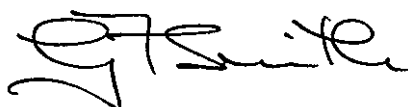
### **DIRECTORS' RESPONSIBILITY**

- ▮ The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the period and of the profit or loss for that period.
- ▮ The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 31 March 1997. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.
- ▮ The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

### **AUDITORS**

- ▮ A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the Board  
G SMITH (Secretary)



## **OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

### **REPORT OF THE AUDITORS TO THE MEMBERS OF OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

We have audited the financial statements on pages 6 to 15

#### **Respective Responsibilities of Directors and Auditors**

As described on page 4, the Company'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 have 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 significant estimates and judgements made by the directors in the preparation of the financial statements, and whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

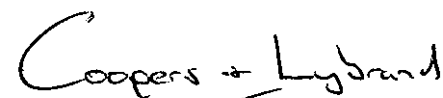
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we evaluated the overall adequacy of the presentation of financial statements.

#### **Fundamental Uncertainty**

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the restructuring of the Councils interest in the company, and its wholly owned subsidiary, and the impact on the company's business, assets and liabilities. The financial statements have been prepared on a going concern basis and the validity of this depends on the successful completion of the company's restructuring proposals. The financial statements do not include any adjustments that would result should the company be unable to continue in operational existence. Details of the circumstances relating to this fundamental uncertainty are described in Note 25. Our opinion is not qualified in this respect.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985, applicable to small companies.



**Coopers & Lybrand**

**Chartered Accountants and Registered Auditors  
Manchester**

28 January 1998

# OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 1997

	NOTE	1997 £	1996 £
<b>Continuing Operations</b>			
General rental income	3	1,012,295	922,854
Operating expenses		(314,586)	(400,930)
Administrative expenses	4	(106,023)	(170,712)
Depreciation	4	(184,990)	(205,268)
Amortisation of deferred income		59,188	68,807
Operating profit		<u>465,884</u>	<u>214,751</u>
Investment income	7	54,092	46,397
Interest payable	8	(848,950)	(917,498)
Loss on ordinary activities before tax	9	<u>(328,974)</u>	<u>(656,350)</u>
Profit on sale of fixed assets	9	232,796	-
Tax on profit on ordinary activities	10	-	-
Retained loss for the year		<u>(96,178)</u>	<u>(656,350)</u>
<b>Statement of movement on reserves</b>			
Balance brought forward		(1,553,542)	(897,192)
Loss in year		(96,178)	(656,350)
		<u>(1,649,720)</u>	<u>(1,553,542)</u>

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

The historical cost profit is identical to that disclosed above and, therefore, no separate note of historical cost profits and losses has been presented.



# WOLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

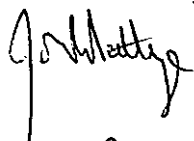
## BALANCE SHEET AS AT 31 MARCH 1997

	NOTE	1997 £	1996 £
<b>Fixed Assets</b>			
Tangible assets	11	899,808	10,398,693
Assets held for resale	11	8,121,701	-
Investments	12	32,801	32,801
		<u>9,054,310</u>	<u>10,431,494</u>
<b>Current Assets</b>			
Debtors	13	4,321,685	5,502,534
Cash in Bank and in hand		202,679	83,929
Investment	14	1,000,000	-
		<u>5,524,364</u>	<u>5,586,463</u>
Creditors : amounts falling due within one year	15	(12,301,887)	(902,595)
Net current assets		<u>(6,777,523)</u>	<u>4,683,868</u>
Total assets less current liabilities		<u>2,276,787</u>	<u>15,115,362</u>
Creditors : amounts falling due after more than one year	16	-	(12,240,753)
Accruals and deferred income	18	(2,711,507)	(3,213,151)
		<u>(2,711,507)</u>	<u>(15,453,904)</u>
Net Assets		<u>(434,720)</u>	<u>(338,542)</u>
<b>Capital and Reserves</b>			
Capital Fund	21	1,215,000	1,215,000
Profit and Loss account	21	(1,649,720)	(1,553,542)
Shareholders funds	20	<u>(434,720)</u>	<u>(338,542)</u>

In preparation of the company's annual financial statements advantage has been taken of special exemptions applicable to small companies and groups conferred by part 1 of Schedule 8 to the Companies Act 1985, because, in the directors' opinion as it meets the conditions, the company is entitled to those exemptions as a small company.

The financial statements on pages 6 to 15 were approved by the Board of Directors on and were signed on its behalf by :

Directors



28.1.98

## **OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997**

#### **1. GUARANTEE**

The Company is limited by guarantee. At 31 March 1997 there were 7 members, 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 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 are prepared in accordance with the historical cost convention.

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.

##### **Tangible fixed assets and other intangible fixed assets**

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition. The cost of land and building includes interest paid on funds specifically taken out to finance assets in the course of construction. Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. Freehold buildings are depreciated over 50 years. Freehold land is not depreciated. Assets held for resale have been valued at the lower of cost or net realisable value.

##### **Finance Leases**

Land and Buildings are leased under financing lease arrangements which contain an option for the lessee to purchase the asset outright at any time. Under the arrangements rental is payable by lessees until the option is exercised. The fair value of the asset at the inception of the lease, less option payments is shown in current debtors. Rental payments received are taken in full to profit and loss account. It is regarded as prudent to recognise only rentals due rather than the earnings which would arise were a constant rate of return calculated on the original investment as the lease calls for a marked rise in such payments over its life.

##### **Investment Income**

Investment income represents interest receivable from investments placed on the money market.

##### **Government Grants and Other Contributions**

Grants and other contributions that relate to specific capital expenditure are treated as deferred income which is then credited to the profit and loss account over the related assets useful life.

##### **Deferred Taxation**

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

## **OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

### **Small Company**

The company has taken advantage of exemption 248 of the Companies Act and has not prepared consolidated financial statements due to the group being a small one.

### **3. ANALYSIS OF RENTAL INCOME**

The analysis by property of the Company's rental income is set out below :

	1997 £	1996 £
Property :		
Vulcan Street	39,287	36,012
Acorn Centre	69,516	63,975
Brookside Business Park	386,235	316,377
Southlink Business Centre	60,867	49,164
Castle Iron Works	346	4,000
Napier Business Centre	-	17,085
Holroyd & Meek	296,728	296,728
Swan Mill	57,609	86,958
Prince of Wales Mill	72,051	52,555
Southlink Workshops	29,656	-
	<u>1,012,295</u>	<u>922,854</u>

Of the above £ 354,337 is attributable to Finance Leases.

### **4. OTHER OPERATING INCOME AND EXPENSES**

Depreciation	184,990	205,268
Administration Expenses	106,023	170,712
	<u>291,013</u>	<u>375,980</u>

### **5. DIRECTORS' EMOLUMENTS**

Fees	<u>5000</u>	<u>6000</u>
Fees include amounts paid to :		
The Chairman	<u>-</u>	<u>-</u>
The highest paid Director	<u>5000</u>	<u>6,000</u>

Fees paid for management purposes represent the total amount reimbursable to OMBC in respect of the employment costs of those Council Officers who are Directors. The amount paid in respect of the highest paid Director does not represent a personal fee, but is wholly reimburseable to OMBC.

### **6. EMPLOYEE INFORMATION**

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

**OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED****7. INVESTMENT INCOME**

	1997	1996
	£	£
Income from current asset investments	21,932	9,203
Income from Castle Iron Works mortgage	32,160	37,194
	<u>54,092</u>	<u>46,397</u>

**8. INTEREST PAYABLE**

Interest on loans not repayable by installment and also due wholly within 5 years.	687,613	732,597
Interest on loans repayable by installment and due greater than 5 years	161,337	184,837
Other interest payable	-	64
	<u>848,950</u>	<u>917,498</u>

**9. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

Loss on ordinary activities before taxation is stated after charging:

Auditors' remuneration for:

Audit	7,600	3,000
Other Services	5,000	3,000
Reimbursement to OMBC in respect of all professional and staff costs, including related overheads.	127,446	207,510
Profit on the sale of Acorn Centre	227,796	-
Profit on sale of Napier Business Centre	5,000	-
Loss on sale of Swan Mill	(13,396)	-
Operating Leases	-	11,397
Write off of capitalised work at Broadway Business Park	(39,906)	-
Diminution in value of Prince of Wales Mill	(57,797)	-
	<u></u>	<u></u>

**10. TAX ON PROFIT ON ORDINARY ACTIVITIES**

United Kingdom corporation tax at 25% (1995 25%)

-	-
<u></u>	<u></u>

The taxation charge for the year is Nil

OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

11.		ASSETS HELD FOR RESALE					TANGIBLE FIXED ASSETS					
	Vulcan Street £	Brookside Development £	Prince of Wales £	Castle Iron Works £	Total £	Broadway £	Acorn Centre £	Napier Mill £	Southlink Phase 1 £	Southlink Phase 2 £	Southlink Workshops £	Total £
COST/VALUATION												
At 1 April 1996	758,413	5,657,591	2,484,836	30,000	8,930,840	39,906	1,250,903	350,000	594,638	18,000	-	2,253,447
Additions	-	18,704	1,302	-	20,006	-	-	-	-	25,162	320,000	345,162
Disposals	-	-	-	-	-	-	(1,250,903)	(350,000)	-	-	-	(1,600,903)
Diminution in Value	-	-	(57,797)	-	(57,797)	(39,906)	-	-	-	-	-	(39,906)
At 31 March 1997	758,413	5,676,295	2,428,341	30,000	8,893,049	-	-	-	594,638	43,162	320,000	957,800
DEPRECIATION												
At 1 April 1996	87,839	438,421	78,391	-	604,651	-	136,244	5,000	39,699	-	-	180,943
Charge for year	14,068	112,906	39,723	-	166,697	-	-	-	11,893	-	6,400	18,293
Disposal	-	-	-	-	-	-	(136,244)	(5,000)	-	-	-	(141,244)
At 31 March 1997	101,907	551,327	118,114	-	771,348	-	-	-	51,592	-	6,400	57,992
NET BOOK VALUE												
AT 31 MARCH 1997	656,506	5,124,968	2,310,227	30,000	8,121,701	-	-	-	543,046	43,162	313,600	899,808
NET BOOK VALUE												
AT 31 MARCH 1996	670,574	5,219,170	2,406,445	30,000	8,326,189	39,906	1,114,659	345,000	554,939	18,000	-	2,072,504

Net Book Value includes £579,160 in respect of interest capitalised ( 1996 £ 591,700 )  
Accumulated interest capitalised, included in the total cost / valuation above, amounts to £626,985  
Net Book Value relates to freehold land and buildings with the exception of £543,046 which relates to long leasehold.

The assets held for resale have been valued during the year. The assets have been valued at Open Market Value Continuing Use by OMBC qualified staff, who are members of the Royal Institute of Chartered Surveyors.

## OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

### 12. 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.

	1997 £	1996 £
Share Capital	32,801	32,801
Share of net assets of Southlink Developments Ltd.	(3,570)	(1,564)
Share of losses of Southlink Development Ltd. for the year ended 31 March 1997	(2,006)	(1,930)

Investments are stated at cost and represent 100% of the type A and B Ordinary shares.

The cost represents OEDA Ltd's original investment in Southlink Development Ltd. of £801 (one third of the issued share capital of £2,403), plus £32,000 paid to Ashdene and Windsor Ltd. for their interest in Southlink Development Ltd.

These shares carry the same rights and privileges.

### 13. DEBTORS

Amounts falling due within one year :

Trade Debtors	57,216	55,500
Amounts owed by Subsidiary Undertaking	881,611	879,611
Other Debtors	69,210	45,415
Net Investment in Finance Leases	3,057,455	4,226,126
	<u>4,065,492</u>	<u>5,206,652</u>

Amounts falling due after one year :

Other Debtors	256,193	295,882
	<u>4,321,685</u>	<u>5,502,534</u>

Net investment in Finance Leases represents Holroyd Meek Plc.

### 14. INVESTMENT

The investment of £1,000,000 represents money invested short term on the money market.

# **OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

## **15. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1997	1996
	£	£
Bank Loans	12,081,652	221,000
Trade Creditors	36,104	46,848
Other Creditors	50,038	486,003
Accruals and Deferred Income	134,093	148,744
	<u>12,301,887</u>	<u>902,595</u>

The bank loans represent:

A loan outstanding of £10 million with Morgan Grenfell and Company which is repayable on or before 25 March 1998. The interest rate charged is LIBOR plus 0.65%

A loan outstanding of £2,081,652 with National Westminster Bank Ltd., which is repayable over 15 years and is secured on the Brookside Business Park. This loan is disclosed as being payable within one year due to National Westminster Ltd having the technical right to repayment on demand.

The interest rate charged is Base rate plus 1%, with a minimum rate of 7.25%.

## **16. CREDITORS : AMOUNTS FALLING DUE AFTER ONE YEAR**

Bank Loans :

Morgan Grenfell Bank	-	10,000,000
National Westminster Bank - Acorn Centre	-	152,118
- Brookside Business Park	-	2,088,635
	<u>-</u>	<u>12,240,753</u>

## **17. BANK LOANS AND OVERDRAFTS**

Repayable as follows:

In one year or less	10,170,000	221,000
Between one and two years	170,000	10,221,000
Between two and five years	510,000	540,527
In five years or more	1,231,652	1,479,226
	<u>12,081,652</u>	<u>12,461,753</u>

## **18. DEFERRED INCOME**

	ERDF GRANTS £
As at 1st April 1997	3,440,347
Released in year on sale of an asset	(480,930)
	<u>2,959,417</u>
<b>Amortisation</b>	
As at 1st April 1997	227,196
Released in year	59,188
Released in year on sale of asset	(38,474)
	<u>247,910</u>

# **OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

## **18. (CONT.)**

Net Book Value as at 31 March 1997	<u>2,711,507</u>
Net Book Value as at 31 March 1996	<u>3,213,151</u>

## **19. CAPITAL COMMITMENTS**

	1997 £	1996 £
Capital expenditure that has been authorised by the directors but has not yet been contracted for	<u>NIL</u>	<u>NIL</u>
Capital expenditure that has been contracted for, but not provided for in the financial statements	<u>NIL</u>	<u>NIL</u>

## **20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

Loss on ordinary activities after taxation	<u>(96,178)</u>	<u>(656,350)</u>
Net reduction to shareholders' funds	(96,178)	(656,350)
Opening shareholders' funds	(338,542)	317,808
Closing shareholders' funds	<u>(434,720)</u>	<u>(338,542)</u>

## **21. MOVEMENT OF CAPITAL AND RESERVES**

	CAPITAL FUND £	PROFIT AND LOSS £
At 1 April 1996	1,215,000	(1,553,542)
Movement in the year	-	(96,178)
At 31 March 1997	<u>1,215,000</u>	<u>(1,649,720)</u>

## **22. POST BALANCE SHEET EVENTS**

### **HOLROYD MEEK PLC**

Holroyd Meek Plc. exercised their option to purchase on 24th June 1997, at the agreed price of £3,525,412

## **23. 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.



## OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

### 24. RELATED PARTY TRANSACTIONS

OEDA Ltd is a controlled OMBC company  
Amounts due to OMBC from OEDA Ltd.,

	£
Salary recharges	105,011
General Estate management costs ie. maintenance, repairs and rates	17,014
Purchase of Southlink Workshops	350,000

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472,025

Amounts due to OEDA Ltd. from OMBC,

Sale of Acorn Centre	900,000
Sale of Napier mill	380,000
Income from units let to OMBC	46,622

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1,326,622

### 25. GOING CONCERN

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the successful outcome of proposals for restructuring the company.

The exemption from the provisions of Part V of the Local Government and Housing Act 1989, granted by the Secretary of State, expired on 31 March 1997. From that date, OEDA Ltd. became a controlled and regulated company and, as such, its financial affairs are treated as if they are those of the local authority.

Proposals for restructuring the Company are not yet finalised. Relevant to these proposals is the need to dispose of some of the Company's assets in order to repay the Morgan Grenfell loan of £10.0 million in March 1998. It is anticipated that by this date two assets, namely, the Holroyd and Meek premises at Salmon Fields and the Brookside Business Park, will be disposed of. The proceeds will be used to make a repayment of approximately £8.0 million, leaving a balance of £2.0 million outstanding. In wholly utilising the proceeds from the sale of the Brookside Business Park, it will be necessary to secure the agreement of the National Westminster Bank Ltd. to transfer the balance of the mortgage secured on the property, amounting to approximately £1.9 million, to a different nominated asset(s).

It is proposed that the remaining assets and liabilities ( including the balance of the Morgan Grenfell loan and the National Westminster Bank mortgage ) be transferred to the Company's wholly owned subsidiary, Southlink Developments Ltd. This company is formed by shares and, therefore, provides the option of introducing a private equity partner. The transfer of the balance of the loan and the mortgage have been provisionally agreed by Morgan Grenfell Ltd. and National Westminster Bank, respectively.

All assets and liabilities will be transferred at existing values and, therefore, no adjustment to the values would be required if the accounts were not to be prepared on a going concern basis. If the company were unable to continue in operational existence for the foreseeable future adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities. Whilst the directors are presently uncertain as to the outcome of matters mentioned above they believe that it is appropriate for the financial statements to be prepared on a going concern basis.

**OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

**REPORT OF THE AUDITORS TO THE DIRECTORS OF  
OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED.  
UNDER SECTION 248 (3) OF THE COMPANIES ACT 1985**

We have examined the financial statements of the company and each of its subsidiaries for the year ended 31 March 1997. The scope of our work for the purpose of this report was limited to confirming that the company is entitled to the exemption conferred by Section 248 of the Companies Act 1985 from preparing group financial statements.

In our opinion the company is entitled to the exemption from preparing group financial statements conferred by Section 248 of the Companies Act 1985

*Coopers + Lybrand*

**COOPERS & LYBRAND**

**Chartered Accountants and Registered Auditors  
Manchester**

*28 January 1998*