COMPANY NUMBER: 1616121

WEST MIDLANDS ENTERPRISE LIMITED

ANNUAL REPORT AND ACCOUNTS 2003

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WEST MIDLANDS ENTERPRISE LIMITED

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WEST MIDLANDS ENTERPRISE LIMITED

DIRECTORS AND COMPANY INFORMATION

Directors as at 31 March 2003

G Edge BA (Executive Chairman)
D H Batten
C R Beardwood FCIPD
I J Brough
D Burton FCA ATII
R Dowthwaite BSc MBA
R Hepworth B Tech (Hons), MSc, C Eng, MIEE
A Hope JP
D Jepson BA MSc
F Mitchell FCA FIMC FIMgt
P H Richards
J R C Sayers
M R Seabrook LLB MSI
K R Thomas OBE
W H Thomas LRIC

Secretary

I M Booth BSc FCMA

Officers

P Daffern BSc ACA (Director of Finance)

Registered Office

Wellington House
31/34 Waterloo Street
Birmingham
B2 5TJ

Auditors

PricewaterhouseCoopers LLP

Solicitors

Wragge & Co

Bankers

Barclays Bank plc
Lloyds TSB plc
Co-operative Bank plc

WEST MIDLANDS ENTERPRISE LIMITED

CHAIRMAN'S STATEMENT

OVERVIEW OF THE YEAR

Despite making a loss in the year, significant progress was made towards establishing the company as a profitable, leading provider of private equity fund management services and as a major provider of economic development and regeneration consultancy, both in the UK and internationally. This progress was in line with the overall strategic objectives of the company.

The overall financial performance of the Group reflects successes in many areas tempered by the effects of difficulties in others. The successes include the significant increase in the amount of third party money under management and the growth in the volume of consultancy work won and delivered, both in the UK and internationally.

The difficulties, which ultimately precipitated the loss for the year, were associated with delays in launching the South East Growth Fund and with effectively controlling a 25% growth in Group turnover. Equally, the harsh economic climate for manufacturing had an impact on the carried value of the remaining own account portfolio. The associated loss relates to a portfolio that was assembled at a time when profit was not the main objective of the Group.

One further point is that at least £100k of the current year trading loss more properly relates to the previous year. This was the result of the treatment of certain income and expenditure in the previous year's accounts, which, with hindsight, was incorrect. As such, underlying profitability improved by around £350,000 over the year.

More importantly, the progress made during the year means that the Group's core businesses are well positioned to return to profit in the 2003-4 financial year, particularly as much of their top line revenue has already been secured by way of long-term contracts and the one-off costs associated with the establishment of that revenue stream have been absorbed.

Supporting the budgeted return to profitability have been a number of internal procedural changes aimed at ensuring that expenditure is better managed and controlled and that accounting judgements are fully reviewed on an ongoing basis.

One of the consequences of the rapid growth in turnover and the incurring of development costs was a tightening of cashflow in the year. This resulted in the company having to negotiate and use facilities from its bankers, further adding to its costs. Since the year-end, cashflow has improved significantly such that the company now has no borrowings and cash headroom of in excess of £1.5m. The situation is expected to improve further over the year.

INVESTMENT DIVISION

Investment division performance was boosted in the year by the launch of both the North West Equity Fund and the South East Growth Fund. Both of these are equity gap funds sponsored by the regional development agencies in their respective regions and supported by the Dti.

The North West Equity Fund became operational at £30m on 11 April 2002 and, following a second closing on 16 April 2002 and a third closing on 24 September 2002, now stands at £35.5m.

The South East Growth Fund became operational at £22.5m on 9 October 2002 and, following a second closing, reached its £30m target on 13 March 2003.

The investors in these funds variously include Dti, European Investment Fund, the local authority pension funds of Greater Manchester, Merseyside and Berkshire, Cumbria County Council, Barclays Bank, Royal Bank of Scotland, NMB Heller and AstraZeneca plc. The support of these investors, which invested alongside a Group company, is gratefully acknowledged. £60,000 of the Group company's £600,000 commitment to these two funds was drawn down in the year.

Both the North West Equity Fund and the South East Growth Fund make investments, initially of not more than £250,000, and normally totalling not more than £500,000 in SMEs based in their respective regions. As at 31 March 2003, the North West Equity Fund had invested over £683,000 into four separate companies, whilst the South East Growth Fund had invested £1.9m into eight separate companies.

Leasehold offices have been acquired in Lymm, Cheshire, and in Caterham, Surrey, from which to manage these funds. These offices are also used by consultants based in the regions and help in delivering consultancy services to clients in those and adjacent areas.

It is still early days for these two funds, but both appear to have got off to a good start and are continuing to receive a strong inflow of investment opportunities.

At the other end of the spectrum, the investors in The Midlands Growth Fund agreed in December 2002 to extend the life of that Fund by up to two years, in order to effect an orderly realisation of the remaining portfolio. Since then, one of the portfolio companies has failed, terms have been agreed for the sale of another and discussions are underway with the other two on exit routes. In the year, this Fund realised its investment in Proteus Software and realised its remaining investment in the Oxford Seed Capital Fund.

Advised fund, the Baring English Growth Fund (Midlands), invested a further £3.85m in the year. Of this, £208k was in support of a restructuring of existing portfolio company Cognito Limited, whilst £208k was to help fund the expansion of sister fund investee company John Frederick Plastics Limited and £1m to help fund the expansion of sister fund investee company Parkside Flexible Packaging Limited. The remaining £2.4m was invested in a BIMBO of Special Mail Services Limited, (£1.4m), and an MBO of Sinclair Animal and Household Care, (£1m). The investment in Special Mail Services Limited was made alongside identical investments by the sister funds of Baring English Growth Fund (Midlands), in the North and the South, whilst the investment in Sinclair Animal and Household Care was made alongside a £500,000 investment by Baring English Growth Fund (North).

A Group subsidiary is an investor in all three of the funds that constitute the Baring English Growth Fund. A further £132k of its commitment was drawn down in the year, leaving £395k still to be drawn. A return of capital of £20,322 was received during the year as a result of a partial realisation of the South Fund's investment in Devlin Electronics Limited.

The other advised fund is the Mercia Fund. This University Challenge Fund is focused on the Universities of Birmingham and Warwick and invests in technologically advanced projects emanating from the universities and elsewhere in the region. The Fund has been operational since September 1999 and in the last year made two new investments and one further investment totalling £319k.

This fund is coming close to being fully invested and consideration is being given to the raising of a follow-on fund.

Other fund management opportunities are also being explored. These, as with the majority of the other funds managed or advised, will be targeted at the smaller end of the market where it is believed that there is a profitable niche that the company is well placed to exploit.

Turning to the remainder of the own account portfolio, the strategy of realising this in order to enable pump-priming of new funds under management continued. Terms were agreed for the sale of the shareholding in Clayton Holdings Limited for £900,000, with the sale completing on 1 April 2003, just after the year-end. £800k of cash was paid over at completion, with the balance deferred in the form of interest bearing loan notes. The sale realised a profit over cost of £600k but generated a book loss over the carried value of £50k. This was provided for in the accounts.

Terms were also agreed on the disposal of the remaining land at Aldridge Park. The offered price for the balance of the site is sufficient to cover the carried value of the land but is insufficient to cover the goodwill within Group company, Airfield Estates Limited. Accordingly, the remaining goodwill has been written-off in the year.

The remaining portfolio includes interest in land at Pope Street, Birmingham, and investments in two companies. Efforts are being made to realise all of these investments.

CONSULTANCY

The Consultancy Division provides economic development and regeneration consultancy in the UK and internationally. The latter is provided both through framework contracts with the European Commission and through independently tendered contracts.

UK Consultancy saw gross fee income rise by a massive 49% in the year. This rapid growth placed strains on delivery capacity and, with over 45 separate projects worked on in the year, on project management capacity. The recruitment of additional consultants ameliorated the capacity constraints but not before some serious cost overruns had occurred on three large surveys.

As a consequence of these overruns and the need to undertake a small amount of remedial work, UK Consultancy failed to achieve its contribution target for the year.

Despite this, UK Consultancy both enhanced its reputation and widened its client base over the year. The latter includes: government departments, local authorities, Learning and Skills Councils, BusinessLinks, regeneration bodies, housing action trusts, voluntary sector umbrella organisations and regional development agencies. More importantly, the number of jobs of more than one year's duration increased in the year such that the division no longer starts each year with an empty order book.

This, coupled with the implementation of tighter project management controls, should enable UK Consultancy to achieve its 2003-4 targets.

In the interim, it should be noted that the skills and knowledge within UK Consultancy played a critical role in enabling the Investment Division to bid for and secure the new funds under management.

The International Consultancy strategy has been to replace the contributions made in previous years from the PHARE Framework Contract through continued growth in the Global Framework Contract and through the winning of large international contracts through the open tendering process.

Overall, the volume of work secured through the Global Framework Contract was broadly in line with budget, with a total of 40 new projects won in the year. Whilst the majority of the successes came from the PHARE countries, a growing number came from elsewhere in the developing world. More importantly, the duration of the contract was extended by the European Commission, thereby preserving this important revenue stream for a further two years.

International Consultancy has also made significant progress in the securing of major international projects. Specifically and in addition to the on-going contract in Montenegro, a project to support Technology Transfer Centres was won on South Africa and a project to provide training to trainers in respect of Acquis was won in Poland. A second project, to provide SME employee training in Lubelskie Voivodship, was also won in the year in Poland.

Whilst the performance of the International Division in respect of major international projects was better than anticipated, both in the terms of the number and value of contracts won and in the success in raising the Group's profile in international markets, it was marred by the need to make two consultants redundant.

The focus and expertise of these two consultants was away from the geographical areas in which the company had experience of working. It had been expected that their expertise would enable the company to widen its target market but, in practice, this proved impossible with the consultants securing some sub-contract work but never sufficient to cover their full costs and justify their continued employment.

Overall International Consultancy made good progress in the year but, because of the costs of redundancy, fell short of its contribution target. It nevertheless has established an order book for delivery in 2003-4 and has strengthened its presence in its chosen markets such that further successes are a realistic proposition.

SMALL BUSINESS UNIT

This remained a fringe activity of the Group, managing its existing loan portfolio and providing factoring services to its existing clients. One loan was fully repaid in the year and the two factoring accounts continued to operate satisfactorily. Nevertheless and since the year-end, it has been agreed with the two remaining factoring services clients that the contracts for supply of services will cease during 2003. This is to enable resources to be focused on the core activities of the Group.

An additional loan of £35k was provided in the year to one of the unit's client companies. However, a decision has been made to provide £70k against the total value of the investment and previous loans in the recipient company. The recipient company has patents covering tyre-crumb based surfacing materials, but is experiencing difficulties in establishing the required level of licence agreements.

FUTURE PROSPECTS

From the above, it is clear that whilst the overall financial performance was disappointing, significant progress has been made. The operating loss has been reduced during the year. Excluding the £303k of goodwill write-off and investment provisions and the £100k of costs more properly belonging to the previous year, the performance improvement would have been significantly greater.

More importantly, the improvements are such that the Group is capable of returning to profit in 2003-4, in line with budget.

Specifically, over £90m of third party funds are now either managed or advised. These generate a strong management fee and afford the opportunity to earn arrangement and monitoring fees. Further fund management opportunities are being explored.

The Consultancy Division has re-enforced its position in its chosen markets and has a platform of projects which will generate income and contribution in 2003-4. These include not only UK projects but also the large international projects won in the last year. Of equal importance is the extension of the Global Framework Contract, which affords a continuing revenue stream, pending the securing of further major international projects.

The implementation of improved cost control mechanisms allied to the increase in capacity secured through recruitment, means that all areas of the business will be contributing significantly by the end of the year, giving an acceptable operating performance and providing a platform for further growth and development.

In closing. I should like to extend my thanks to all the staff and my fellow directors for their support and contributions over the year. I should also like to take this opportunity to thank the Group's many clients for their support over the year and to say how much we look forward to working with them in the coming year and beyond.

G Edge
Chairman
July 2003

WEST MIDLANDS ENTERPRISE LIMITED

DIRECTORS' REPORT

The directors present their report together with the audited financial statements of the company and its subsidiaries for the year ended 31 March 2003.

Directors and Officers and their Share Interests and Other Interests

The directors at 31 March 2003 are listed on Page 1. T J Harrison also served as a director until his resignation effective from 28 February 2003. Since the year-end, both D Jepson and W H Thomas have resigned as directors effective from 16 June 2003 and D H Batten resigned as a director effective from 23 July 2003.

None of the directors had any interest (beneficial or otherwise) in the capital of the company at 31 March 2003 or at any time during the year.

In accordance with Articles 40 and 45 of the company's Articles of Association, four ordinary directors retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election.

Principal Activities and Business Review

West Midlands Enterprise Limited was originally established to foster the economic regeneration of the West Midlands economy. The activities of the company now include the provision of risk capital to unquoted companies through the investment of its own funds and more significantly those managed or advised by the company on behalf of institutional investors. The Group also provides a range of consultancy services encompassing local and regional economic development, both nationally and internationally.

The consolidated profit and loss account has been prepared using the acquisition method of accounting for its subsidiaries but its investment portfolio is valued at directors' valuation after taking into account the recent trading results and net assets of each company. It shows that the Group posted a loss on ordinary activities before tax of £844k compared to a loss of £1.142m in 2002. The loss can be analysed as follows:

	2003	2002
	£	£
Financial and consultancy services	(541,280)	(810,511)
Investment realisation profits less provisions and write-offs	(119,551)	(280,000)
Goodwill write-off	(183,138)	(51,108)
	(843,969)	£(1,141,619)

The Group has continued to reduce its own balance sheet direct investment activity and concentrated on investing in funds under management. Commitments in this respect totalling £1.6m have been made.

The North West Equity Fund targeted at the so called "equity gap" was launched in March 2002 with West Midlands Enterprise Limited as the fund manager. The March first closing was at the initial target of £30m. In April, a second closing took place, raising the overall fund size to £35m, with a third and final closing taking place in September and bringing the overall fund size to £35.5m. A similar fund in the South East, the South East Growth Fund, became operational in September 2002, with an initial capitalisation of £22m and has subsequently achieved its target maximum capitalisation of £30m.

These two funds are in addition to the Baring English Growth Fund (Midlands) and the Mercia Fund, both of which are advised by West Midlands Enterprise Limited, and The Midlands Growth Fund which is jointly managed by West Midlands Enterprise Limited and BPEP Management UK Limited.

Own portfolio investee company Butler Manufacturing failed in April 2002. Full provision against the loan of £280k has been made in the accounts.

The investment in Clayton Holdings was sold after the year-end, on 1 April 2003, for £800,000 cash and £100,000 deferred consideration. As a result of this transaction, the book value of Clayton holdings at 31 March 2003 has been written down by £50,000 to £900,000. This still reflects a profit of £600,000 on the original cost of the investment.

The investment in Clayton Holdings was sold after the year-end, on 1 April 2003, for £800,000 cash and £100,000 deferred consideration. As a result of this transaction, the book value of Clayton holdings at 31 March 2003 has been written down by £50,000 to £900,000. This still reflects a profit of £600,000 on the original cost of the investment.

On the consultancy side, revenue grew strongly in both the UK and internationally, in part as a result of a continuing re-focusing of the business. UK saw an impressive 49% increase in turnover, from wide range of clients including local authorities, government departments, regeneration bodies, regional development agencies, Learning and Skills Councils and BusinessLinks. In addition, a number of projects of more than one year's duration were secured, although the bulk of the work continues to be in respect of projects of relatively short duration.

International saw increased activity under the Global Framework Contract, but not sufficient that it can be seen as a direct substitute for the Phare's Framework Contract that it replaced. Success was nevertheless achieved in winning non-Framework Contract projects in Poland and South Africa, thereby helping achieve the target of establishing the company in the mainstream of international consultancy. A degree of restructuring, including making two consultants redundant, meant, however, that the overall contribution in the year was below budget.

Overall, the achievements in the year mean that the company is well placed to return to profit in 2003-04.

Capital

West Midlands Enterprise Limited is a company limited by guarantee and does not have a share capital.

Result

The profit and loss account for the financial year is set out on page 11 and the deficit has been added to the deficit on profit and loss reserve.

Employees

The Group's policy is to consult and discuss with employees, through unions and staff meetings, matters likely to affect employees' interests.

Tangible Assets and Investments

Details of tangible assets and investments are set out in notes 11 and 12 to the financial statements.

Directors' Responsibilities

UK company law requires the directors to prepare financial statements which give a true and fair view of the state of affairs of the company and of the Group as at the end of the financial year and of the profit or loss of the company and of the Group for that period. In preparing those financial statements, the directors confirm that:

- suitable accounting policies have been selected and applied consistently;
- reasonable and prudent judgements and estimates have been made;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 29 April 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the annual general meeting.

I M BOOTH
SECRETARY
29 July 2003

WEST MIDLANDS ENTERPRISE LIMITED

AUDITORS' REPORT

Independent auditors' report to the members of West Midlands Enterprise Limited

We have audited the financial statements which comprise the consolidated profit and loss account, the balance sheet, the consolidated cash flow statement, the statement of total recognised gains and losses and the related notes, which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out in the statement of accounting policies.

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 report, including the opinion, has been prepared for and only for the company's members as a body 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 into 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 and the chairman's* statement.

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 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 affairs of the company and the group at 31 March 2003 and of the loss and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
29 July 2003

WEST MIDLANDS ENTERPRISE LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2003

	Notes	2003 £	2002 £
Operating Income	4	**5,137,089**	3,966,404
Net operating expenses			
Exceptional operating expenses	3	**(101,554)**	-
Other operating expenses	5	**(5,759,953)**	(4,828,023)
Operating loss		**(724,418)**	(861,619)
Profit from investment realisations net of provisions and amounts written off	7	**(119,551)**	(280,000)
Group loss on ordinary activities before Taxation		**(843,969)**	(1,141,619)
Taxation	8	**-**	-
Loss after tax		**(843,969)**	(1,141,619)
Minority Interests		**(15,697)**	(15,713)
Loss for the financial year	9	**(859,666)**	(1,157,332)
Balance brought forward		**(12,547,872)**	(11,390,540)
Balance carried forward		**(13,407,538)**	(12,547,872)

All activities during the year have been continuing.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year, and their historical cost equivalents.

WEST MIDLANDS ENTERPRISE LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2003

	2003 £	2002 £
Loss for the financial year	**(859,666)**	(1,157,332)
Increase in unrealised surplus on revaluation of other investments	-	50,000
Total recognised losses	**(859,666)**	(1,107,332)

WEST MIDLANDS ENTERPRISE LIMITED

BALANCE SHEETS
as at 31 March 2003

		Group		Company	
		2003	2002	2003	2002
	Notes	£	£	£	£
Fixed Assets					
Intangible Assets	10	-	183,138	-	-
Tangible Assets	11	165,835	180,724	165,835	180,724
Investments	12	5,487,946	5,422,317	3,205,829	4,829,095
		5,653,781	5,786,179	3,371,664	5,009,819
Current Assets					
Work-in-progress	13	951,837	703,315	951,837	703,315
Debtors	14	2,266,038	1,853,751	2,852,583	1,468,969
Short Term Deposits	15	235,000	195,000	235,000	195,000
Bank and Cash		102,219	103,980	100,527	(120,563)
		3,555,094	2,856,046	4,139,947	2,246,721
Current Liabilities					
Creditors: Amounts falling due Within one year	16	(3,383,917)	(1,958,248)	(1,405,945)	(515,350)
Net Current Assets		171,177	897,798	2,734,002	1,731,371
Total Assets less Current Liabilities		5,824,958	6,683,977	6,105,666	6,741,190
Capital	19	16,518,325	16,518,325	16,518,325	16,518,325
Capital Reserve	20	1,380,381	1,380,381	-	-
Revaluation Reserve	21	1,294,167	1,294,167	-	-
Profit and Loss Account		(13,407,538)	(12,547,872)	(10,412,659)	(9,777,135)
Members' Funds		5,785,335	6,645,001	6,105,666	6,741,190
Minority interest		39,623	38,976	-	-
		5,824,958	6,683,977	6,105,666	6,741,190

Approved by the directors
on 29 July 2003 and
signed on their behalf by:
G Edge

WEST MIDLANDS ENTERPRISE LIMITED

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2003

	Notes	2003 £	2003 £	2002 £	2002 £
Net cash inflow/(outflow) from continuing operating activities	22		**147,816**		(870,026)
Returns on investments and servicing of finance					
Equity dividends paid to minority			**(15,050)**		(15,050)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		**(54,383)**		(42,457)	
Disposal of tangible fixed assets		**1,361**		-	
Purchase of fixed asset investments		**(45)**		(1,845)	
Increases in investment loans		**(206,974)**		(86,824)	
Repayment of loans and redemptions of non-equity capital		**21,839**		2,507	
Net cash outflow from capital expenditure & financial investment			**(238,202)**		(128,619)
Management of liquid resources					
(Increase)/Decrease in money market deposits where the maturity is one month or less	23		**(40,000)**		566,781
Decrease in cash	23		**(145,436)**		(446,914)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2003

1. COMPANY STATUS

West Midlands Enterprise Limited is a company limited by guarantee. At 31 March 2003 there were 15 members, each of whom has undertaken to contribute an amount not exceeding one pound in the event of the company being unable to meet its liabilities in the event of its being wound up.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Accounting Standards applicable in the United Kingdom. A summary of the more important accounting policies is set out below.

(1) Basis of Accounting

The financial statements have been prepared under the historical cost convention adjusted for the revaluation of certain fixed assets.

(2) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiary and associated undertakings.

In accordance with the provisions of the Companies Act 1989, the company is required to consolidate all of its subsidiary undertakings.

Those companies in which the company holds a participating interest greater than or equal to 50% and over which the company exercises dominant influence are treated as subsidiary undertakings.

Those companies in which the company holds a participating interest of between 20% and 50% and over which the company exercises significant influence are treated as associated undertakings. In accordance with Financial Reporting Standard 9, the dispensation for venture capital companies has been accepted and associated undertakings are treated as simple investments and are valued not by the equity, method of accounting but at the lower of cost or net realisable value (based upon directors valuation).

(3) Funding

Grants made to the Group are treated as follows:

(a) Grants, the objective of which is to provide capital for the company, are credited to the capital of the company.

(b) Grants, the objective of which is to provide capital for a subsidiary company, are credited to capital reserve.

(c) Grants which are received with reference to specified categories of revenue expenditure are credited to the profit and loss account in the same period in which the revenue expenditure to which they relate is charged.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(4) **Investments**

(i) **Group**

Listed investments are included at market value. Unlisted investments other than subsidiary undertakings are included in fixed assets and are stated at directors' valuation after taking into account the recent trading results and net assets of each investee company. Reductions in the valuation of investments below cost are charged to the profit and loss account. Increases in valuation of investments above cost are credited to revaluation reserve.

Investments are revalued annually at the balance sheet date.

(ii) **Company**

Unlisted investments are included in fixed assets at directors' valuation.

(5) ***Income from Investments***

Dividends from investments not consolidated are accounted for when these are received from the investee companies. Interest on short term deposits and loans is credited on an accruals basis.

(6) **Deferred Taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

(7) **Tangible Assets**

Tangible assets are stated at cost or valuation less depreciation. Depreciation is provided to write off the cost or valuation of the assets over their estimated useful lives. The rates of depreciation are as follows:

Short Leasehold buildings	over the life of the lease
Plant equipment and vehicles	20% - 50% per annum

(8) **Pension Costs**

The costs of contributions to the Group's pension schemes are charged to the profit and loss account on a systematic basis over the expected period of benefits from employees' service.

(9) **Lease and Hire Purchase Commitments**

(a) As Lessor:

Finance leases are included in current assets and are stated at the value of the minimum rentals receivable less the finance charge allocated to future periods. Income from finance leases represents finance charges earned after adjusting for interest due in future periods.

(b) As Lessee:

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Rentals paid under operating leases are charged to income on a straight-line basis over the lease term.

(10) **Work-in-Progress and Long Term Contracts**

The group accounts for consultancy projects which have a duration of 6 months or more and which extend across more than one accounting period as long term contracts. The amount of long term contracts as costs incurred, net of amounts transferred to cost of sales after deducting foreseeable losses and payments on account, not matched with turnover, is included in work-in-progress as is the amount by which recorded turnover is in excess of payments on account. Payments in excess of recorded turnover and work-in-progress are included in creditors as accruals and deferred income.

(11) **Foreign Currencies**

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken through the profit and loss account.

(12) ***Goodwill***

Goodwill represents the net difference between the identifiable net assets acquired over the fair value of the consideration given.

In accordance with the Accounting Standard FRS 10 – 'Goodwill and Intangible Assets' the negative goodwill arising prior to the implementation date of this Standard remains on the balance sheet as a capital reserve as a matter of accounting policy.

Goodwill arising on any acquisitions after this date is capitalised as a fixed asset and amortised over its estimated useful life up to a maximum of 20 years.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Segmental Information

	2003		2002	
	Income	**Profit/(loss)**	Income	Profit/(loss)
	£	**£**	£	£
Investment - operating	**2,060,411**	**789,475**	1,127,485	(20,401)
Profit from investment realisations net of provisions and amounts write-offs	**-**	**(119,551)**	-	(280,000)
Consultancy	**3,033,007**	**(122,477)**	2,873,420	20,535
Land Sales	**-**	**(191,222)**	-	(60,024)
Other	**43,671**	**6,382**	48,802	(9,850)
Exceptional Charges	**-**	**(101,554)**	-	-
Less: Inter-group	**-**	**-**	(83,303)	-
	5,137,089	**261,053**	3,966,404	(349,740)
Common costs		**(1,105,022)**		(791,879)
Loss on ordinary activities before taxation		**(843,969)**		(1,141,619)

Exceptional charges comprise contract losses arising in 2003 that relate to the previous year.

4. Operating Income

The operating income comprises:

	2003	2002
	£	£
Interest receivable on short term deposits	**5,327**	13,328
Interest receivable on loans and factoring facilities	**12,901**	11,520
Consultancy fees	**3,033,007**	2,873,420
Management fees and other trading income	**2,060,411**	1,035,202
Dividends from unlisted companies	**25,443**	32,934
	5,137,089	3,966,404

5. Operating Expenses

The operating expenses comprise:

	2003 £	2002 £
Amortisation of goodwill	**183,138**	51,108
Administration expenses	**1,006,281**	788,729
Salaries	**1,843,253**	1,281,712
Social security costs	**190,477**	126,784
Other pension costs	**149,939**	108,391
Depreciation	**67,951**	55,903
Profit on sale of tangible fixed assets	**(41)**	-
Operating lease rentals		
- plant and machinery	**113,370**	100,531
- other	**180,173**	160,000
Auditors' remuneration		
- group	**19,496**	19,496
- company	**17,744**	17,744
Fees paid to auditors for other services	**41,010**	33,648
Directors' emoluments (see note 5)	**156,066**	147,347
Sub-contract consultancy services	**1,791,096**	1,914,465
Bad debt provision	**-**	22,165
	5,759,953	4,828,023

	2003 Number	2002 Number
The average weekly number of persons excluding directors employed during the year was :		
Full Time	**52**	50
Part Time	**16**	10

6. Directors' Emoluments Excluding Pension Contributions

	2003 £	2002 £
Aggregate fees and emoluments	**156,066**	147,347

None of the directors is a member of the company's pension scheme, however contributions are paid to a personal pension scheme of one of the directors.

The emoluments of the highest paid director were £88,111 (2002: £82,307)

7. Profit from Investment Realisations net of Provisions and Amounts Written off

	2003	2002
	£	£
Increase in provision for diminution in value of investments (continuing operations)	**(119,551)**	(280,000)
	(119,551)	(280,000)

8. Taxation

No corporation tax liability arises on the Group's result for the year (2002 £Nil). The Group has losses of approximately £4,307,000 (2002: £3,767,000) available to be carried forward.

9. Loss for the Financial Year

The company has not presented its own profit and loss account. This is as permitted by Section 230 of the Companies Act 1985. The amount of the company's loss for the year dealt with in the financial statements of the holding company is £635,524 (2002: Loss: £964,151).

10. Intangible Fixed Assets

	Goodwill
	£
Cost	
At 31 March 2002	255,541
At 31 March 2003	**255,541**
Amortisation	
At 31 March 2002	72,403
Charge for the year	183,138
At 31 March 2003	**255,541**
NET BOOK VALUE	
At 31 March 2003	-
At 31 March 2002	183,138

Goodwill arising on the acquisition of Airfield Estates Limited, which was being amortised, was fully written-off during the year.

The write-off in the year arose because agreement had been reached on the terms for the disposal of the freehold balance of the land at Aldridge Park, with the agreed consideration being sufficient to cover the carried value of the Aldridge Park land but insufficient to cover the goodwill associated with the acquisition of Airfield Estates Limited, whose main asset was a lease over the Aldridge Park land.

11. Tangible Fixed Assets

(i) **Group**

	Short Leasehold Building £	Plant Equipment & Vehicles £	Total £
Cost			
At 1 April 2002	107,826	356,344	464,170
Additions	5,596	48,787	54,383
Disposals	-	(1,533)	(1,533)
At 31 March 2003	**113,422**	**403,598**	**517,020**
Depreciation			
At 1 April 2002	32,022	251,424	283,446
Charge for the year	6,930	61,022	67,952
Depreciation on disposals	-	(213)	(213)
At 31 March 2003	**38,952**	**312,233**	**351,185**
NET BOOK VALUE At 31 March 2003	**74,470**	**91,365**	**165,835**
At 31 March 2002	75,804	104,920	180,724

There are no assets held under finance leases or hire purchase contracts (2002: £Nil).

(ii) Company

	Short Leasehold Building £	Plant Equipment & Vehicles £	Total £
Cost or valuation			
At 1 April 2002	107,826	356,344	464,170
Additions	5,596	48,787	54,383
Disposals	-	(1,533)	(1,533)
At 31 March 2003	**113,422**	**403,598**	**517,020**
Depreciation			
At 1 April 2002	32,022	251,424	283,446
Charge for the year	6,930	61,022	67,952
Depreciation on disposals	-	(213)	(213)
At 31 March 2003	**38,952**	**312,233**	**351,185**
NET BOOK VALUE At 31 March 2003	**74,470**	**91,365**	**165,835**
At 31 March 2002	75,804	104,920	180,724

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Investments - included in fixed assets

A. Group - Investments in companies other than subsidiary and associated undertakings.

	Investments in Related Companies £	Other Investments £	Loans £	Investment Property £	Total £
At 1 April 2002 at cost or valuation	1,738,891	1,588,276	1,826,084	1,240,481	6,393,732
Additions during the year	-	45	206,974	-	207,019
Repayments during the year	-	-	(21,839)	-	(21,839)
Amounts written-off	(440,000)	-	-	-	(440,000)
At 31 March 2003	**1,298,891**	**1,588,321**	**2,011,219**	**1,240,481**	**6,138,912**
Provision for diminution in value At 1 April 2002	615,000	45,000	311,415	-	971,415
Increase in provision during year	50,000	1,845	67,706	-	119,551
Amounts written-off	(440,000)	-	-	-	(440,000)
At 31 March 2003	**225,000**	**46,845**	**379,121**	-	**650,966**
Net Book Amount At 31 March 2003	**1,073,891**	**1,541,476**	**1,632,098**	**1,240,481**	**5,487,946**
At 31 March 2002	1,123,891	1,543,276	1,514,669	1,240,481	5,422,317

The investment property has been valued by the directors, at what they consider to be open market value, based on offers received and accepted.

The investment property has been used to provide security against bank guarantees for the European Commission. The guarantees are against advances given by the Commission on projects won by a Group subsidiary. The total amount secured on the investment property is £684,200 (2002 : £495,000).

The Butler Group investment is supported by a put option exercisable on or after 10 August 2003.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Investments - included in fixed assets (continued)

B. Company

	Capital in Subsidiaries £	Loans to Subsidiaries £	Provision for Diminution In value £	Net book Amount £
At 1 April 2002	498	12,785,490	(7,956,893)	4,829,095
Movements during the year	-	(1,623,266)	-	(1,623,266)
At 31 March 2003	**498**	**11,162,224**	**(7,956,893)**	**3,205,829**

At 31 March 2003 there were no investments approved by the directors that were not reflected in these financial statements (2002: £Nil).

13. Work-in-Progress

	Group		Company	
	2003 £	2002 £	**2003 £**	2002 £
Work in progress on consultancy projects	**951,837**	703,315	**951,837**	703,315

14. Debtors

	Group		Company	
	2003 £	2002 £	**2003 £**	2002 £
Trade debtors	**1,742,373**	960,492	**739,232**	307,218
Other debtors	**68,713**	96,404	**5,359**	31,439
Prepayments and accrued income	**454,952**	796,855	**454,952**	714,768
Due from Group undertaking	**-**	-	**1,653,040**	415,544
	2,266,038	1,853,751	**2,852,583**	1,468,969

15. Short Term Deposits

	Group		Company	
	2003 £	2002 £	**2003 £**	2002 £
Short term deposit	**235,000**	195,000	**235,000**	195,000

The short-term deposit has been used to provide security against a bank guarantee for the European Commission. The guarantee is against an advance given by the Commission on a project won by the company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Creditors : Amounts Falling Due Within One Year

	Group		Company	
	2003	2002	**2003**	2002
	£	£	**£**	£
Bank overdraft	**143,675**	-	**143,675**	-
Trade creditors	**357,615**	253,012	**206,385**	92,922
Other taxation and social security payable	**100,916**	91,294	**95,528**	84,713
Other creditors	**72,503**	65,971	**22,390**	16,339
Accruals and deferred income	**2,709,208**	1,547,971	**937,967**	321,376
	3,383,917	1,958,248	**1,405,945**	515,350

17. Obligations Under Operating Leases

The annual Group commitments under non-cancellable operating leases are as follows:

	2003	2002
	£	£
Land and buildings:		
Leases expiring between two and five years	**30,200**	-
Leases expiring in more than five years	**160,000**	160,000
Other:		
Leases expiring within one year	**5,705**	15,453
Leases expiring between two and five years	**90,984**	95,588
	286,889	271,041

18. Deferred Taxation

There is no deferred taxation arising.

Deferred tax - not provided

	Group		Company	
	2003	2002	**2003**	2002
	£	£	**£**	£
Accelerated capital allowances	**(167,762)**	(166,197)	**(116,482)**	(98,176)
Other timing differences	**(5,139)**	(4,090)	**(4,839)**	(3,790)
Tax losses	**(1,292,327)**	(1,129,697)	**(634,356)**	(478,490)
	(1,465,228)	(1,299,984)	**(755,677)**	(580,456)

The above deferred tax assets have not been recognised in the accounts as, on the basis of the available evidence, they are not regarded as recoverable in the foreseeable future.

19. Capital

Group and Company

	2003	2002
	£	£
Capital grants received by the company	**16,518,325**	16,518,325

Reconciliation of movement in members' funds:

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Loss for the financial year	**(859,666)**	(1,157,332)	**(635,524)**	(964,151)
Surplus on the revaluation of investments	-	50,000	-	-
	(859,666)	(1,107,332)	**(635,524)**	(964,151)
Opening members' funds	**6,645,001**	7,752,333	**6,741,190**	7,705,341
Closing members' funds	**5,785,335**	£6,645,001	**6,105,666**	£6,741,190

20. Capital Reserve

Group - The capital reserve/negative goodwill represents the net difference between the identifiable net assets acquired over the fair value of the consideration given.

There has been no movement on the capital reserve during the year.

21. Revaluation Reserve

Group	2003	2002
	£	£
Balance at 1 April 2002	**1,294,167**	1,244,167
Revaluation of other investments	-	50,000
Balance at 31 March 2003	**1,294,167**	£1,294,167

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	2003	2002
	£	£
Loss on ordinary activities before tax	**(843,969)**	(1,141,619)
Net amounts provided against investments	**119,551**	280,000
	(724,418)	(861,619)
Depreciation of intangible assets	**183,138**	51,108
Depreciation of tangible fixed assets less profit on sale	**67,911**	55,903
Movement in work-in-progress	**(248,522)**	(81,108)
Movement in trade debtors	**(781,781)**	298,254
Movement in other debtors and prepayments	**369,493**	(380,948)
Movement in trade creditors	**104,603**	(3,573)
Movement in other creditors	**6,533**	(3,637)
Movement in other tax and social security	**9,622**	45,643
Movement in accruals and deferred income	**1,161,237**	9,951
Net cash Inflow/(Outflow) from operating activities	**147,816**	(870,026)

23. Analysis of Changes in Cash and Short Term Deposits

	2003	2002	**Cash Flows**
	£	£	**£**
Analysis of balances			
Bank overdraft	**(143,675)**	-	**(143,675)**
Cash at bank and in hand	**95,288**	(116,542)	**211,830**
Cash at bank held in foreign currencies	**6,931**	220,522	**(213,591)**
	(41,456)	103,980	**(145,436)**
Short term deposits	**235,000**	195,000	**40,000**
	193,544	298,980	**(105,436)**

24. Analysis of changes in financing during the year

	Capital
	£
Balance at 1 April 2002 and 31 March 2003	**16,518,325**

NOTES TO THE FINANCIAL STATEMENTS (continued)

25. *Contingent Liabilities*

Group	**2003**	2002
	£	£
Undrawn capital commitment to The Baring English Growth Fund	**394,851**	526,667
Undrawn capital commitment to The North West Equity Fund	**270,000**	270,000
Undrawn capital commitment to The South East Growth Fund	**270,000**	-
Total Undrawn capital commitments	**934,851**	796,667

26. Pension Commitments

The Group operates a money purchase pension scheme established on 1 April 1992 whose assets are held in a separate trustee administered fund. In addition, contributions were made to the personal pension schemes of certain employees.

The total pension costs for the Group in respect of its activities amounted to £149,939 (2001: £108,392).

27. Transactions with Related Parties

Coventry Venture Capital Limited

The Group owns 83% of the equity capital of Coventry Venture Capital Limited, and has made an unsecured interest bearing loan to that company.

Loan balance as at 31 March 2002 and 2003: £721,478

Interest paid by Coventry Venture Capital Limited to Group during year: £70,810

Current account balance due from Coventry Venture Capital Limited at 31 March 2003: £15,543 (2002: £11,906).

Other Related Companies

Related companies are those investee companies in which the Group holds more than 20% but less than 50% of the equity. Related companies are listed in note 28. Transactions with these companies comprise:

i) Dividend receipts (equity & non-equity)
Aggregate gross dividends in the year: £13,455 (2002: £32,934)

ii) Monitoring fees invoiced in the year
Aggregate gross amount invoiced in the year: £8,882 (2002: £8,626)

The aggregate balance outstanding from associated companies, included in trade debtors at 31 March 2003 was £6,958 net of bad debt provisions (2002: £13,215). The amount of interest outstanding at 31 March 2003 was £209,443 (2002: £209,443) (net of tax).

NOTES TO THE FINANCIAL STATEMENTS (continued)

The Midlands Growth Fund

The parent company is joint manager of The Midlands Growth Fund and receives fees for management of that Fund. In addition the group receives fees directly from investee companies of the Fund for negotiating and arranging investments, and monitoring fees from investee companies of the Fund.

Fees charged for managing The Midlands Growth Fund during the year:	£46,663 (2002: £53,095)
Aggregate amount of arrangement fees in the year:	£NIL (2002: £20,000)
Aggregate amount of monitoring fees invoiced in the year:	£48,888 (2002: £52,837)

The North West Equity Fund

The parent company is the manager of the North West Equity Fund Limited Partnership and receives fees for management of that Fund. In addition the group receives fees directly from investee companies of the Fund for negotiating and arranging investments, and monitoring fees from investee companies of the Fund.

At the year-end the Group had invested £30,000 in the Fund and had a commitment to invest a further £270,000 in the Fund.

Fees charged for managing the North West Equity Fund Limited Partnership during the year:	£940,762 (2002: £NIL)
Aggregate amount of arrangement fees in the year:	£10,000 (2002: £NIL)
Aggregate amount of monitoring fees invoiced in the year:	£2,500 (2002: £NIL)

The South East Growth Fund Limited Partnership

The parent company is the manager of the South East Growth Fund Limited Partnership and receives fees for management of that Fund. In addition the group receives fees directly from investee companies of the Fund for negotiating and arranging investments, and monitoring fees from investee companies of the Fund.

At the year-end the Group had invested £30,000 in the Fund and had a commitment to invest a further £270,000 in the Fund.

Fees charged for managing the South East Growth Fund Limited Partnership during the year:	£304,247 (2002: £NIL)
Aggregate amount of arrangement fees in the year:	£38,000 (2002: £NIL)
Aggregate amount of monitoring fees invoiced in the year:	£1,068 (2002: £NIL)

Directors

David Jepson, who was director of the company throughout the year but who has resigned since the year end, is a director of LRDP Limited, a consultancy company with which West Midlands Enterprise had turnover of £NIL (2002: £32,594) in the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

28. Investee Companies

The investee companies are all registered in England and Wales and the details are as follows:

(a) SUBSIDIARIES

(I) Consolidated	Principal Activity	Details of issued share capital	Percentage Holding
West Midlands Enterprise (Investments) Limited	Corporate Investment	100 Ordinary shares of £1 each	100
West Midlands Enterprise (Leasing) Limited	Finance Leasing	100 Ordinary shares of £1 each	100
West Midlands Co-operative Finance Limited	Funding for small Businesses	100 Ordinary shares of £1 each	100
West Midlands Technology Transfer Centre Limited	Transfer of technology to local manufacturing industry	100 Ordinary shares of £1 each	85
		400,000 Preference shares of £1 each	100
Coventry Venture Capital Limited	Property investment	23,522 Ordinary shares of £1 each	100
		5,000 Preferred Ordinary shares of £1 each	-
Black Country Venture Capital Limited	Venture Capital Investor	100 Ordinary shares of £1 each	100
WMEB Limited	Consultancy contract Management	102 Ordinary shares of £1 each	100
Airfield Estates Limited	Property Development	1,000 Ordinary shares of £1 each	100
WMEB Fund Managers Limited	Investment Fund Managers	100 Ordinary shares of £1 each	100
Mercia Fund Management Limited	Investment Fund Managers	100 Ordinary shares of £1 each	98
WM Global Partners Limited	Consultancy contract management	100 Ordinary shares of £1 each	100
South East Growth Fund Managers Limited	Investment Fund General Partner	2 Ordinary shares of £1 each	100
North West Equity Fund Managers Limited	Investment Fund General Partner	2 Ordinary shares of £1 each	100
Lothian Fifty (852) Limited	Carried Interest Vehicle General Partner	1 Ordinary shares of £1	100
Lothian Fifty (890) Limited	Carried Interest Vehicle General Partner	1 Ordinary shares of £1	100
WMEB Consultants Limited	Dormant	100 Ordinary shares of £1 each	100
West Midlands Clothing Resource Centre Limited	Dormant	100 Ordinary shares of £1 each	100
Fairne Textile Holdings Limited	Dormant	6,949 Ordinary shares of £1 each	100
		175,000 10% Cumulative Redeemable Preference shares of £1 each	100□
Harries Whitfield Limited	Dormant	215,561 Ordinary shares of £1 each	100
Holloway Brothers Limited	Dormant	137,500 Ordinary shares of £1 each	100
W M Enterprise Limited	Dormant	2 Ordinary shares of £1 each	100

NOTES TO FINANCIAL STATEMENTS (continued)

28. Investee Companies (Continued)

(b) RELATED COMPANIES

		Details of issued Share Capital	Percentage Holding
Butler Group Limited			
Principal Activity	Aluminium alloy founding		
Latest Audited Accounts	31 December 2000		
Capital	Ordinary shares of £1 each	228,750	10

Loan Balance at 31.3.2003 due from Butler Manufacturing Limited £NIL

Clayton Holdings Limited (formerly Clamas Holdings Limited)			
Principal Activity	Contract heat treatment		
Latest Audited Accounts	31 December 2001		
Capital	Ordinary shares of £1 each	35,000	25
	Preferred Ordinary shares of £1 each	60,000	100

On 1 April, the share holdings in Clayton Holdings were sold for £800,000 cash and £100,000 deferred consideration.

PCG Glass Limited (In receivership)			
Principal Activity	Glass products		
Latest Audited Accounts	31 December 1997		
Capital	Ordinary shares of £1 each	180,000	Nil
	Preferred Ordinary shares of £1 each	95,000	100
	Cumulative Redeemable Preference shares of £1 each	345,000	100

Loan balance at 31.3.03 £916,000

(c) OTHER INVESTMENTS

	Principal Activity	% of Equity Shares held at 31 March 2003	% of Non-Equity Shares held at 31 March 2003
A F Holdings Limited	*Specialised steel* Fabricators	17.5	-
Investor Champions PLC (formerly The Business Angels Bureau)	Business angel investment matching service	4.1	-
University of Warwick Science Park Limited	Science park	11.4	-
Sports Advancement & Research Co Limited	Designers of impact absorbent surfacing	10.0	-