



**BIRMINGHAM ECONOMIC  
DEVELOPMENT PARTNERSHIP LIMITED**  
(a company limited by guarantee)

**Report and Financial Statements**

**31 March 1999**

**Deloitte & Touche  
Colmore Gate  
2 Colmore Row  
Birmingham  
B3 2BN**





## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 March 1999.

### **ACTIVITIES**

The company continues to provide business support services to Birmingham businesses, using government subsidies.

### **RESULTS**

The profit retained for the year of £2,190,668 (1998 - £748,289) has been transferred to reserves.

### **REVIEW OF THE FINANCIAL POSITION AND FUTURE PROSPECTS**

The directors are satisfied with the performance of the company and are confident that demands for services will continue into the future. This will enable the company to maintain an appropriate level of reserves and invest in improving the scope and quality of its services to its customers.

Birmingham Centre for Manufacturing Limited ("BCM") was acquired by Birmingham Economic Development Partnership Limited on 31 July 1998. The acquisition will enable the integration of BCM's products and services into the wider portfolio of the company's business-support services. The directors anticipate considerable synergies to be afforded and concomitant enhanced benefits for small-business customers.

### **YEAR 2000**

The "millennium bug" or "year 2000 issue" refers to potential problems in the processing of data or operation of electronic equipment affected by the transition from 1999 to 2000.

The directors fully recognise the potential risks associated with this issue and are taking all reasonable steps to ensure that the company is prepared for this transition. The directors estimate the cost of this transition to be approximately £75,000.

### **DIRECTORS**

The directors who served during the year were as follows:

A Bore	(Chairman)
S Battle	(appointed 28 January 1999)
L Collins	(appointed 28 January 1999)
G Coyne	
D B Cragg	
R J Dickens	(appointed 24 September 1998)
A Dow	(Executive Director - resigned 3 April 1998)
R Green	(resigned 4 December 1998)
J A Hart	(appointed 25 March 1999)
D Hollingsworth	(resigned 24 September 1998)
R Ireland	(resigned 25 March 1999)
B James	(Executive Director - resigned 9 September 1999)
R G Moore	(resigned 4 December 1998)
J Towers	(appointed 4 December 1998)
R A Woolley	

### **AUDITORS**

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

*R. A. Alderson*

R Alderson  
Secretary

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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' REPORT TO THE MEMBERS OF

### BIRMINGHAM ECONOMIC DEVELOPMENT PARTNERSHIP LIMITED (a company limited by guarantee)

We have audited the financial statements on pages 4 to 18 which have been prepared under the accounting policies set out on page 8.

#### Respective responsibilities of directors and auditors

As described on page 2 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 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 and the group'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 as at 31 March 1999 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

23 September 1999

Chartered Accountants and Registered Auditors



**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**Year ended 31 March 1999**

	Note	1999 £	1998 £
<b>Turnover</b>			
Continuing operations		11,320,519	8,222,493
Acquisitions		<u>1,011,739</u>	<u>-</u>
Total turnover	3	12,332,258	8,222,493
Staff costs	4	(1,727,596)	(1,139,256)
Depreciation		(206,414)	(144,218)
Other operating charges	3	<u>(8,246,827)</u>	<u>(6,280,382)</u>
<b>Operating profit</b>			
Continuing operations		2,078,440	658,637
Acquisitions		<u>72,981</u>	<u>-</u>
Total operating profit	5	2,151,421	658,637
Interest receivable and similar income	6	<u>111,693</u>	<u>114,122</u>
<b>Profit on ordinary activities before taxation</b>		2,263,114	772,759
Tax on profit on ordinary activities	7	<u>(72,446)</u>	<u>(24,470)</u>
<b>Profit after taxation retained for the period</b>		2,190,668	748,289
<b>Profit and loss account brought forward</b>		<u>2,031,594</u>	<u>1,283,305</u>
<b>Profit and loss account carried forward</b>		<u><u>4,222,262</u></u>	<u><u>2,031,594</u></u>

All activities derive from continuing operations.

There are no recognised gains or losses other than the profit for the year. Accordingly, no statement of total recognised gains and losses is presented.



**CONSOLIDATED BALANCE SHEET**  
**31 March 1999**

	Note	£	1999 £	£	1998 £
<b>FIXED ASSETS</b>					
Tangible assets	9		772,588		329,519
Goodwill	10		31,956		-
			<u>804,544</u>		<u>329,519</u>
<b>CURRENT ASSETS</b>					
Stock and work in progress	11	160,872		143,964	
Debtors	12	1,893,593		911,153	
Cash at bank and in hand		4,873,648		3,004,124	
		<u>6,928,113</u>		<u>4,059,241</u>	
<b>CREDITORS: amounts falling due within one year</b>	13	(3,099,588)		(2,274,639)	
<b>NET CURRENT ASSETS</b>			<u>3,828,525</u>		<u>1,784,602</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			4,633,069		2,114,121
<b>CREDITORS: amounts falling due after more than one year</b>	14		(410,807)		(82,527)
			<u>4,222,262</u>		<u>2,031,594</u>
<b>Represented by:</b>					
<b>PROFIT AND LOSS ACCOUNT</b>	16				
Business Link		3,472,429		1,488,082	
Enterprise Link		678,024		543,512	
Birmingham Centre for Manufacturing		71,809		-	
			<u>4,222,262</u>		<u>2,031,594</u>

These financial statements were approved by the Board of Directors on 23rd September 1999

Signed on behalf of the Board of Directors

A Bore

D B Cragg

Directors

**BALANCE SHEET**  
**31 March 1999**

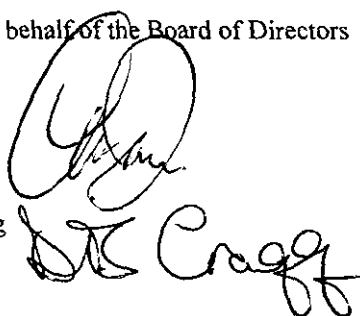
	Note	£	1999 £	£	1998 £
<b>FIXED ASSETS</b>					
Tangible assets	9		345,182		329,519
<b>CURRENT ASSETS</b>					
Stock and work in progress	11	160,872		143,964	
Debtors	12	1,536,405		911,153	
Cash at bank and in hand		4,601,758		3,004,124	
		<u>6,299,035</u>		<u>4,059,241</u>	
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(2,403,055)</u>		<u>(2,274,639)</u>	
<b>NET CURRENT ASSETS</b>			<u>3,895,980</u>		<u>1,784,602</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			4,241,162		2,114,121
<b>CREDITORS: amounts falling due after more than one year</b>	14		<u>(80,058)</u>		<u>(82,527)</u>
			<u>4,161,104</u>		<u>2,031,594</u>
<b>Represented by:</b>					
<b>PROFIT AND LOSS ACCOUNT</b>	16				
Business Link		3,483,080		1,488,082	
Enterprise Link		<u>678,024</u>		<u>543,512</u>	
			<u>4,161,104</u>		<u>2,031,594</u>

These financial statements were approved by the Board of Directors on 23<sup>rd</sup> September 1999  
Signed on behalf of the Board of Directors

A Bore

D B Cragg

Directors




**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 March 1999**

	Note	1999 £	1998 £
Cash flow from operating activities	18	1,832,068	716,728
Returns on investments and servicing of finance	19	111,693	94,323
Taxation		(27,394)	(22,270)
Capital expenditure and financial investment	19	(157,667)	(152,316)
Acquisitions and disposals	19	110,824	-
Cash inflow before use of liquid resources and financing		<u>1,869,524</u>	<u>636,465</u>
Increase in cash in the year	20	<u><u>1,869,524</u></u>	<u><u>636,465</u></u>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1999****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the directors are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Basis of consolidation**

The Group financial statements consolidate the results of the Company and its Subsidiary for the year ended 31 March 1999.

**Acquisition**

The results of the business acquired during the year are dealt with in the financial statements from the effective date of acquisition. Goodwill, representing the excess of the consideration over the assessed fair value of the net assets acquired, has been capitalised and will be amortised over its useful economic life.

**Turnover**

Turnover represents grants receivable for service delivery and eligible overhead costs, client contributions in respect of subsidised services and sundry sales to third parties.

Grant income is accounted for in the period in which it is payable. Related expenditure in respect of service delivery is matched to the same period.

Expenditure in respect of overhead costs is accounted for when arising.

**Depreciation**

Depreciation is provided on fixed assets to write off the cost of those assets in equal instalments over their estimated useful lives. The rates of depreciation are as follows:-

Premises refurbishment	10% per annum
IT/telecommunications	33.3% per annum
Fixtures and fittings	20% per annum

**Grants**

Grants received for the purpose of the purchase of fixed assets are treated as deferred income and released to the profit and loss account over the estimated useful lives of the associated fixed assets.

**Leases**

Rentals under operating leases are charged to the profit and loss account as incurred.

**Work in progress**

Work in progress represents consultancy costs arising in the year for which the grant becomes payable in the following year.

**Pension costs**

Contributions in respect of pension schemes are charged to the profit and loss account as they are incurred.



**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1999**

**2. ACQUISITIONS AND GOODWILL**

**Acquisitions**

The profit after taxation of Birmingham Centre for Manufacturing Limited was as follows:

	£
<b>Results prior to acquisition</b>	
1 April 1998 to the date of acquisition	(62,271)
Preceding finance year ended 31 March 1998	499

The following table explains the there were no adjustments made to the book value of the major category of assets and liabilities acquired to arrive at the fair values included in the consolidated financial statements at the date of acquisition. The cash flow effects of the acquisition are given in note 21.

	Book Value/ Fair value to the group £
Tangible fixed assets	1,019
Cash	110,824
Debtors	311,525
Creditors and provisions	(463,125)
Taxation	(2,850)
	<u>(42,607)</u>
 <b>Goodwill</b>	 <u><u>42,607</u></u>


**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1999**
**3. ANALYSIS OF PROFIT AND LOSS ACCOUNT**

The Birmingham Economic Development Partnership Limited comprises the trading of Business Link Birmingham, Enterprise Link and Birmingham Centre for Manufacturing Limited. Set out below is an analysis of the profit and loss account:

	Business link £	Enterprise link £	B.C.M. Limited £	1999 Total £	1998 Total £
<b>Turnover</b>					
Grants receivable, sponsorship, and subsidies	5,804,306	4,111,741	397,746	10,313,793	6,994,910
Sale to third parties	1,342,524	61,948	613,993	2,018,465	1,227,583
	<u>7,146,830</u>	<u>4,173,689</u>	<u>1,011,739</u>	<u>12,332,258</u>	<u>8,222,493</u>
<b>Staff costs (including directors)</b>					
Wages and salaries	(891,952)	(304,661)	(325,025)	(1,521,638)	(980,609)
Pension costs	(32,513)	(21,547)	(12,004)	(66,064)	(63,612)
Social security costs	(76,537)	(31,787)	(31,570)	(139,894)	(95,035)
	<u>(1,001,002)</u>	<u>(357,995)</u>	<u>(368,599)</u>	<u>(1,727,596)</u>	<u>(1,139,256)</u>
Depreciation	(123,990)	(48,812)	(33,612)	(206,414)	(144,218)
Other operating charges	<u>(4,040,023)</u>	<u>(3,670,257)</u>	<u>(536,547)</u>	<u>(8,246,827)</u>	<u>(6,280,382)</u>
Operating profit before taxation	1,981,815	96,625	72,981	2,151,421	658,637
<b>Interest receivable</b>					
Bank interest	<u>63,102</u>	<u>43,781</u>	<u>4,810</u>	<u>111,693</u>	<u>114,122</u>
Profit on ordinary activities before taxation	<u>2,044,917</u>	<u>140,406</u>	<u>77,791</u>	<u>2,263,114</u>	<u>772,759</u>

All turnover is derived from operations within the United Kingdom.

Other operating charges relate to service delivery costs and costs of sub-contractors and supplies.



**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1999**

**4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
<b>Directors' emoluments</b>		
Other emoluments (excluding pension contributions)	80,117	121,911
Compensation for loss of office	43,275	-
Pension contributions	5,429	8,159
	<u>128,821</u>	<u>130,070</u>

One director is accruing benefits under a defined contribution benefit scheme (1998: Two).

None of the non-executive directors received any remuneration.

Non executive directors are all directors of other companies which in the normal course of business may trade with the Birmingham Economic Development Partnership Limited.

As these directors are not involved in the day to day running of the company, they do not determine contracts made which are therefore raised on an arms length basis.

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	1,521,638	980,609
Pension costs	66,064	63,612
Social security costs	139,894	95,035
	<u>1,727,596</u>	<u>1,139,256</u>

The average number of employees of the company during the year was 70 representing 39 Business Link, 16 Enterprise Link and 15 B.C.M Limited employees (1998 - 49 representing 34 Business Link and 15 Enterprise Link employees).

**5. OPERATING PROFIT**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
<b>Operating profit is stated after charging/(crediting):</b>		
Depreciation	206,414	144,218
Amortisation of goodwill	10,651	-
Release of capital grant	(84,773)	(39,051)
Auditors' remuneration:		
Audit services	20,650	13,050
Non audit services	500	575
Professional fees (excluding auditors' remuneration)	146,961	178,995
Rentals - land and buildings	<u>298,131</u>	<u>96,549</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1999**

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	1999 £	1998 £
Bank interest	<u>111,693</u>	<u>114,122</u>

**7. TAXATION**

	1999 £	1998 £
Corporation tax at 21% (1998 - 21%)	<u>72,446</u>	<u>24,470</u>

The Inland Revenue have indicated that they wish to revisit the agreement under which the majority of the company's surplus is not subject to tax. No additional provision has been made for any additional liability which may arise from this review in respect of earlier periods. This agreement to treat the majority of the surplus as non taxable therefore results in a disproportionate tax charge.

**8. PROFIT FOR THE YEAR FOR BIRMINGHAM ECONOMIC DEVELOPMENT PARTNERSHIP LIMITED**

The company has taken advantage of Section 230 of the Companies Act 1985 and consequently a profit and loss account for the Company alone is not presented. The profit dealt with in the company's profit and loss account was £2,176,852 (1998: £748,289).

**9. TANGIBLE FIXED ASSETS**

Group	Premises refurbishment £	Plant, I T and tele- communications equipment £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 April 1998	245,219	771,973	59,469	1,076,661
Additions	<u>38,112</u>	<u>594,166</u>	<u>17,205</u>	<u>649,483</u>
At 31 March 1999	<u>283,331</u>	<u>1,366,139</u>	<u>76,674</u>	<u>1,726,144</u>
<b>Accumulated depreciation</b>				
At 1 April 1998	67,375	641,143	38,624	747,142
Charge for the year	<u>28,333</u>	<u>163,579</u>	<u>14,502</u>	<u>206,414</u>
At 31 March 1999	<u>95,708</u>	<u>804,722</u>	<u>53,126</u>	<u>953,556</u>
<b>Net book value</b>				
At 31 March 1999	<u>187,623</u>	<u>561,417</u>	<u>23,548</u>	<u>772,588</u>
At 31 March 1998	<u>177,844</u>	<u>130,830</u>	<u>20,845</u>	<u>329,519</u>


**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1999**

<b>Company</b>	<b>Premises refurbishment £</b>	<b>I T and tele- communications equipment £</b>	<b>Fixtures and fittings £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 April 1998	245,219	771,973	59,469	1,076,661
Additions	38,112	133,147	17,205	188,465
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1999	283,331	905,120	76,674	1,265,125
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation</b>				
At 1 April 1998	67,375	641,143	38,624	747,142
Charge for the year	28,333	129,966	14,502	172,801
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1999	95,708	771,109	53,126	919,943
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 March 1999	187,623	134,011	23,548	345,182
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1998	177,844	130,830	20,845	329,519
	<hr/>	<hr/>	<hr/>	<hr/>


**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1999**
**10. GOODWILL**

Group	1999 £
At 1 April 1998	-
Additions	42,607
Amount released to profit and loss account	(10,651)
At 31 March 1999	<u>31,956</u>

**11. STOCK**

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Work in progress	<u>160,872</u>	<u>143,964</u>	<u>160,872</u>	<u>143,964</u>

**12. DEBTORS**

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Grants receivable	766,285	479,492	766,285	479,492
Sundry debtors and prepayments	<u>1,127,308</u>	<u>431,661</u>	<u>770,120</u>	<u>431,661</u>
	<u>1,893,593</u>	<u>911,153</u>	<u>1,536,405</u>	<u>911,153</u>

Included above within the Company balance is £150,000, a subordinated loan due from a subsidiary, which is due after more than one year.

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

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Trade creditors	1,531,503	1,067,602	1,124,069	1,067,602
Corporation tax	66,602	18,700	61,102	18,700
Taxation and social security	156,876	79,371	120,626	79,371
Accruals	<u>239,678</u>	<u>411,764</u>	<u>116,343</u>	<u>411,764</u>
Deferred income:				
Government capital grants (note 15)	114,246	36,503	17,589	36,503
Other	<u>990,683</u>	<u>660,699</u>	<u>963,326</u>	<u>660,699</u>
	<u>3,099,588</u>	<u>2,274,639</u>	<u>2,403,055</u>	<u>2,274,639</u>


**NOTES TO THE ACCOUNTS**

Year ended 31 March 1999

**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Government capital grants (note 15)	410,807	82,527	80,058	82,527

Included above is an amount of £72,924 which falls due after more than five years. This relates to deferred government grants which are released over the estimated useful lives of the fixed assets to which they relate.

**15. GOVERNMENT GRANTS**

These relate to capital grants received to finance the purchase of tangible fixed assets.

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Grant received brought forward	119,028	115,846	119,028	115,846
Additions	490,798	42,233	30,798	42,233
Amount released to profit and loss account	(84,773)	(39,051)	(52,179)	(39,051)
	525,053	119,028	97,647	119,028
Due within one year (note 13)	114,246	36,501	17,589	36,501
Due after more than one year (note 14)	410,807	82,527	80,058	82,527
	525,053	119,028	97,647	119,028

**16. PROFIT AND LOSS ACCOUNT**

Group	Business Link £	Enterprise Link £	B.C.M. Limited £	Total £
Balance brought forward	1,488,082	543,512	-	2,031,594
Retained profit for the year	1,984,347	134,512	-	2,118,859
Post acquisition profit	-	-	71,809	71,809
Balance carried forward	3,472,429	678,024	71,809	4,222,262

Company	Business Link £	Enterprise Link £	Total £
Balance brought forward	1,488,082	543,512	2,031,594
Retained profit for the year	1,994,998	134,512	2,129,510
Balance carried forward	3,483,080	678,024	4,161,104




**NOTES TO THE ACCOUNTS**
**Year ended 31 March 1999**

The £678,024 (1998 - £543,512) of reserves generated by Enterprise Link is available solely for reinvestment within the programme of enterprise and business start up activities which form part of the Single Regeneration Budget.

The Business Link reserves which have been generated from the DTI Business Services contract may only be used for the delivery of business support services.

**17. FINANCIAL COMMITMENTS**
**Capital commitments**

At 31 March 1999 the company had no capital commitments which were contracted for but not provided in the financial statements (1998 - £Nil).

**Operating lease commitments**

At 31 March 1999, the company was committed to making the following payments during the next year in respect of operating leases.

Group	Land and buildings		Other	
	1999	1998	1999	1998
	£	£	£	£
Leases which expire:				
Within one year	115,746	416	4,159	-
Within two to five years	134,275	95,044	17,038	-
	<u>250,021</u>	<u>95,460</u>	<u>21,197</u>	<u>-</u>
Company	Land and buildings		Other	
	1999	1998	1999	1998
	£	£	£	£
Leases which expire:				
Within one year	115,746	416	-	-
Within two to five years	16,275	95,044	6,754	-
	<u>132,021</u>	<u>95,460</u>	<u>6,754</u>	<u>-</u>

**18. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	1999	1998
	£	£
Operating profit	2,151,421	658,637
Depreciation charge	206,414	144,218
Amortisation of goodwill	10,651	-
Amortisation of grant aid	(84,773)	(39,051)
(Increase)in stocks	(16,908)	(143,964)
(Increase)/decrease in debtors	(670,914)	35,974
Increase in creditors	236,177	60,914
<b>Net cash inflow from operating activities</b>	<u>1,832,068</u>	<u>716,728</u>


**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1999**
**19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED  
IN THE CASH FLOW STATEMENT**

	1999 £	1998 £
<b>Returns on investments and servicing of finance</b>		
Interest received	111,693	94,323
	<u>111,693</u>	<u>94,323</u>
<b>Net cash inflow for returns on investments and servicing of finance</b>	<u>111,693</u>	<u>94,323</u>
 <b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(648,465)	(194,549)
Capital grants received	490,798	42,233
	<u>(157,667)</u>	<u>(152,316)</u>
<b>Net cash outflow for capital expenditure and financial investment</b>	<u>(157,667)</u>	<u>(152,316)</u>
 <b>Acquisitions and disposals</b>		
Net cash acquired with subsidiary undertaking (note 21)	<u>110,824</u>	<u>-</u>

**20. ANALYSIS OF NET FUNDS**

	At 1 April 1998 £	Cash Flow £	At 31 March 1999 £
Cash in hand and at bank	<u>3,004,124</u>	<u>1,869,524</u>	<u>4,873,648</u>



**NOTES TO THE ACCOUNTS**

**Year ended 31 March 1999**

**21. PURCHASE OF SUBSIDIARY UNDERTAKING AND BUSINESS  
OF BIRMINGHAM CENTRE FOR MANUFACTURING LIMITED**

<b>Net assets acquired:</b>	<b>£</b>
Tangible fixed assets	1,019
Cash	110,824
Debtors	311,525
Creditors	(463,125)
Taxation	(2,850)
	<hr/>
	(42,607)
Goodwill	42,607
	<hr/>
	-
	<hr/>
<b>Satisfied by:</b>	
Cash	-
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**22. LIMITED MEMBER LIABILITY**

The company is limited by three members' guarantees which are restricted to £1 per member. The individual directors are bound by their fiduciary duty to the company.

**23. PENSION SCHEME**

Birmingham Economic Development Partnership Limited and Birmingham Centre for Manufacturing Limited, both operate defined contribution pension schemes. The pension charge for the Group for the period represents contributions payable by the company to the fund, which amounted to £66,064. At the year end there were no outstanding contributions.