

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

Report and Financial Statements

31 March 2003



STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors present their annual report and the audited financial statements for the period ended 31 March 2003.

ACTIVITIES

The group provided business support services to Birmingham businesses, using government subsidies. On 26 March 2001, the trade of the company was transferred to the Chamber of Commerce. All necessary provisions have been made in these financial statements.

RESULTS

The loss for the period of £55,486 (2002 - loss of £766,879) has been transferred from reserves.

REVIEW OF THE FINANCIAL POSITION AND FUTURE PROSPECTS

The company intends to administer any unused reserves to projects that are within the scope of the terms of the funding agreement. Since March 2001 the company has ceased trading and will not trade for the foreseeable future.

On 22 November 2001 the subsidiary company Birmingham Centre for Manufacturing ceased trading. The trade and all the assets of the subsidiary company, with the exception of debtors, creditors and bank balances, were transferred on a going concern basis to the Technology and Innovation Centre and the company will not trade for the foreseeable future.

DIRECTORS

The directors who served during the period were as follows:

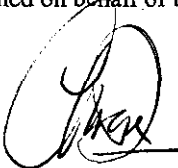
Sir A Bore	(Chairman)
S Battle	
D B Cragg	
R J Dickens	
J A Hart	(resigned 24 January 2003)
J H Pratt	(appointed 24 January 2003)
J Towers	
P R Spooner	
Dr A C Coulson	
B Woods-Scawen	

AUDITORS

On 1 August 2003, Deloitte & Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

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

A Bore
Director
23 October 2003



United Kingdom 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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

- 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BIRMINGHAM ECONOMIC DEVELOPMENT PARTNERSHIP LIMITED
(a company limited by guarantee)**

**Deloitte
& Touche**

We have audited the financial statements of Birmingham Economic Development Partnership Limited (a company limited by guarantee) for the period ended 31 March 2003 which comprise the profit and loss account, the balance sheets and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report 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 with the company and other members of the group is not disclosed.

We read the directors' report for the above period and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of company and the group, consistently applied and adequately disclosed.

We planned 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. However, the evidence available to us was limited with respect to the subsidiary company due to uncertainties relating to the potential for grants received being reclaimed and grants receivable being reduced by the relevant funding bodies as more fully explained in Note 13.

In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Qualified opinion in respect of limitation of scope

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning grants received and receivable in the subsidiary company (BCM Limited) referred to in Note 13, in our opinion the financial statements give a true and fair view of the state of the company's and the group's affairs as at 31 March 2003 and of the loss of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation on our work relating to grants received and receivable by BCM limited:

- a) we have not obtained all the information and explanations that we consider necessary for the purposes of our audit; and
- b) we were unable to determine whether proper accounting records have been kept.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham
23 October 2003

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Period ended 31 March 2003

	Note	Period to 31 March 2003 £	Year to 25 March 2002 £
TURNOVER	2	-	664,668
Staff costs	3	961	(402,087)
Other operating charges	2	(78,637)	(843,597)
OPERATING LOSS	4	(77,676)	(581,016)
Loss on disposal of fixed assets		-	(240,510)
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST		(77,676)	(821,526)
Interest receivable and similar income	5	20,044	60,770
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(57,632)	(760,756)
Tax on loss on ordinary activities	6	2,146	(6,123)
LOSS AFTER TAXATION FOR THE FINANCIAL PERIOD		(55,486)	(766,879)
Profit and loss account brought forward		1,812,397	2,579,276
Profit and loss account carried forward		1,756,911	1,812,397

All activities derive from discontinued operations.

There are no recognised gains or losses other than the loss for either financial period. Accordingly, no statement of total recognised gains and losses is presented.

CONSOLIDATED BALANCE SHEET
31 March 2003

	Note	£	31 March 2003 £	£	25 March 2002 £
CURRENT ASSETS					
Debtors (including £1,250,000 falling due after one year (2002: £1,250,000))	8	1,325,080		1,550,569	
Cash at bank and in hand		767,587		1,364,262	
		<u>2,092,667</u>		<u>2,914,831</u>	
CREDITORS: amounts falling due within one year	9	<u>(335,756)</u>		<u>(807,757)</u>	
NET CURRENT ASSETS			<u>1,756,911</u>		<u>2,107,074</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,756,911</u>		<u>2,107,074</u>
PROVISIONS FOR LIABILITIES AND CHARGES	10		<u>-</u>		<u>(294,677)</u>
			<u>1,756,911</u>		<u>1,812,397</u>
Represented by:					
PROFIT AND LOSS ACCOUNT	11		<u>1,756,911</u>		<u>1,812,397</u>

These financial statements were approved by the Board of Directors on 23 October 2003

Signed on behalf of the Board of Directors

D B Cragg

A Bore

Directors



COMPANY BALANCE SHEET
31 March 2003

	Note	£	2003 £	2002 £
CURRENT ASSETS				
Debtors (including £1,250,000) falling due after one year (2002: £1,250,000))	8	1,276,237	1,329,688	
Cash at bank and in hand		720,348	1,258,461	
		<u>1,996,585</u>	<u>2,588,149</u>	
CREDITORS: amounts falling due within one year	9	<u>(76,767)</u>	<u>(372,831)</u>	
NET CURRENT ASSETS			<u>1,919,818</u>	<u>2,215,318</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,919,818	2,215,318
PROVISIONS FOR LIABILITIES AND CHARGES	10		-	(294,677)
			<u>1,919,818</u>	<u>1,920,641</u>
Represented by:				
PROFIT AND LOSS ACCOUNT	11		<u>1,919,818</u>	<u>1,920,641</u>

These financial statements were approved by the Board of Directors on 23 October 2003

Signed on behalf of the Board of Directors

D B Cragg



A Bore

Directors



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**Deloitte
& Touche**

The Registrar
Companies House
Crown Way
Cardiff
CF15 3UZ

Our Ref: PEJ/JAL

24 October 2003

Dear Sirs

Please find enclosed a copy of the financial statements for Birmingham Economic Development Partnership Limited - 2811211 for the year ended 31 March 2003

Would you please stamp and return the attached copy of this letter as acknowledgement of receipt.

Yours faithfully
For Deloitte & Touche



Jane Piper
Audit Manager

**Deloitte
Touche
Tohmatsu**

Aberdeen, Belfast, Birmingham, Bristol, Cambridge, Cardiff, Crawley, Edinburgh, Glasgow, Leeds, Liverpool, London, Manchester, Milton Keynes, Newcastle upon Tyne, Nottingham, Reading, St Albans and Southampton.

Deloitte & Touche LLP is a limited liability partnership registered in England and Wales with registered number OC303675.
A list of members' names is available for inspection at Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR, United Kingdom,
the firm's principal place of business and registered office.

Deloitte & Touche LLP is authorised and regulated by the Financial Services Authority.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 March 2003

1. ACCOUNTING POLICIES

The particular accounting policies adopted by the directors are described below.

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Basis of consolidation

The Group financial statements consolidate the results of the Company and its Subsidiary for the period ended 31 March 2003.

Goodwill

Goodwill, representing the excess of the consideration over the assessed fair value of the net assets acquired, is capitalised and 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 receivable. Related expenditure in respect of service delivery is matched to the same period.

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

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.

Pension costs

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

Taxation

Corporation tax payable is provided on taxable investment income and profit at the current rate.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

The company is only liable to tax on its investment income and as such the reconciliation between profit before tax and the tax charge required by FRS 19 has not been included.

Cash flow statement

The company is exempt from the requirement of FRS 1 (revised) to prepare a cash flow statement as it is entitled to the filing exemptions as a small company under Sections 246 to 249 of the Companies Act 1985 when filing financial statements with the Registrar of Companies.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 March 2003

2. 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 £	2003 Total £	2002 Total £
Turnover					
Grants receivable, sponsorship, and subsidies	-	-	-	-	25,706
Sales to third parties	-	-	-	-	638,962
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>664,668</u>
Staff costs (including directors)					
Wages and salaries	-	-	-	-	(343,839)
Pension costs	-	-	961	961	(25,413)
Social security costs	-	-	-	-	(32,835)
	<u>-</u>	<u>-</u>	<u>961</u>	<u>961</u>	<u>(402,087)</u>
Other operating charges	(14,320)	(1,918)	(62,399)	(78,637)	(843,597)
Operating profit/(loss)	(14,320)	(1,918)	(61,438)	(77,676)	(581,016)
Loss on disposal of fixed assets	-	-	-	-	(240,510)
Interest receivable					
Bank interest	17,923	1,346	775	20,044	60,770
Profit/(loss) on ordinary activities before taxation	<u>3,603</u>	<u>(572)</u>	<u>(60,663)</u>	<u>(57,632)</u>	<u>(760,756)</u>

All turnover is derived from discontinued operations within the United Kingdom.

Other operating charges relate to service delivery costs and costs of sub-contractors and supplies derived from discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 March 2003

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

None of the 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 arm's length basis.

	2003 £	2002 £
Staff costs during the period (including directors)		
Wages and salaries	-	1,470,739
Pension costs	(961)	101,259
Social security costs	-	143,593
	<u>(961)</u>	<u>1,715,591</u>

The average number of employees of the company during the period was nil (2002 – 12 representing 1 Business Link and Enterprise Link and 11 B.C.M. Limited employees).

4. OPERATING LOSS

	2003 £	2002 £
Operating loss is stated after charging/(crediting):		
Release of capital grant	-	(234,092)
Provision for claims	-	(104,283)
Write back of creditors	(58,257)	-
VAT liability	55,000	-
Auditors' remuneration:		
Audit services	7,600	8,500
Non audit services	750	1,000
Rentals – land and buildings	-	95,667
	<u>-</u>	<u>95,667</u>

Audit fee for the company was £5,000 (2002 - £5,000)

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2003 £	2002 £
Bank interest	<u>20,044</u>	<u>60,770</u>

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 March 2003

6. TAXATION

	2003 £	2002 £
Corporation tax at 20% (2002 – 20%)	4,009	12,154
Less tax on interest in the subsidiary company	(155)	(499)
	<u>3,854</u>	<u>11,655</u>
Adjustment in respect of prior periods:		
Corporation tax	(6,000)	(5,532)
	<u>2,146</u>	<u>6,123</u>

The company is only liable to tax on its investment income and as such the reconciliation between profit before tax and the tax charge required by FRS 19 has not been included.

The subsidiary company "The Birmingham Centre for Manufacturing Limited" is a fully taxable company and as such can utilise its tax losses resulting in the adjustment for prior periods.

7. LOSS FOR THE PERIOD 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 loss dealt with in the company's profit and loss account was £823 (2002 – £710,501).

8. DEBTORS

	Group		Company	
	2003 £	2002 £	2003 £	2002 £
Amounts falling due within one year:				
Grants receivable	43,669	259,622	-	56,128
Sundry debtors and prepayments	31,411	40,947	26,237	23,560
	<u>75,080</u>	<u>300,569</u>	<u>26,237</u>	<u>79,688</u>
Amounts falling due after more than one year:				
Other debtors	1,250,000	1,250,000	1,250,000	1,250,000
	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,250,000</u>

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 March 2003

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Trade creditors	67,665	293,020	4,135	62,933
Corporation tax	2,735	11,350	2,735	5,044
Other creditors	119,147	255,427	64,147	255,427
Accruals	146,209	209,983	5,750	11,450
Deferred income: Other	-	37,977	-	37,977
	<u>335,756</u>	<u>807,757</u>	<u>76,767</u>	<u>372,831</u>

10. PROVISION FOR LIABILITIES AND CHARGES

	Group	Company
	£	£
Provision for claims		
Balance brought forward at 26 March 2002	294,677	294,677
Utilised in year	(294,677)	(294,677)
Balance carried forward at 31 March 2003	-	-

A provision of £294,677 had been recognised for claims, received from various bodies, against funding received by the company for the delivery of programmes in previous financial years.

11. PROFIT AND LOSS ACCOUNT

Group	Business Link	Enterprise Link	B.C.M. Limited	Total
	£	£	£	£
Balance brought forward at 26 March 2002	1,817,997	60,037	(65,637)	1,812,397
Profit/(loss) for the period	18	(841)	(54,663)	(55,486)
Balance carried forward at 31 March 2003	<u>1,818,015</u>	<u>59,196</u>	<u>(120,300)</u>	<u>1,756,911</u>

Company	Business Link	Enterprise Link	Total
	£	£	£
Balance brought forward at 26 March 2002	1,860,604	60,037	1,920,641
Profit/(loss) for the period	18	(841)	(823)
Balance carried forward at 31 March 2003	<u>1,860,622</u>	<u>59,196</u>	<u>1,919,818</u>

The £59,196 (2002 - £60,037) 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.

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 March 2003

12. FINANCIAL COMMITMENTS

Capital commitments

At 31 March 2003 the group and company had no capital commitments which were contracted for but not provided in the financial statements (2002 - £Nil).

Operating lease commitments

At 31 March 2003, the group and company had no commitments in respect of operating leases (2002 - £Nil).

13. CONTINGENT LIABILITIES

Within The Birmingham Centre for Manufacturing Limited the following contingent liabilities have been identified:

- a) It has been established that a number of payments made in good faith in the previous years, all of which have been expensed, may not have been properly incurred. It is not possible to quantify the total amount involved. It is possible that the relevant funding body may reclaim grant receipts relating to certain of this expenditure. Because of uncertainties involved no provision has been made in these accounts in respect of any possible grant reclaim.

14. 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.

15. SUBSIDIARY COMPANY

The company controls The Birmingham Centre for Manufacturing Limited (a company limited by guarantee) that operates in Great Britain and is incorporated in England and Wales. The company's primary activities were:

To support and promote the development of the manufacturing economy in Birmingham

To provide a focus for the development of an integrated training infrastructure in Birmingham

On the 22 November 2001 the company ceased trading.

16. PENSION SCHEME

Birmingham Economic Development Partnership Limited and Birmingham Centre for Manufacturing Limited, both operate defined contribution pension schemes. The pension credit for the Group for the period represents contributions receivable by the company from the fund, which amounted to £961 (2002 - charge of £25,413). At the period end there were no outstanding contributions.