



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

Report and Financial Statements

31 March 1998

**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 1998.

ACTIVITIES

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

RESULTS

The profit retained for the year of £748,289 (1997 - £620,985) 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, enabling the company to build up an appropriate level of reserves and invest in improving the level of customer service.

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 £150,000.

DIRECTORS

The directors who served during the year were as follows:

A Bore	(Chairman)
M J Brooks	(resigned 31 July 1997)
G Coyne	(appointed 1 August 1997)
D B Cragg	
A Dow	(Executive Director - resigned 3 April 1998)
R Green	
D Hollingsworth	
R Ireland	
B James	(Executive Director)
R G Moore	
G D Radford	(resigned 29 January 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 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 as at the end of the financial year and of the profit or loss of the company for that year. 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 company 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



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 13 which have been prepared under the accounting policies set out on page 7.

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 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 the company's affairs at 31 March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and Registered Auditors

13 August 1998


PROFIT AND LOSS ACCOUNT
Year ended 31 March 1998

	Note	1998 £	1997 £
Turnover	2	8,222,493	7,652,605
Staff costs	3	(1,139,256)	(905,885)
Depreciation		(144,218)	(177,693)
Other operating charges	2	(6,280,382)	(5,976,104)
Operating profit	4	<u>658,637</u>	<u>592,923</u>
Interest receivable and similar income	5	<u>114,122</u>	<u>37,062</u>
Profit on ordinary activities before taxation		<u>772,759</u>	<u>629,985</u>
Tax on profit on ordinary activities	6	<u>(24,470)</u>	<u>(9,000)</u>
Profit after taxation retained for the period		<u>748,289</u>	<u>620,985</u>
Profit and loss account brought forward		<u>1,283,305</u>	<u>662,320</u>
Profit and loss account carried forward		<u><u>2,031,594</u></u>	<u><u>1,283,305</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.



BALANCE SHEET
31 March 1998

	Note	£	1998 £	1997 £
FIXED ASSETS				
Tangible assets	7		329,519	279,187
CURRENT ASSETS				
Stock and work in progress	8	143,964	-	-
Debtors	9	911,153	927,328	
Cash at bank and in hand		3,004,124	2,367,659	
		<u>4,059,241</u>	<u>3,294,987</u>	
CREDITORS: amounts falling due within one year	10	<u>(2,274,639)</u>	<u>(2,206,501)</u>	
NET CURRENT ASSETS			<u>1,784,602</u>	<u>1,088,486</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,114,121</u>	<u>1,367,673</u>
CREDITORS: amounts falling due after more than one year	11		<u>(82,527)</u>	<u>(84,368)</u>
			<u>2,031,594</u>	<u>1,283,305</u>
Represented by:				
PROFIT AND LOSS ACCOUNT	13			
Business Link		1,488,082	708,591	
Enterprise Link		<u>543,512</u>	<u>574,714</u>	
			<u>2,031,594</u>	<u>1,283,305</u>

These financial statements were approved by the Board of Directors on 24 July 1998.

Signed on behalf of the Board of Directors

A Bore

D B Cragg

Directors



CASH FLOW STATEMENT
Year ended 31 March 1998

	Note	1998 £	1997 £
Cash flow from operating activities	15	716,728	1,648,430
Returns on investments and servicing of finance	16	94,323	37,062
Taxation		(22,270)	-
Capital expenditure and financial investment	16	(152,316)	(113,203)
Cash inflow before use of liquid resources and financing		<u>636,465</u>	<u>1,572,289</u>
Increase in cash in the year	17	<u>636,465</u>	<u>1,572,289</u>

**NOTES TO THE ACCOUNTS**
Year ended 31 March 1998**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.

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 1998
2. ANALYSIS OF PROFIT AND LOSS ACCOUNT

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

	Business link £	Enterprise link £	1998 Total	1997 Total £
Turnover				
Grants receivable, sponsorship, and subsidies	3,298,310	3,696,600	6,994,910	6,679,605
Sale to third parties	1,219,537	8,046	1,227,583	973,000
	<u>4,517,847</u>	<u>3,704,646</u>	<u>8,222,493</u>	<u>7,652,605</u>
Staff costs (including directors)				
Wages and salaries	(708,510)	(272,099)	(980,609)	(789,469)
Pension costs	(44,657)	(18,955)	(63,612)	(40,107)
Social security costs	(69,360)	(25,675)	(95,035)	(76,309)
	<u>(822,527)</u>	<u>(316,729)</u>	<u>(1,139,256)</u>	<u>(905,885)</u>
Depreciation	(106,085)	(38,133)	(144,218)	(177,693)
Other operating charges	(2,866,600)	(3,413,782)	(6,280,382)	(5,976,104)
	<u>722,635</u>	<u>(63,998)</u>	<u>658,637</u>	<u>592,923</u>
Operating profit/(loss) before taxation				
Interest receivable				
Bank interest	72,374	41,748	114,122	37,062
	<u>795,009</u>	<u>(22,250)</u>	<u>772,759</u>	<u>629,985</u>
Profit/(loss) on ordinary activities before taxation				

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 1998

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1998	1997
	£	£
Directors' emoluments		
Other emoluments (excluding pension contributions)	121,911	113,372
Pension contributions	8,159	7,740
	<u>130,070</u>	<u>121,112</u>

Two of the directors are accruing benefits under a defined contribution benefit scheme (1997: 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.

	1998	1997
	£	£
Staff costs during the year (including directors)		
Wages and salaries	980,609	789,469
Pension costs	63,612	40,107
Social security costs	95,035	76,309
	<u>1,139,256</u>	<u>905,885</u>

The average number of employees of the company during the year was 49 representing 34 Business Link and 15 Enterprise Link employees (1996 - 32 representing 20 Business Link and 12 Enterprise Link employees).

4. OPERATING PROFIT

	1998	1997
	£	£
Operating profit is stated after charging/(crediting):		
Depreciation	144,218	177,693
Release of capital grant	(39,051)	(94,710)
Auditors' remuneration:		
Audit services	13,050	10,000
Non audit services	575	575
Professional fees (excluding auditors' remuneration)	178,995	82,048
Rentals - land and buildings	96,549	97,542

NOTES TO THE ACCOUNTS
Year ended 31 March 1998

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	1998 £	1997 £
Bank interest	114,122	37,062

6. TAXATION

	1998 £	1997 £
Corporation tax at 21% (1997 - 24%)	24,470	9,000

The tax charge is disproportionate due to the Revenue agreement to treat surpluses attributable to grant income as non-taxable.

7. TANGIBLE FIXED ASSETS

	Premises refurbishment £	I T and tele- communications equipment £	Fixtures and fittings £	Total £
Cost				
At 1 April 1997	140,284	693,213	48,614	882,111
Additions	104,935	78,760	10,854	194,549
At 31 March 1998	245,219	771,973	59,469	1,076,661
Accumulated depreciation				
At 1 April 1997	42,853	533,341	26,730	602,924
Charge for the year	24,522	107,802	11,894	144,218
At 31 March 1998	67,375	641,143	38,624	747,142
Net book value				
At 31 March 1998	177,844	130,830	20,845	329,519
At 31 March 1997	97,431	159,872	21,884	279,187

NOTES TO THE ACCOUNTS
Year ended 31 March 1998
8. STOCK

	1998 £	1997 £
Work in progress	143,964	-

9. DEBTORS

	1998 £	1997 £
Grants receivable	479,492	662,262
Sundry debtors and prepayments	431,661	265,066
	<u>911,153</u>	<u>927,328</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998 £	1997 £
Trade creditors	1,067,602	1,360,427
Corporation tax	18,700	16,500
Taxation and social security	79,371	177,824
Accruals	411,764	251,347
Deferred income:		
Government capital grants (note 12)	36,503	31,480
Other	660,699	368,923
	<u>2,274,639</u>	<u>2,206,501</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1998 £	1997 £
Government capital grants (note 12)	82,527	84,368



NOTES TO THE ACCOUNTS
Year ended 31 March 1998

12. GOVERNMENT GRANTS

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

	1998 £	1997 £
Grant received brought forward	115,846	159,943
Additions	42,233	50,615
Amount released to profit and loss account	(39,051)	(94,710)
	<u>119,028</u>	<u>115,848</u>
Due within one year (note 10)	36,501	31,480
Due after more than one year (note 11)	82,527	84,368
	<u>119,028</u>	<u>115,848</u>

13. PROFIT AND LOSS ACCOUNT

	Business link £	Enterprise link £	Total £
Balance brought forward	708,591	574,714	1,283,305
Retained profit for the year	779,491	(31,202)	748,289
Balance carried forward	<u>1,488,082</u>	<u>543,512</u>	<u>2,031,594</u>

The £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

14. FINANCIAL COMMITMENTS

Capital commitments

At 31 March 1998 the company had no capital commitments which were contracted for but not provided in the financial statements (1997 - £Nil).

Operating lease commitments

At 31 March 1998, the company was committed to making the following payments during the next year in respect of operating leases.

	Land and buildings	
	1998 £	1997 £
Leases which expire:		
Within one year	416	2,498
Within two to five years	95,044	95,044
	<u>95,460</u>	<u>97,542</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 1998

15. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1998 £	1997 £
Operating profit	658,637	592,923
Depreciation charge	144,218	177,693
Amortisation of grant aid	(39,051)	(94,710)
(Increase)/decrease in stocks	(143,964)	83,258
(Increase)/decrease in debtors	35,974	(219,645)
Increase in creditors	60,914	1,108,911
Net cash inflow from operating activities	716,728	1,648,430

16. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	1998 £	1997 £
Returns on investments and servicing of finance		
Interest received	94,323	37,062
Net cash inflow for returns on investments and servicing of finance	94,323	37,062
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(194,549)	(173,898)
Sale of tangible fixed assets	-	10,080
Capital grants received	42,233	50,615
Net cash outflow for capital expenditure and financial investment	(152,316)	(113,203)

17. ANALYSIS OF NET FUNDS

	At 1 April 1997 £	Cash flow £	At 31 March 1998 £
Cash in hand and at bank	2,367,659	636,465	3,004,124

18. LIMIT OF MEMBERS 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.