

**BIRMINGHAM ECONOMIC DEVELOPMENT  
PARTNERSHIP LIMITED**

(a company limited by guarantee)

**Report and Financial Statements**

**31 MARCH 2006**



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

**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 March 2006.

**RESULTS**

The group results include those of subsidiary undertaking The Birmingham Centre for Manufacturing Limited (BCM), which does not trade.

The group loss for the year, after taxation, amounted to £152,021 (2005 - loss of £41,352).

**ACTIVITY AND FUTURE DEVELOPMENTS**

The group provided subsidised business support services to Birmingham businesses until 26 March 2001 when it ceased trading and the trade of the company was transferred to Birmingham Chamber of Commerce and Industry.

The company intends to utilise its reserves to fund projects that are within the scope of the terms of applicable funding agreements. The directors are currently preparing a plan for future application of the remaining reserves. Funding of projects commenced in December 2004.

**DIRECTORS**

The directors who served during the year and subsequently were as follows:

S Battle	(resigned 7 August 2006)
M E Beasley	(appointed 31 May 2005)
J B Blackett	(appointed 7 August 2006)
D B Cragg	
R J Dickens	(resigned 27 January 2006)
K Hardeman	
D Pywell	
C I Squires	(resigned 11 October 2005), (reappointed 7 August 2006)
S Topman	(appointed 11 October 2005)
J Towers	(resigned 31 May 2005)
M Whitby	

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

In accordance with Section 384 of the Companies Act 1985, a resolution to re-appoint Ernst & Young LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

By order of the Board



M A Hibbert  
Company Secretary  
6 October 2006

**BIRMINGHAM ECONOMIC DEVELOPMENT PARTNERSHIP LIMITED**  
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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 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, subject to any material departures disclosed and explained in the financial statements; and
- 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 AUDITOR'S REPORT TO THE MEMBERS OF BIRMINGHAM ECONOMIC DEVELOPMENT PARTNERSHIP LIMITED (a company limited by guarantee)**

We have audited the group and parent company financial statements (the "financial statements") of Birmingham Economic Development Partnership Limited for the year ended 31 March 2006, which comprises the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, and the related notes 1 to 13. 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**

The directors are responsible for preparing the Annual Report and financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with the financial statements.

We also report to you if, in our opinion, 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 other transactions is not disclosed.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, 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 because the subsidiary company has insufficient records to enable it to prove that certain expenditures made in the past were in compliance with the terms of the grants received in respect of those expenditures. Consequently, it is possible that the grants received could be reclaimed by the relevant funding bodies. It is not possible to quantify the total amounts of grants received that are impacted or to reliably estimate the potential amount repayable. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Qualified opinion arising from limitation in audit scope**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 March 2006;
- except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the potential repayment of grants received by the subsidiary company (The Birmingham Centre for Manufacturing Limited), in our opinion the financial statements give a true and fair view of the state of affairs of the group as at 31 March 2006 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors report is consistent with the financial statements.

In respect alone of the limitation on our work relating to the potential repayment of grants received:

- we have not obtained all the information and explanations that were considered necessary for the purpose of our audit; and
- we were unable to determine whether proper accounting records have been maintained.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered auditor  
Birmingham  
6 October 2006

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

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**Year ended 31 March 2006**

	Note	2006 £	2005 £
Other operating charges	2	(169,899)	(56,339)
<b>OPERATING LOSS</b>	4	(169,899)	(56,339)
Interest receivable	2	21,446	18,472
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(148,453)	(37,867)
Tax on loss on ordinary activities	5	(3,568)	(3,485)
<b>LOSS AFTER TAXATION FOR THE FINANCIAL YEAR</b>		<u>(152,021)</u>	<u>(41,352)</u>

All activities derive from discontinued operations.

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

**BIRMINGHAM ECONOMIC DEVELOPMENT PARTNERSHIP LIMITED**  
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**CONSOLIDATED & COMPANY BALANCE SHEETS**  
**31 March 2006**

	Note	2006 £ Group	2005 £ Group	2006 £ Company	2005 £ Company
<b>CURRENT ASSETS</b>					
Debtors	7	1,256,268	1,256,953	1,255,173	1,255,167
Cash at bank and in hand		562,064	681,525	519,430	632,822
		<u>1,818,332</u>	<u>1,938,478</u>	<u>1,774,603</u>	<u>1,887,989</u>
<b>CREDITORS: amounts falling due within one year</b>					
	8	<u>(259,088)</u>	<u>(227,213)</u>	<u>(79,689)</u>	<u>(42,138)</u>
<b>NET ASSETS</b>		<u>1,559,244</u>	<u>1,711,265</u>	<u>1,694,914</u>	<u>1,845,851</u>
<b>Represented by:</b>					
<b>PROFIT AND LOSS ACCOUNT</b>	9	<u>1,559,244</u>	<u>1,711,265</u>	<u>1,694,914</u>	<u>1,845,851</u>

On behalf of the Board



J B Blackett

Director

6 October 2006

**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 United Kingdom Accounting Standards.

**Basis of consolidation**

The Group financial statements consolidate the results of the Company and its subsidiary for the year ended 31 March 2006.

**Taxation**

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

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.

**2. ANALYSIS OF PROFIT AND LOSS ACCOUNT**

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

	<b>Business Link £</b>	<b>Enterprise Link £</b>	<b>BCM £</b>	<b>2006 Total £</b>	<b>2005 Total £</b>
Other operating charges	(167,901)	(29)	(1,969)	(169,899)	(56,339)
<b>Operating loss</b>	<b>(167,901)</b>	<b>(29)</b>	<b>(1,969)</b>	<b>(169,899)</b>	<b>(56,339)</b>
<b>Interest receivable</b>					
Bank interest	19,629	932	885	21,446	18,472
<b>(Loss)/profit on ordinary activities before taxation</b>	<b>(148,272)</b>	<b>903</b>	<b>(1,084)</b>	<b>(148,453)</b>	<b>(37,867)</b>

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

**3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

The group had no employees apart from the Directors who received no emoluments for their services to the group.

**BIRMINGHAM ECONOMIC DEVELOPMENT PARTNERSHIP LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2006**

**4. OPERATING LOSS**

	2006 £	2005 £
<i>Operating loss is stated after charging/(crediting):</i>		
VAT liability	-	(96)
Auditors' remuneration:		
Audit services	5,950	5,875
Non audit services	-	1,292
	<u>          </u>	<u>          </u>

**5. TAX ON LOSS ON ORDINARY ACTIVITIES**

	2006 £	2005 £
Corporation tax at 20% (2005 – 20%)	<u>3,568</u>	<u>3,485</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.

**6. LOSS 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 loss dealt with in the company's profit and loss account was £150,937 (2005 – £33,008).

**7. DEBTORS**

	Group		Company	
	2006 £	2005 £	2006 £	2005 £
Amounts falling due within one year:				
Sundry debtors and prepayments	<u>6,268</u>	<u>6,953</u>	<u>5,173</u>	<u>5,167</u>
Amounts falling due after more than one year:				
Sundry debtors	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,250,000</u>

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

	Group		Company	
	2006 £	2005 £	2006 £	2005 £
Trade creditors	54,269	55,268	5,581	6,580
Corporation tax	4,052	3,269	4,052	3,269
Other creditors	57,038	26,415	57,038	26,414
Accruals	<u>143,729</u>	<u>142,261</u>	<u>13,018</u>	<u>5,875</u>
	<u>259,088</u>	<u>227,213</u>	<u>79,689</u>	<u>42,138</u>



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**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2006**

**9. PROFIT AND LOSS ACCOUNT**

	<b>Group £</b>	<b>Company £</b>
Balance brought forward at 1 April 2004	1,752,617	1,878,859
Loss for the year	<u>(41,352)</u>	<u>(33,008)</u>
Balance brought forward at 1 April 2005	1,711,265	1,845,851
Loss for the year	<u>(152,021)</u>	<u>(150,937)</u>
Balance carried forward at 31 March 2006	<u>1,559,244</u>	<u>1,694,914</u>

Of the reserves carried forward £62,670 (2005 - £61,954) was generated by Enterprise Link and is available solely for reinvestment within the programme of enterprise and business start up activities, which form part of the Single Regeneration Budget.

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

**10. FINANCIAL COMMITMENTS**

**Capital commitments**

At 31 March 2006 the group and company had no capital commitments, which were contracted for but not provided in the financial statements (2005 - £Nil).

**11. CONTINGENT LIABILITIES**

A contingent liability has been identified within The Birmingham Centre for Manufacturing Limited.

The subsidiary company has insufficient records to enable it to prove that certain expenditures in the past, made in good faith and all expensed in previous years, were in compliance with the terms of the grants received in respect of those expenditures. Consequently, it is possible that the grants received could be reclaimed by the relevant funding bodies. It is not possible to quantify the total amounts of grants received that are impacted or to reliably estimate the potential amount repayable. Accordingly, no provision has been made in these financial statements in respect of any possible grant reclaim.

The company has no contingent liabilities.

**12. LIMITED MEMBER LIABILITY**

The company is limited by three members' guarantees, which are restricted to £1 per member.

**13. 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 ceased trading on 22 November 2001.