

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

**Report and Financial Statements**

**25 March 2001**

**Deloitte & Touche  
Birmingham**



## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 25 March 2001.

### **ACTIVITIES**

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

### **RESULTS**

The loss for the year of £1,646,992 (2000 - profit of £4,006) has been transferred from reserves.

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

Following the Government's restructuring of its business support services, the contract for the delivery of the Business Link at sub regional level was won by the Birmingham Chamber of Commerce following their successful bid. The trade of the company was therefore transferred to the Birmingham Chamber of Commerce post year end. The trade and fixed assets of the subsidiary company were transferred to the Technology and Innovation Centre post year end. Appropriate provisions have been made for amounts no longer expected to be recoverable and for all expected liabilities.

The company intends to administer any unused reserves to projects that are within the scope of the terms of the funding agreement. Since the year end the company has been dormant and is expected to remain so.

### **DIRECTORS**

The directors who served during the year were as follows:

A Bore	(Chairman)
S Battle	
G Coyne	(resigned 25 May 2000)
D B Cragg	
R J Dickens	
J A Hart	
J Towers	
R A Woolley	
P R Spooner	
Dr A C Coulson	(appointed 25 May 2000)

### **POST BALANCE SHEET EVENT**

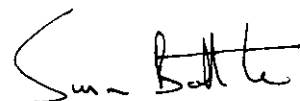
On 26 March 2001, the trade of the company was transferred to the Chamber of Commerce. All necessary provisions have been made in these financial statements.

On 22 November 2001, the trade and fixed assets of the company's subsidiary were transferred to the Technology and Innovation Centre.

### **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



S Battle  
Director

## **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.

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

We have audited the financial statements of Birmingham Economic Development Partnership Limited (a company limited by guarantee) for the year ended 25 March 2001 which comprise the profit and loss account, the balance sheets, the cash flow statement and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

**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 year and consider the implications for our report if we become aware of any apparent misstatements.

**Basis of audit opinion**

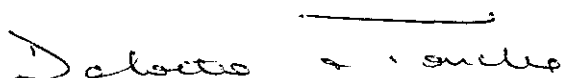
We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the 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 except that our work was limited in respect of the propriety of certain payments, as more fully disclosed in note 2, on which investigations are proceeding and also the possibility that grant receipts may be reclaimed by funding bodies when the outcome of the investigation into these payments is known.

**Qualified opinion in respect of limitation of scope**

Except for any disclosures and adjustments that may be required following the outcome of the investigations referred to in note 2 is known, 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 25 March 2001 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation of our work relating to the outcome of the investigations referred to above, we have not obtained all the information and explanations that we considered necessary for the purpose of the audit.



**Deloitte & Touche**  
Chartered Accountants and Registered Auditors  
Birmingham

16 September 2002

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**Year ended 25 March 2001**

	Note	2001 £	2000 £
<b>TURNOVER</b>	3	8,576,568	11,126,449
Staff costs	4	(1,715,591)	(1,847,851)
Depreciation		(274,920)	(293,586)
Other operating charges	3	(8,091,368)	(9,098,166)
<b>OPERATING LOSS</b>	5	(1,505,311)	(113,154)
Loss on disposal of fixed assets		(282,679)	-
<b>LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		(1,787,990)	(113,154)
Interest receivable and similar income	6	112,983	159,466
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(1,675,007)	46,312
Tax on (loss) / profit on ordinary activities	7	28,015	(42,306)
<b>(LOSS)/PROFIT AFTER TAXATION FOR THE FINANCIAL YEAR</b>		(1,646,992)	4,006
<b>Profit and loss account brought forward</b>		4,226,268	4,222,262
<b>Profit and loss account carried forward</b>		2,579,276	4,226,268

All activities derive from operations which have been discontinued since the year end.

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

**CONSOLIDATED BALANCE SHEET**  
**25 March 2001**


	Note	£	2001 £	£	2000 £
<b>FIXED ASSETS</b>					
Tangible assets	9		240,510		685,648
Goodwill	10		-		15,978
			<u>240,510</u>		<u>701,626</u>
<b>CURRENT ASSETS</b>					
Debtors	11	3,786,561		2,479,200	
Cash at bank and in hand		2,156,683		4,218,130	
		<u>5,943,244</u>		<u>6,697,330</u>	
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(3,068,083)</u>		<u>(2,907,005)</u>	
<b>NET CURRENT ASSETS</b>			<u>2,875,161</u>		<u>3,790,325</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			3,115,671		4,491,951
<b>CREDITORS: amounts falling due after more than one year</b>	13		(137,435)		(265,683)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	15		<u>(398,960)</u>		<u>-</u>
			<u>2,579,276</u>		<u>4,226,268</u>
<b>Represented by:</b>					
<b>PROFIT AND LOSS ACCOUNT</b>					
Business Link	16	1,937,777		3,175,278	
Enterprise Link		800,758		1,068,929	
Birmingham Centre for Manufacturing		<u>(159,259)</u>		<u>(17,939)</u>	
			<u>2,579,276</u>		<u>4,226,268</u>

These financial statements were approved by the Board of Directors on 16 September 2002  
Signed on behalf of the Board of Directors

D B Cragg

S Battle

Directors



**BALANCE SHEET**  
**25 March 2001**

	Note	£	2001 £	£	2000 £
<b>FIXED ASSETS</b>					
Tangible assets	9		-		348,149
<b>CURRENT ASSETS</b>					
Debtors	11	3,258,247		1,917,910	
Cash at bank and in hand		<u>2,047,153</u>		<u>4,073,637</u>	
		5,305,400		5,991,547	
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(2,275,298)</u>		<u>(2,187,268)</u>	
<b>NET CURRENT ASSETS</b>			<u>3,030,102</u>		<u>3,804,279</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			3,030,102		4,152,428
<b>CREDITORS: amounts falling due after more than one year</b>	13		-		(31,592)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	15		<u>(398,960)</u>		<u>-</u>
			<u>2,631,142</u>		<u>4,120,836</u>
<b>Represented by:</b>					
<b>PROFIT AND LOSS ACCOUNT</b>	16				
Business Link		1,830,384		3,051,907	
Enterprise Link		<u>800,758</u>		<u>1,068,929</u>	
			<u>2,631,142</u>		<u>4,120,836</u>

These financial statements were approved by the Board of Directors on 16 September 2001.  
Signed on behalf of the Board of Directors

D B Cragg

S Battle

Directors

*DB Cragg*  
*S Battle*

**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 25 March 2001**

	<b>Note</b>	<b>2001 £</b>	<b>2000 £</b>
<b>Cash flow from operating activities</b>	18	(2,075,533)	(594,231)
<b>Returns on investments and servicing of finance</b>	19	112,983	159,466
<b>Taxation</b>		(27,328)	(31,886)
<b>Capital expenditure and financial investment</b>	19	(71,569)	(188,867)
<b>Cash outflow before use of liquid resources and financing</b>		<u>(2,061,447)</u>	<u>(655,518)</u>
<b>Decrease in cash in the year</b>	20	<u>(2,061,447)</u>	<u>(655,518)</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 25 March 2001**

**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 year ended 25 March 2001.

**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.

**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.

**Pension costs**

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

**2. OTHER OPERATING CHARGES**

In the subsidiary company, in both the current and previous year, it has been established that a number of payments, all of which have been expensed within Other Operating Charges, may not have been properly incurred. These items are currently being investigated and, at this time, it is not possible to quantify the total amount involved. If it is established that any of this expenditure was not properly incurred, then appropriate action to recover these amounts will be taken, although there can be no certainty that such amounts will be recovered in full. In these circumstances, it is possible that grant receipts relating to certain of this expenditure may be reclaimed by the relevant funding body; no provision has been made in these accounts in respect of this possible grant reclaim.

**NOTES TO THE ACCOUNTS**  
**Year ended 25 March 2001**

**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:

	<b>Business link £</b>	<b>Enterprise link £</b>	<b>B.C.M. Limited £</b>	<b>2001 Total £</b>	<b>2000 Total £</b>
<b>Turnover</b>					
Grants receivable, sponsorship, and subsidies	3,855,111	1,737,466	-	5,592,577	8,776,719
Sale to third parties	<u>2,034,030</u>	<u>21,220</u>	<u>928,741</u>	<u>2,983,991</u>	<u>2,349,730</u>
	<u>5,889,141</u>	<u>1,758,686</u>	<u>928,741</u>	<u>8,576,568</u>	<u>11,126,449</u>
<b>Staff costs (including directors)</b>					
Wages and salaries	(904,153)	(62,402)	(504,184)	(1,470,739)	(1,605,234)
Pension costs	(74,831)	(4,547)	(21,881)	(101,259)	(95,255)
Social security costs	<u>(88,250)</u>	<u>(6,090)</u>	<u>(49,253)</u>	<u>(143,593)</u>	<u>(147,362)</u>
	<u>(1,067,234)</u>	<u>(73,039)</u>	<u>(575,318)</u>	<u>(1,715,591)</u>	<u>(1,847,851)</u>
Depreciation	(158,912)	(18,549)	(97,459)	(274,920)	(293,586)
Other operating charges	<u>(5,747,319)</u>	<u>(1,943,705)</u>	<u>(400,344)</u>	<u>(8,091,368)</u>	<u>(9,098,166)</u>
<b>Operating loss</b>	<u>(1,084,324)</u>	<u>(276,607)</u>	<u>(144,380)</u>	<u>(1,505,311)</u>	<u>(113,154)</u>
<b>Loss on disposal of fixed assets</b>	<u>(270,228)</u>	<u>(12,451)</u>	<u>-</u>	<u>(282,679)</u>	<u>-</u>
<b>Interest receivable</b>					
Bank interest	<u>83,814</u>	<u>26,109</u>	<u>3,060</u>	<u>112,983</u>	<u>159,466</u>
<b>Loss on ordinary activities before taxation</b>	<u>(1,270,738)</u>	<u>(262,949)</u>	<u>(141,320)</u>	<u>(1,675,007)</u>	<u>46,312</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 25 March 2001**

**4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	2001 £	2000 £
<b>Directors' emoluments</b>		
Other emoluments (excluding pension contributions)	-	49,883
Compensation for loss of office	-	43,482
Pension contributions	-	2,694
	<u>-</u>	<u>96,059</u>

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.

	2001 £	2000 £
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	1,470,739	1,605,234
Pension costs	101,259	95,255
Social security costs	143,593	147,362
	<u>1,715,591</u>	<u>1,847,851</u>

The average number of employees of the company during the year was 66 representing 46 Business Link and Enterprise Link and 20 B.C.M. Limited employees (2000 - 75 representing 53 Business Link and Enterprise Link and 22 B.C.M. Limited employees).

**5. OPERATING LOSS**

	2001 £	2000 £
<b>Operating loss is stated after charging/(crediting):</b>		
Depreciation	274,920	293,586
Amortisation of goodwill	15,978	15,978
Release of capital grant	(297,691)	(148,597)
Provision for claims	398,960	-
Auditors' remuneration:		
Audit services	33,350	18,625
Non audit services	2,850	9,645
Professional fees (excluding auditors' remuneration)	-	39,779
Rentals - land and buildings	<u>284,474</u>	<u>279,013</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 25 March 2001**

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2001 £	2000 £
Bank interest	112,983	159,466

**7. TAXATION**

	2001 £	2000 £
Corporation tax at 20% (2000 - 20%)	21,985	42,306
Adjustment in respect of prior periods; Corporation tax	(50,000)	-
	(28,015)	42,306

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

**8. 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 £1,489,694 (2000 - loss of £40,268).

**9. TANGIBLE FIXED ASSETS**

Group	Premises refurbishment £	Plant, IT and tele- communications equipment £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 April 2000	283,331	1,553,707	91,168	1,928,206
Additions	-	118,834	378	119,212
Disposals	(283,331)	(1,208,885)	(91,546)	(1,583,762)
At 25 March 2001	-	463,656	-	463,656
<b>Accumulated depreciation</b>				
At 1 April 2000	124,041	1,051,829	66,688	1,242,558
Charge for the year	28,333	237,775	8,812	274,920
Disposals	(152,374)	(1,066,458)	(75,500)	(1,294,332)
At 25 March 2001	-	223,146	-	223,146
<b>Net book value</b>				
At 25 March 2001	-	240,510	-	240,510
At 31 March 2000	159,290	501,878	24,480	685,648

**NOTES TO THE ACCOUNTS**  
**Year ended 25 March 2001**

**9. TANGIBLE FIXED ASSETS (continued)**

<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 2000	283,331	1,088,272	91,167	1,462,770
Additions	-	111,613	378	111,991
Disposals	(283,331)	(1,199,885)	(91,545)	(1,574,761)
At 25 March 2001	-	-	-	-
<b>Accumulated depreciation</b>				
At 1 April 2000	124,041	923,892	66,688	1,114,621
Charge for the year	28,333	140,316	8,812	177,461
Disposals	(152,374)	(1,064,208)	(75,500)	(1,292,082)
At 25 March 2001	-	-	-	-
<b>Net book value</b>				
At 25 March 2001	-	-	-	-
At 31 March 2000	159,290	164,380	24,479	348,149

**10. GOODWILL**

<b>Group</b>	<b>£</b>
<b>Cost</b>	
At 1 April 2000 and 25 March 2001	42,607
<b>Amortisation</b>	
At 1 April 2000	26,629
Amount charged to profit and loss account	15,978
At 25 March 2001	42,607
<b>Net book value</b>	
At 25 March 2001	-
At 31 March 2000	15,978

**NOTES TO THE ACCOUNTS**  
**Year ended 25 March 2001**

**11. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Grants receivable	1,848,430	1,369,066	1,848,430	1,369,066
Sundry debtors and prepayments	1,938,131	1,110,134	1,409,817	548,844
	<u>3,786,561</u>	<u>2,479,200</u>	<u>3,258,247</u>	<u>1,917,910</u>

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

	<b>Group</b>		<b>Company</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Obligations under finance leases and hire purchase contracts	3,557	-	-	-
Trade creditors	2,090,045	1,720,851	1,744,293	1,413,016
Corporation tax	21,679	77,022	15,008	70,351
Taxation and social security	75,745	57,034	41,333	5,521
Accruals	567,279	379,664	164,886	150,865
Deferred income:				
Government capital grants (note 13)	-	128,551	-	31,894
Other	309,778	543,883	309,778	515,621
	<u>3,068,083</u>	<u>2,907,005</u>	<u>2,275,298</u>	<u>2,187,268</u>

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

	<b>Group</b>		<b>Company</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Government capital grants (note 13)	137,435	265,683	-	31,592

This relates to deferred government grants which are released over the estimated useful lives of the fixed assets to which they relate.

**NOTES TO THE ACCOUNTS**  
**Year ended 25 March 2001**

**14. GOVERNMENT GRANTS**

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

	<b>Group</b>		<b>Company</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Grant received brought forward	394,234	525,053	63,486	97,647
Additions	40,892	17,778	40,892	17,778
Amount released to profit and loss account	(297,691)	(148,597)	(104,378)	(51,939)
	<u>137,435</u>	<u>394,234</u>	<u>-</u>	<u>63,486</u>
Due within one year (note 11)	-	128,551	-	31,894
Due after more than one year (note 12)	<u>137,435</u>	<u>265,683</u>	<u>-</u>	<u>31,592</u>
	<u>137,435</u>	<u>394,234</u>	<u>-</u>	<u>63,486</u>

**15. PROVISION FOR LIABILITIES AND CHARGES**

	<b>Group</b>	<b>Company</b>
	<b>£</b>	<b>£</b>
<b>Provision for claims</b>		
Balance brought forward	-	-
Profit and loss account charge	<u>398,960</u>	<u>398,960</u>
Balance carried forward	<u>398,960</u>	<u>398,960</u>

A provision of £398,960 has been recognised for claims, received from various bodies, against funding received by the company for the delivery of programmes in previous financial years. It is expected that this expenditure will be incurred during the next two years.

**16. PROFIT AND LOSS ACCOUNT**

<b>Group</b>	<b>Business Link</b>	<b>Enterprise Link</b>	<b>B.C.M. Limited</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Balance brought forward	3,175,278	1,068,929	(17,939)	4,226,268
Loss for the year	<u>(1,237,501)</u>	<u>(268,171)</u>	<u>(141,320)</u>	<u>(1,646,992)</u>
Balance carried forward	<u>1,937,777</u>	<u>800,758</u>	<u>(159,259)</u>	<u>2,579,276</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 25 March 2001**

**16. PROFIT AND LOSS ACCOUNT (continued)**

<b>Company</b>	<b>Business Link £</b>	<b>Enterprise Link £</b>	<b>Total £</b>
Balance brought forward	3,051,907	1,068,929	4,120,836
Loss for the year	(1,221,523)	(268,171)	(1,489,694)
Balance carried forward	<u>1,830,384</u>	<u>800,758</u>	<u>2,631,142</u>

The £800,758 (2000 - £1,068,929) 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 25 March 2001 the company had no capital commitments which were contracted for but not provided in the financial statements (2000 - £Nil).

**Operating lease commitments**

At 25 March 2001, the company was committed to making the following payments during the next year in respect of operating leases.

<b>Group</b>	<b>Land and buildings</b>		<b>Other</b>	
	<b>2001 £</b>	<b>2000 £</b>	<b>2001 £</b>	<b>2000 £</b>
Leases which expire:				
Within one year	59,000	285,001	3,483	16,830
Within two to five years	-	-	4,680	22,829
	<u>59,000</u>	<u>285,001</u>	<u>8,163</u>	<u>39,659</u>
<b>Company</b>				
Leases which expire:				
Within one year	-	228,001	3,483	12,671
Within two to five years	-	-	-	12,545
	<u>-</u>	<u>228,001</u>	<u>3,483</u>	<u>25,216</u>



**NOTES TO THE ACCOUNTS**

**Year ended 25 March 2001**

**18. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW  
FROM OPERATING ACTIVITIES**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Operating loss	(1,505,311)	(113,154)
Depreciation charge	274,920	293,586
Amortisation of goodwill	15,978	15,978
Amortisation of grant aid	(297,691)	(148,597)
Provision for claims	398,960	
Decrease/(increase) in stocks	-	160,872
Increase in debtors	(1,307,361)	(585,607)
(Decrease)/increase in creditors	344,972	(217,309)
	<u>          </u>	<u>          </u>
<b>Net cash outflow from operating activities</b>	<b>(2,075,533)</b>	<b>(594,231)</b>
	<u>          </u>	<u>          </u>

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

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
<b>Net cash inflow for returns on investments and servicing of finance</b>		
Interest received	112,983	159,466
	<u>          </u>	<u>          </u>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(119,212)	(206,645)
Capital grants received	40,892	17,778
Proceeds on disposal of fixed assets	6,751	-
	<u>          </u>	<u>          </u>
<b>Net cash outflow for capital expenditure and financial investment</b>	<b>(71,569)</b>	<b>(188,867)</b>
	<u>          </u>	<u>          </u>

**20. ANALYSIS OF NET FUNDS**

	<b>At 1 April 2000 £</b>	<b>Cash flow £</b>	<b>At 31 March 2001 £</b>
Cash in hand and at bank	4,218,130	(2,061,447)	2,156,683
	<u>          </u>	<u>          </u>	<u>          </u>

**NOTES TO THE ACCOUNTS**  
**Year ended 25 March 2001**

**21. 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.

**22. 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 £101,259 (2000 - £95,255). At the year end there were no outstanding contributions.

**23. POST BALANCE SHEET EVENT**

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.

On 22 November 2001, the trade and fixed assets of the company's subsidiary were transferred to the Technology and Innovation Centre.