

BUSINESS LINK (ESSEX) LIMITED

COMPANY NUMBER: 2945688

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 MARCH 1998



Bird Luckin



DIRECTORS REPORT

The directors present their annual report and the audited financial statements of the group for the year ended 29 March 1998.

ACTIVITIES

The principal activity of the group is the provision of a business support service throughout Essex.

BUSINESS REVIEW

The results for the year are set out in the group profit and loss account on page 4.

Business Link Essex has continued to establish itself as the single point of contact for business support in Essex during this financial year. Together with its partners, several new services have been developed to further enhance the portfolio already offered. BLE now has a team of eleven Personal Business Advisors and five Specialist Councillors, which continues to offer an excellent service to our customers. The main focus of activity relates to delivery of the Enterprise Budget. £1.6m of DTI funding specifically allocated for the delivery of services to Essex businesses was utilised during the year. This included funding for the seminar programme and assisted consultancy projects.

The results show a group surplus of £6k. This is the consolidated result of all six Business Link Essex companies. The Hub company, which provides the administration and management for the entire Business Link Essex network, has made a deficit of £67.6k. This deficit has arisen due to an imbalance in the allocation of income and expenditure, with the Hub company bearing costs for the entire network.

Consequently, the Board of Business Link (Essex) Limited has reviewed and reallocated the flow of funds within the group. As a result, the Hub company should make a surplus in the current financial year sufficient to eradicate any accumulated deficits.

Business Link Essex intends to continue building on the current success during its third year of operations. The biggest challenge facing the company is to strive for financial self-sufficiency as the government grants are reduced. This will happen by a continual tight constraint on costs, improved efficiencies within the network and ensuring our customers perceive a value in the chargeable services being offered.

TANGIBLE FIXED ASSETS

Changes in the tangible fixed assets are shown in note 7 to the financial statements.

YEAR 2000 COMPLIANCE

Business Link Essex is heavily dependent on sophisticated telephony and IT systems in order to meet the needs of the diverse locations around the county. All the major systems are year 2000 compliant due to their recent acquisition. There is an on-going review of all minor systems which are being up-dated as required over the next few months. It is anticipated that all systems will be compliant by the end of March 1999.

Business Link is acutely aware of the consequences of the year 2000 problem and is raising awareness in the Essex business community through a programme of subsidised seminar events.

DIRECTORS

The directors of the company during the year are shown below.

W Archibald (appointed 1.7.97; resigned 2.4.98)
S Bennett (resigned 25.3.98)
H Birks
P Blackett (resigned 13.7.98)
J Burgess (appointed 27.7.98)
M Clegg
S Gale
P Gard
J Gill (appointed 24.3.98)
G James
DR Jones (appointed 24.3.98)
M Large
D Martin (resigned 20.1.98)


P Martin (appointed 27.7.98)
M Mulvany
P Pennell (appointed 2.9.97; resigned 2.4.98)
J Player (resigned 6.8.97)
J Smith-Daye
N Spurgeon (resigned 3.6.97)
T Sutton (resigned 2.9.97)
C Taylor (Managing Director)(appointed 6.7.98)
C Thomas (appointed 6.5.97; resigned 24.3.98)
J Tillett
R Wollaston (Chairman) (appointed 6.7.98)
G Woolf

DIRECTORS REPORT (Page 2)

AUDITORS

In accordance with Section 385(2) of the Companies Act 1985, a resolution to re-appoint the auditors, Bird Luckin, and authorising the directors to agree their remuneration will be proposed at the annual general meeting.

By order of the board



MRS S JONES
Company secretary

Date.....1.9.98

STATEMENT OF DIRECTORS' RESPONSIBILITIES

29 MARCH 1998

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the company's and the group's affairs and of the profit or loss for the 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;
- 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 enable them to ensure that the financial statements comply with the Companies Act 1985;
- safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BUSINESS LINK (ESSEX) LIMITED

3.

REPORT OF THE AUDITORS TO THE MEMBERS OF

BUSINESS LINK (ESSEX) LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2, the group's directors are responsible for the preparation of the 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 of the information and explanations which we considered necessary in order to provide us with sufficient evidence to give a 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 the 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 and the group's affairs as at 29 March 1998 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BIRD LUCKIN
Registered Auditors
and Chartered Accountants

Aquila House
Waterloo Lane
Chelmsford
Essex CM1 1BN

Date 1.9.98

BUSINESS LINK (ESSEX) LIMITED**4.****GROUP PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 29 MARCH 1998**

	Note		1997 £
TURNOVER	2	3,402,444	2,336,476
Cost of sales		(1,475,957)	(751,116)
GROSS PROFIT		1,926,487	1,585,360
Administrative expenses		(2,203,675)	(1,747,908)
Other operating income		240,296	165,189
Interest receivable and similar income		46,664	59,727
OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	9,772	62,368
Tax on profit on ordinary activities	6	(3,795)	-
PROFIT FOR THE YEAR	13	5,977	62,368

The Statement of Total Recognised Gains and Losses is set out in note 18

A separate profit and loss account for the holding company has not been prepared as provided by section 230(3) of the Companies Act 1985.

Movements in reserves are set out in notes 12 and 13.

Turnover and operating profit derive from continuing operations.

There is no difference between the figures stated above and their historical cost equivalent.

BUSINESS LINK (ESSEX) LIMITED

5.

GROUP BALANCE SHEET
29 MARCH 1998

	Note	£	£	1997	£
FIXED ASSETS					
Tangible assets	7.1		623,345		773,440
CURRENT ASSETS					
Debtors	9	882,422		886,465	
Cash at bank		119,539		115,489	
		<u>1,001,961</u>		<u>1,001,954</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	<u>(977,591)</u>		<u>(991,218)</u>	
NET CURRENT ASSETS			<u>24,370</u>		<u>10,736</u>
TOTAL ASSETS					
LESS CURRENT LIABILITIES			<u>647,715</u>		<u>784,176</u>
CAPITAL AND RESERVES					
Share capital	11		100		100
Capital reserve	12		612,079		754,517
Profit and loss account	13		35,536		29,559
EQUITY SHAREHOLDERS FUNDS			<u>647,715</u>		<u>784,176</u>

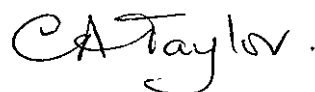
These financial statements were approved by the board on 1/2/98

Directors :

R WOLLASTON



C TAYLOR



BUSINESS LINK (ESSEX) LIMITED

6.

COMPANY BALANCE SHEET
29 MARCH 1998

	Note	£	£	1997	£
FIXED ASSETS					
Tangible assets	7.2		537,867		658,543
CURRENT ASSETS					
Debtors	9	800,490		880,751	
Cash at bank and in hand		3,380		800	
		<u>803,870</u>		<u>881,551</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
	10	<u>(871,572)</u>		<u>(884,902)</u>	
NET CURRENT LIABILITIES			<u>(67,702)</u>		<u>(3,351)</u>
TOTAL ASSETS					
LESS CURRENT LIABILITIES			<u>470,165</u>		<u>655,192</u>
CAPITAL AND RESERVES					
Share capital	11		100		100
Capital reserve	12		534,355		651,243
Profit and loss account	13		<u>(64,290)</u>		<u>3,849</u>
EQUITY SHAREHOLDERS FUNDS			<u>470,165</u>		<u>655,192</u>

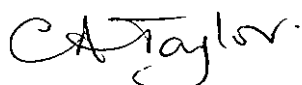
These financial statements were approved by the board on 1/9/98

Directors :

R WOLLASTON



C TAYLOR



NOTES TO THE FINANCIAL STATEMENTS
29 MARCH 1998

1. ACCOUNTING POLICIES

1.1 ACCOUNTING CONVENTION

The financial statements are prepared in accordance with applicable accounting standards. The company and group have taken advantage of Section 223 (3) of the Companies Act 1985 which permits the financial year to end within seven days either side of the next accounting reference period.

1.2 DEPRECIATION

Fixed assets are stated at cost, less depreciation. Depreciation is calculated to write off fixed assets, less estimated residual value, over their estimated useful lives at the following annual rates :

IT equipment	25% straight line
Furniture	25% straight line
Refurbishment	25% straight line
Telephone equipment	25% straight line

1.3 GRANTS RECEIVABLE

INCOME GRANTS

Income grants are credited to the profit and loss account in the year in which they are receivable.

CAPITAL GRANTS

Capital grants are credited to the capital grant reserve in the year in which they become receivable and an amount is released to the profit and loss account each year equal to the depreciation of the asset for which the grant has been received (see note 12). Capital grants that are received from the DTI in the first three years of operation are conditional on the fact that these capital items will not be sold within that time frame. Where an asset that has been funded by the grant is sold within the three year period, the grant has to be paid back to the DTI.

1.4 BASIS OF CONSOLIDATION

The group's financial statements incorporate the audited financial statements of the company and of its subsidiary undertakings. Group accounts have been prepared as, in the opinion of the company's directors, Business Link (Essex) Limited has the ability to direct the financial activities of its subsidiary undertakings (see note 8 for further details of companies treated as subsidiary undertakings).

1.5 IN KIND CONTRIBUTIONS

The group received in-kind contributions from its business partners during the year and these have been shown both within turnover (see note 2 to the accounts) and within the appropriate expenses heading in the profit and loss account. These in-kind contributions related to use of business partners' staff, accommodation and assets.

1.6 DEFERRED TAXATION

Provision is made at the current rate of corporation tax for timing differences that arise between the accounting and taxation treatment of income and expenditure to the extent that it is probable that a liability or asset will crystallise.

2. TURNOVER

All turnover originated in the United Kingdom and is net of value added tax and trade discounts. Turnover comprises the following:-

	£	1997 £
Fees, contract and other income	388,458	235,611
Contributions from business partners	283,834	510,280
DTI grant income	546,959	376,129
PBA grant income	407,171	274,737
Enterprise budget	1,671,242	746,390
In-kind contributions from business partners	104,780	183,329
	<u>3,402,444</u>	<u>2,326,476</u>

NOTES TO THE FINANCIAL STATEMENTS
29 MARCH 1998

3. EMPLOYEES**3.1** Staff costs, including those of directors comprise:

Wages and salaries	1,055,182	711,592
Social security costs	8,284	6,385
Other pension costs	32,249	13,876
In-kind staff contributions	134,085	154,163
	<u>1,229,800</u>	<u>886,016</u>

3.2 The average monthly number of employees, including executive directors (but excluding non-executive directors) during the year is made up as follows:

	No.	No.
Office and management	<u>44</u>	<u>32</u>

4. OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	£	1997 £
After charging :		
Depreciation on owned assets (note 7.1)	244,437	168,385
Directors' remuneration (note 5)	48,179	47,748
Auditors' remuneration:		
Audit work	16,250	12,400
Non audit work	6,200	3,940
	<u>240,296</u>	<u>165,192</u>
And after crediting :		
Release from capital grant reserve (note 12)		
	<u>240,296</u>	<u>165,192</u>

5. DIRECTORS REMUNERATION

Emoluments	46,179	45,748
Pension scheme contributions	2,000	2,000
	<u>48,179</u>	<u>47,748</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

Corporation tax has been charged on profits arising from activities funded by customers as well as interest receivable and rental income. This basis of taxation has yet to be accepted by the Inland Revenue.

On the profit for the year @ 21%	2,946	-
Prior year corporation tax	849	-
	<u>3,795</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
29 MARCH 1998

7. TANGIBLE FIXED ASSETS

7.1 GROUP

	IT equipment £	Furniture £	Refurbish- ment £	Telephone equipment £	Total £
COST					
31 March 1997	526,553	160,753	102,902	157,598	947,806
Additions	59,296	21,494	2,807	11,135	94,732
Disposals	-	(304)	-	(207)	(511)
29 March 1998	<u>585,849</u>	<u>181,943</u>	<u>105,709</u>	<u>168,526</u>	<u>1,042,027</u>
DEPRECIATION					
31 March 1997	92,983	29,544	19,060	32,779	174,366
Charge	136,400	41,568	26,002	40,467	244,437
Disposals	-	(62)	-	(59)	(121)
29 March 1998	<u>229,383</u>	<u>71,050</u>	<u>45,062</u>	<u>73,187</u>	<u>418,682</u>
NET BOOK VALUE					
29 MARCH 1998	<u>356,466</u>	<u>110,893</u>	<u>60,647</u>	<u>95,339</u>	<u>623,345</u>
NET BOOK VALUE					
30 MARCH 1997	<u>433,570</u>	<u>131,209</u>	<u>83,842</u>	<u>124,819</u>	<u>773,440</u>

7.2 COMPANY

	IT equipment £	Furniture £	Refurbish- ment £	Telephone equipment £	Total £
COST					
31 March 1997	526,553	93,135	33,478	157,598	810,764
Additions	59,296	15,841	2,807	11,135	89,079
Disposals	-	(304)	-	(207)	(511)
29 March 1998	<u>585,849</u>	<u>108,672</u>	<u>36,285</u>	<u>168,526</u>	<u>899,332</u>
DEPRECIATION					
31 March 1997	92,983	18,178	8,281	32,779	152,221
Charge	136,400	23,853	8,645	40,467	209,365
Disposals	-	(62)	-	(59)	(121)
29 March 1998	<u>229,383</u>	<u>41,969</u>	<u>16,926</u>	<u>73,187</u>	<u>361,465</u>
NET BOOK VALUE					
29 MARCH 1998	<u>356,466</u>	<u>66,703</u>	<u>19,359</u>	<u>95,339</u>	<u>537,867</u>
NET BOOK VALUE					
30 MARCH 1997	<u>433,570</u>	<u>74,957</u>	<u>25,197</u>	<u>124,819</u>	<u>658,543</u>

NOTES TO THE FINANCIAL STATEMENTS
29 MARCH 1998

8. SUBSIDIARY UNDERTAKINGS

The company's subsidiary undertakings which are consolidated are :

	Aggregate capital & reserves £	Profit (loss) for the year £
Business Link (Mid-Essex) Limited	4,138	(1,182)
Business Link South East Essex Limited	52,916	18,862
Business Link (South-West Essex) Limited	64,871	38,151
Business Link (NE Essex) Limited	7,229	9,639
Business Link (North West) Essex Limited	48,396	8,646
	<u>177,550</u>	<u>74,116</u>

All of the above companies are limited by guarantee and do not have any share capital. Details regarding the basis for consolidating these companies are set out in note 1.4 above.

All of the above companies are registered in England and Wales and the primary activity of each company is the provision of business support services in specific regions within Essex.

	Group		Company	
	£	1997 £	£	1997 £
9. DEBTORS				
Trade debtors	624,233	710,032	588,741	699,920
Other debtors	157,538	155,148	99,625	94,873
Amounts due from subsidiary undertakings	-	-	28,930	68,423
Prepayments	100,651	21,285	83,194	17,535
	<u>882,422</u>	<u>886,465</u>	<u>800,490</u>	<u>880,751</u>

There are no debtors falling due after more than one year.

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

10.1	Bank overdraft (note 10.2)	358,421	279,791	358,421	279,791
	Trade creditors	191,604	366,135	190,729	366,135
	Other creditors	25,737	33,546	-	13,619
	Accruals and deferred income	398,883	311,746	322,422	225,357
	Corporation tax	2,946	-	-	-
		<u>977,591</u>	<u>991,218</u>	<u>871,572</u>	<u>884,902</u>

10.2 Bank overdraft

The bank overdraft is unsecured.

There is no right of set off between the bank accounts of Business Link (Essex) Ltd and the subsidiary undertakings.

BUSINESS LINK (ESSEX) LIMITED
11.
**NOTES TO THE FINANCIAL STATEMENTS
29 MARCH 1998**

	Group		Company	
	£	1997 £	£	1997 £
11. SHARE CAPITAL				
Authorised :				
100 (1997:100) Ordinary shares of £1 each	100	100	100	100
Allotted, called up and fully paid :				
100 (1997:100) Ordinary shares of £1 each	100	100	100	100
12. CAPITAL GRANT RESERVE				
31 March 1997	754,517	485,453	651,243	454,547
Received in year	97,858	434,256	92,295	340,209
Released to profit and loss account	(240,296)	(165,192)	(209,183)	(143,513)
29 March 1998	612,079	754,517	534,355	651,243
13. PROFIT AND LOSS ACCOUNT				
31 March 1997	29,559	(32,809)	3,849	(23,148)
Profit (loss) retained	5,977	62,368	(68,139)	26,997
29 March 1998	35,536	29,559	(64,290)	3,849
14. RECONCILIATION OF EQUITY SHAREHOLDERS' FUNDS				
Profit (loss) for the financial year	5,977	62,368	(68,139)	26,997
Net other recognised gains and (losses) relating to the year	(142,438)	269,064	(116,888)	196,696
Total recognised gains and (losses) for the year	(136,461)	331,432	(185,027)	223,693
Net addition to shareholders' funds	(136,461)	331,432	(185,027)	223,693
Opening equity shareholders' funds	784,176	452,744	655,192	431,499
Closing equity shareholders' funds	647,715	784,176	470,165	655,192

NOTES TO THE FINANCIAL STATEMENTS
29 MARCH 1998

15. PENSION SCHEME

15.1 DEFINED CONTRIBUTION SCHEME

Group employees, who joined before 27 March 1997, are entitled to join the local government employees pension scheme which is a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. Of the pension cost charge shown in these group accounts, £1,633 (1997 : £765) represents a provision for contributions payable by the group to the fund. This provision is included within creditors falling due within one year as at the year end.

15.2 OTHER PENSION CONTRIBUTIONS

Group employees, who joined before 27 March 1997, not wishing to join the local government employees pension scheme are entitled to request that the group makes a contribution, equivalent to 5% of their gross annual salary, into their own personal pension plan.

Group employees who joined after 27 March 1997, are entitled to join a scheme operated by Legal & General Assurance Society Limited. The group makes contributions of 2% for every 1% contributed by the employee, up to a maximum contribution by the group of 6%.

16. TRANSACTIONS WITH DIRECTORS AND RELATED PARTIES

During the year Business Link (Essex) Limited had the following transactions with directors and related parties, as defined by Financial Reporting Standard 8 :-

- a) Amounts were loaned to the following Business Link companies, which are treated as subsidiaries within these consolidated financial statements :-

	£	1997 £
Business Link (Mid-Essex) Limited	19,458	9,064
Business Link South East Essex Limited	(3,112)	26,734
Business Link (South-West Essex) Limited	950	674
Business Link (NE Essex) Limited	1,685	11,805
Business Link (North West) Essex Limited	9,949	20,146
	<u>28,930</u>	<u>68,423</u>

17. LEASING COMMITMENTS

At the date of the balance sheet, the company and group had minimum annual commitments payable in the next financial year under non-cancellable operating leases as follows :

	Group		Company	
	£	1997 £	£	1997 £
LAND AND BUILDINGS				
Expiring after five years	100,000	100,000	100,000	100,000
29 March 1998	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

18. STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Group	
		1997
Profit for the financial year	5,977	62,368
Net movement on the capital grant reserve in the year (note 12)	(142,438)	269,064
	<u>(136,461)</u>	<u>331,432</u>
Total recognised gains and (losses) for the year (note 14)		