

BUSINESS LINK (KENT) LIMITED
FINANCIAL STATEMENTS
FOR
31ST MARCH 2005

Company Registration Number 3000723

BURGESS HODGSON
Chartered Accountants & Registered Auditors
Camburgh House
27 New Dover Road
Canterbury
Kent
CT1 3DN



BUSINESS LINK (KENT) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2005

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BUSINESS LINK (KENT) LIMITED**THE DIRECTORS' REPORT****YEAR ENDED 31ST MARCH 2005**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st March 2005.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was to improve the competitiveness of small and medium sized enterprises through the delivery of a variety of services and by providing access to the information, skills, knowledge and advice they need to succeed.

The company is also an active partner with a number of key entities in Kent and throughout the South East that seek to promote the economic prosperity of the region.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

Under the terms of the Memorandum and Articles of Association the company may not distribute profits to its members.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

| | | Ordinary Shares of £1 each | |
|--------------|--------------------------------------|-----------------------------------|--|
| | | At | At |
| | | 31 March 2005 | 1 April 2004 or later date of appointment |
| B W C Bond | | 2 | 3 |
| C S Newell | | — | — |
| A D Buddin | | — | — |
| P M Kitching | Resigned 06.07.04 | — | — |
| C L Coday | | — | — |
| R Plunkett | | — | — |
| J W Faulkner | | 2 | 2 |
| R R Clewley | | 2 | 3 |
| P Winter | | 2 | 2 |
| J M Behl | | 2 | — |
| A J Ledger | | — | — |
| M J Choudhry | | — | — |
| L E MacLeod | Appointed 01.07.04 Resigned 04.01.05 | — | — |
| J E Gibson | Appointed 01.07.04 | — | — |

The directors have a non-beneficial interest in the shares that they hold.

BUSINESS LINK (KENT) LIMITED**THE DIRECTORS' REPORT** *(continued)***YEAR ENDED 31ST MARCH 2005****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 at the end of the year and of the surplus or deficiency for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

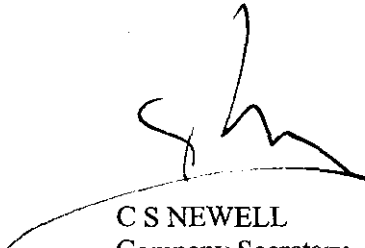
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution to re-appoint Burgess Hodgson as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
26 Kings Hill Avenue
Kings Hill
West Malling
Kent
ME19 4AE

Signed by order of the directors


C S NEWELL
Company Secretary

Approved by the directors on 31/10/05

BUSINESS LINK (KENT) LIMITED**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS****YEAR ENDED 31ST MARCH 2005**

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you 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 is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

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.

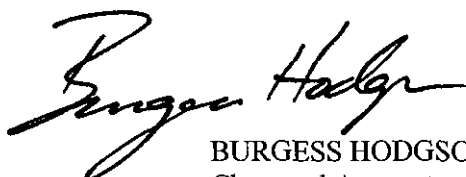
BUSINESS LINK (KENT) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 31ST MARCH 2005

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 2005 and of its deficit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



Camburgh House
27 New Dover Road
Canterbury
Kent
CT1 3DN

BURGESS HODGSON
Chartered Accountants
& Registered Auditors

4th November 2005

BUSINESS LINK (KENT) LIMITED
INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31ST MARCH 2005

| | Note | 2005 £ | 2004 £ |
|---|----------|------------|------------|
| TURNOVER | 2 | 11,829,254 | 10,508,609 |
| Cost of sales | | 6,636,043 | 5,612,609 |
| GROSS SURPLUS | | 5,193,211 | 4,896,000 |
| Administrative expenses | | 5,278,023 | 4,995,229 |
| OPERATING (DEFICIT) / SURPLUS | 3 | (84,812) | (99,229) |
| Interest receivable | | 44,747 | 50,484 |
| (DEFICIT) / SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION | | (40,065) | (48,745) |
| Tax on surplus / (deficit) on ordinary activities | 6 | (8,252) | (9,592) |
| DEFICIT FOR THE FINANCIAL YEAR | | (48,317) | (58,337) |

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

BUSINESS LINK (KENT) LIMITED**BALANCE SHEET****31ST MARCH 2005**

| | Note | 2005 £ | £ | 2004 £ | £ |
|---|------|--------------------|------------------|--------------------|------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 7 | | 98,794 | | 121,216 |
| CURRENT ASSETS | | | | | |
| Debtors | 8 | 2,111,960 | | 1,693,909 | |
| Cash at bank | | 1,724,091 | | 1,922,178 | |
| | | <u>3,836,051</u> | | <u>3,616,087</u> | |
| CREDITORS: Amounts falling due within one year | 9 | <u>(2,750,917)</u> | | <u>(2,505,058)</u> | |
| NET CURRENT ASSETS | | | 1,085,134 | | 1,111,029 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>1,183,928</u> | | <u>1,232,245</u> |
| CAPITAL AND RESERVES | | | | | |
| Called-up equity share capital | 12 | | 10 | | 10 |
| Other reserves | 13 | | 587,595 | | 587,595 |
| Income and expenditure account | 13 | | 596,323 | | 644,640 |
| SHAREHOLDERS' FUNDS | 14 | | <u>1,183,928</u> | | <u>1,232,245</u> |

These financial statements were approved by the directors on the 31.12.05 and are signed on their behalf by:


MRS C L CODAY


R R CLEWLEY

BUSINESS LINK (KENT) LIMITED**CASH FLOW STATEMENT****YEAR ENDED 31ST MARCH 2005**

| | Note | 2005 £ | £ | 2004 £ | £ |
|--|-----------|-----------|------------------|-----------|----------------|
| NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES | 15 | | (161,383) | | 810,625 |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | 15 | | 44,747 | | 50,484 |
| TAXATION | 15 | | (9,592) | | (5,349) |
| CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT | 15 | | (71,859) | | (103,752) |
| (DECREASE)/INCREASE IN CASH | 15 | | <u>(198,087)</u> | | <u>752,008</u> |

BUSINESS LINK (KENT) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2005

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax. Also included in turnover are grants received from UK and European governments

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

| | | |
|---------------------|---|-----------------------|
| Fixtures & Fittings | - | 3 years straight line |
| Computer Equipment | - | 3 years straight line |

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against income on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the income and expenditure account.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

| | 2005 | 2004 |
|----------------|------------|------------|
| | £ | £ |
| United Kingdom | 11,829,254 | 10,508,609 |

BUSINESS LINK (KENT) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2005

3. OPERATING DEFICIT

Operating deficit is stated after charging:

| | 2005 | 2004 |
|------------------------------------|--------------|--------------|
| | £ | £ |
| Depreciation of owned fixed assets | 94,281 | 79,195 |
| Auditors' remuneration | | |
| - as auditors | <u>5,000</u> | <u>5,000</u> |

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

| | 2005 | 2004 |
|--------------------------------|-------------|-------------|
| | No | No |
| Number of administrative staff | 11 | 11 |
| Number of management staff | 11 | 11 |
| Number of programme staff | 89 | 85 |
| | <u>111</u> | <u>107</u> |

The aggregate payroll costs of the above were:

| | 2005 | 2004 |
|------------------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 3,472,800 | 2,977,753 |
| Social security costs | 369,669 | 309,165 |
| Money purchase pension costs | 285,023 | 208,879 |
| | <u>4,127,492</u> | <u>3,495,797</u> |

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

| | 2005 | 2004 |
|--|----------------|----------------|
| | £ | £ |
| Aggregate emoluments | 490,827 | 389,256 |
| Value of company pension contributions to money purchase schemes | 31,687 | 34,292 |
| | <u>522,514</u> | <u>423,548</u> |

Emoluments of highest paid director:

| | 2005 | 2004 |
|--|----------------|----------------|
| | £ | £ |
| Total emoluments (excluding pension contributions): | 126,576 | 117,653 |
| Value of company pension contributions to money purchase schemes | 12,816 | 12,408 |
| | <u>139,392</u> | <u>130,061</u> |

BUSINESS LINK (KENT) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2005

5. DIRECTORS' EMOLUMENTS *(continued)*

The number of directors who are accruing benefits under company pension schemes was as follows:

| | 2005 | 2004 |
|------------------------|----------|----------|
| | No | No |
| Money purchase schemes | <u>5</u> | <u>5</u> |

6. TAX ON SURPLUS ON ORDINARY ACTIVITIES

| | 2005 | 2004 |
|---|--------------|--------------|
| | £ | £ |
| Current tax: | | |
| UK Corporation tax based on the results for the year at 19 % (2004 - 19%) | 8,252 | 9,592 |
| Total current tax | <u>8,252</u> | <u>9,592</u> |

7. TANGIBLE FIXED ASSETS

| | Furniture and Office Equipment | Computer Equipment | Total |
|---------------------------|--------------------------------|--------------------|----------------|
| | £ | £ | £ |
| COST | | | |
| At 1st April 2004 | 50,255 | 304,075 | 354,330 |
| Additions | 27,572 | 44,287 | 71,859 |
| Disposals | <u>-</u> | <u>-</u> | <u>-</u> |
| At 31st March 2005 | <u>77,827</u> | <u>348,362</u> | <u>426,189</u> |
| DEPRECIATION | | | |
| At 1st April 2004 | 37,626 | 195,488 | 233,114 |
| Charge for the year | 11,374 | 82,907 | 94,281 |
| Depreciation on Disposals | <u>-</u> | <u>-</u> | <u>-</u> |
| At 31st March 2005 | <u>49,000</u> | <u>278,395</u> | <u>327,395</u> |
| NET BOOK VALUE | | | |
| At 31st March 2005 | <u>28,827</u> | <u>69,967</u> | <u>98,794</u> |
| At 31st March 2004 | <u>12,629</u> | <u>108,587</u> | <u>121,216</u> |

BUSINESS LINK (KENT) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2005

8. DEBTORS

| | 2005 | 2004 |
|--------------------------------|------------------|------------------|
| | £ | £ |
| Trade debtors | 1,097,606 | 848,157 |
| VAT recoverable | 61,444 | 98,625 |
| Other debtors | 34,209 | 16,418 |
| Prepayments and accrued income | 918,701 | 730,709 |
| | <u>2,111,960</u> | <u>1,693,909</u> |

9. CREDITORS: Amounts falling due within one year

| | 2005 | 2004 |
|------------------------------|------------------|------------------|
| | £ | £ |
| Trade creditors | 228,693 | 152,781 |
| Corporation tax | 8,252 | 9,592 |
| PAYE and social security | 107,301 | 94,165 |
| Accruals and deferred income | 2,406,671 | 2,248,520 |
| | <u>2,750,917</u> | <u>2,505,058</u> |

10. COMMITMENTS UNDER OPERATING LEASES

At 31st March 2005 the company had annual commitments under non-cancellable operating leases as set out below.

| | Assets Other Than Land & Buildings | |
|--------------------------------|------------------------------------|---------------|
| | 2005 | 2004 |
| | £ | £ |
| Operating leases which expire: | | |
| Within 1 year | | 1,285 |
| Within 2 to 5 years | 16,581 | 10,083 |
| | <u>16,581</u> | <u>11,368</u> |

11. RELATED PARTY TRANSACTIONS

No transactions with related parties were undertaken such as are required to be disclosed under FRS 8.

12. SHARE CAPITAL

Authorised share capital:

| | 2005 | 2004 |
|--------------------------------|------------|------------|
| | £ | £ |
| 100 Ordinary shares of £1 each | <u>100</u> | <u>100</u> |

Allotted, called up and fully paid:

| | 2005 | | 2004 | |
|----------------------------|-----------|-----------|-----------|-----------|
| | No | £ | No | £ |
| Ordinary shares of £1 each | <u>10</u> | <u>10</u> | <u>10</u> | <u>10</u> |

BUSINESS LINK (KENT) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2005

13. RESERVES

| | Capital Reserve | Income and expenditure account |
|---|----------------------------|---|
| | £ | £ |
| Balance brought forward | 587,595 | 644,640 |
| Retained surplus/(deficit) for the year | — | (48,317) |
| Balance carried forward | <u>587,595</u> | <u>596,323</u> |

The Capital reserve represents a capital contribution from The Learning and Business Link Company Limited of £587,595.

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2005 | 2004 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Deficit for the financial year | (48,317) | (58,337) |
| Opening shareholders' equity funds | <u>1,232,245</u> | <u>1,290,582</u> |
| Closing shareholders' equity funds | <u>1,183,928</u> | <u>1,232,245</u> |

15. NOTES TO THE STATEMENT OF CASH FLOWS

**RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW
FROM OPERATING ACTIVITIES**

| | 2005 | 2004 |
|---|------------------|----------------|
| | £ | £ |
| Operating (deficit) / surplus | (84,812) | (99,229) |
| Depreciation | 94,282 | 79,195 |
| Decrease/(increase) in debtors | (418,051) | 499,757 |
| Increase in creditors | 247,198 | 329,882 |
| Asset Disposals | — | 1,020 |
| Net cash (outflow)/inflow from operating activities | <u>(161,383)</u> | <u>810,625</u> |

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

| | 2005 | 2004 |
|--|---------------|---------------|
| | £ | £ |
| Interest received | <u>44,747</u> | <u>50,484</u> |
| Net cash inflow from returns on investments and servicing of finance | <u>44,747</u> | <u>50,484</u> |

BUSINESS LINK (KENT) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2005

15. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

TAXATION

| | 2005 | 2004 |
|----------|----------------|----------------|
| | £ | £ |
| TAXATION | <u>(9,592)</u> | <u>(5,349)</u> |

CAPITAL EXPENDITURE

| | 2005 | 2004 |
|--|------------------------|-------------------------|
| | £ | £ |
| Payments to acquire tangible fixed assets | <u>(71,859)</u> | <u>(103,752)</u> |
| Net cash outflow from capital expenditure | <u>(71,859)</u> | <u>(103,752)</u> |

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

| | 2005 | 2004 |
|---|------------------|------------------|
| | £ | £ |
| (Decrease)/Increase in cash in the period | <u>(198,087)</u> | <u>752,008</u> |
| Movement in net funds in the period | <u>(198,087)</u> | <u>752,008</u> |
| Net funds at 1 April 2004 | 1,922,178 | 1,170,170 |
| Net funds at 31 March 2005 | <u>1,724,091</u> | <u>1,922,178</u> |

ANALYSIS OF CHANGES IN NET FUNDS

| | At | Cash flows | At |
|--------------------------|-------------------|--------------------|------------------|
| | 1 Apr 2004 | 31 Mar 2005 | |
| | £ | £ | £ |
| Net cash: | | | |
| Cash in hand and at bank | 1,922,178 | (198,087) | 1,724,091 |
| Net funds | <u>1,922,178</u> | <u>(198,087)</u> | <u>1,724,091</u> |