

**DIRECTORS' REPORT**  
  
**and**  
  
**FINANCIAL STATEMENTS**  
  
**for the year ended**  
  
**31 MARCH 1997**

Registered number 3000723



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# **BUSINESS LINK (KENT) LIMITED**

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## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

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## **BUSINESS LINK (KENT) LIMITED**

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### **REGISTERED OFFICE:**

26 Kings Hill Avenue  
Kings Hill  
West Malling  
Kent  
ME19 4AE

### **PROFESSIONAL ADVISERS:**

#### **Bankers:**

National Westminster Bank Plc, 3 High Street, Maidstone, Kent ME14 1SA

#### **Auditors:**

KPMG, Barham Court, Teston, Maidstone, Kent ME18 5BZ

#### **Solicitors:**

Brachers, Somerfield House, 59 London Road, Maidstone, Kent ME16 8JU

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## BUSINESS LINK (KENT) LIMITED

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### DIRECTOR'S REPORT

The Directors are pleased to present their report and the audited financial statements for the year to 31 March 1997.

### PRINCIPAL ACTIVITIES

The principal activity of the Company remains the delivery of a range of business support services in order to create a stronger, more dynamic local economy by helping to improve the competitiveness and profitability of Kent business.

### BUSINESS REVIEW

Our second period of operation has continued to be a success. We have achieved all development milestones set, including the Investor in People quality standard and a recently commissioned independent market survey continues to show significant awareness of the Company throughout the business community in Kent.

The year ahead will see a further planned increase in establishing local office outlets (Access Points) throughout the County from the current seven to a total of eleven. During this time, the Company will continue to ensure it properly positions itself in the market to ensure it does not duplicate existing provision by the wider network of support. It sees itself as the delivery arm for enterprise in close co-operation with Kent Prospects as well as other Regional, County and Local economic strategies.

The results for the period are summarised below:-

	Year ended 31 March 1997 £	12 December 1994 to 31 March 1996 £
Turnover	<u>3,709,266</u>	<u>2,677,185</u>
Profit on ordinary activities before taxation	7,461	1,404
Tax on profit on ordinary activities	-	-
Retained profit for the period	<u>7,461</u>	<u>1,404</u>

### DIVIDEND

The Memorandum of Association of the Company stipulates that all income and profits of the Company shall be applied solely towards the promotion of the objects of the Company. It does not permit the payment of dividends.

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## **BUSINESS LINK (KENT) LIMITED**

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### **FUTURE EVENTS**

Business Link (Kent) is not alone in its work to improve the competitiveness and profitability of Kent business. Several organisations in the county offer differing support to businesses. Of these, five key organisations - Kent TEC, Business Link (Kent), Kent Chamber of Commerce and Industry, Kent Technology Transfer Centre, Kent Education Business Partnership - are currently discussing how their activities can be brought closer together into a stronger, more efficient alliance.

### **FIXED ASSETS**

Investment in Fixed Assets over the period amounted to £104,909. This represents expenditure incurred in establishing a sophisticated communications network encompassing the Local Access Points. 40% of the cost of acquiring new assets was financed by grants from the Department of Trade and Industry. Changes in the fixed assets of the Company are shown in note 8 to the financial statements.

### **DIRECTORS**

The following persons have held office as directors of the Company during the year:

J Leigh Pemberton	
W Jones	
W Lambert	
A Hawkins	
A Porter	
J Finn-Kelcey	
B Bond	
M Hemingway	
C Shepherd	
M Hume	Appointed 7 August 1996
J Broadbent	Resigned 18 April 1997
T Byles	Resigned 18 July 1996
A Ramsden	Resigned 18 July 1996
D de Mesquita	Resigned 27 March 1997

All directors are non-executive except for W Jones. Non-executive directors do not receive payment for their services but are entitled to claim for incidental expenses incurred in carrying out their duties as non-executive directors. Some of the non-executive directors are employed by companies with whom the Company trades. All contracts are transacted on an arms-length basis and all related directors' interests are fully disclosed to other board members. Directors do not participate in voting on board decisions in which they hold a material interest.

The Company is governed by the terms of its Memorandum and Articles of Association as well as its Annual Funding Agreement with Government Office of the South East via Kent TEC Limited.

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## **BUSINESS LINK (KENT) LIMITED**

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### **CORPORATE GOVERNANCE**

The company pays due attention to the Cadbury Code of Best Practice where applicable.

The Board meets monthly and currently comprises nine non-executive directors and one executive director. The business is managed by the Chief Executive and his senior management team, who provide day to day control over the business operations. The non-executive directors take an active interest in the affairs of the Company.

The Board has two sub-committees, the audit committee and the appointments and remuneration committee, which meet as required during the year.

### **CREDITOR PAYMENT POLICY**

It is the Company's intention to pay all invoices from suppliers within 28 days of receipt of a valid invoice which is materially correct.

### **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 of the profit or loss 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, 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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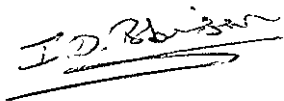
## BUSINESS LINK (KENT) LIMITED

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### AUDITORS

In accordance with Section 385 Companies Act 1985, a resolution to re-appoint KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting on 23 July 1997.

By order of the Board

A handwritten signature in dark ink, appearing to read 'I.D. Robinson', with a horizontal line drawn underneath it.

**Ian Robinson**  
**Company Secretary**

20 June 1997

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## **BUSINESS LINK (KENT) LIMITED**

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### **REPORT OF THE AUDITORS, KPMG, TO THE MEMBERS OF BUSINESS LINK (KENT) LIMITED**

We have audited the financial statements on pages 9 to 17.

#### **Respective responsibilities of directors and auditors**

As described on page 6, 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 of 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 mis-statement, 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 as at 31 March 1997 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG**

Chartered Accountants  
Registered Auditors

20 June 1997

Barham Court  
Teston  
Maidstone  
Kent ME18 5BZ



# BUSINESS LINK (KENT) LIMITED

## PROFIT AND LOSS ACCOUNT

	NOTE	Year ended 31 March 1997 £	12 December 1994 to 31 March 1996 £
Turnover	3	3,709,266	2,677,185
Business support services expenditure		(2,523,414)	(1,492,765)
		<u>1,185,852</u>	<u>1,184,420</u>
Administrative expenses		(1,185,852)	(1,184,420)
		<u>-</u>	<u>-</u>
Operating profit	4	-	-
Interest receivable and similar income		<u>7,461</u>	<u>1,404</u>
Profit on ordinary activities before taxation		7,461	1,404
Tax on profit on ordinary activities	7	-	-
		<u>7,461</u>	<u>1,404</u>
Retained profit for the period		7,461	1,404
Retained profit brought forward		<u>1,404</u>	<u>-</u>
Retained profit carried forward		<u>8,865</u>	<u>1,404</u>

The notes on pages 11 to 17 form part of these financial statements.

The Company has no recognised gains or losses during the period other than the amounts stated above, all of which were derived from continuing activities.

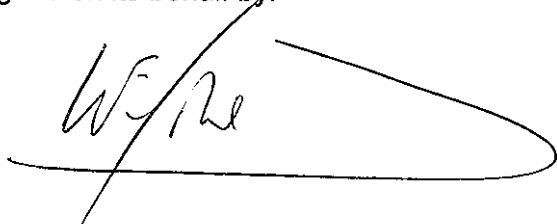
# BUSINESS LINK (KENT) LIMITED

## BALANCE SHEET as at 31 March 1997

	NOTE	1997		1996	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible Assets	8		276,965		305,910
<b>CURRENT ASSETS</b>					
Debtors	9	268,670		117,686	
Cash at Bank and in Hand		327,025		182,976	
		<u>595,695</u>		<u>300,662</u>	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>					
Trade Creditors and Accruals	10	480,212		334,656	
Deferred Income	11	300,710		146,741	
		<u>(780,922)</u>		<u>(481,397)</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(185,227)</u>		<u>(180,735)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			91,738		125,175
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>					
Deferred Income	11		<u>(82,863)</u>		<u>(123,761)</u>
<b>NET ASSETS</b>			<u>8,875</u>		<u>1,414</u>
<b>CAPITAL AND RESERVES</b>					
Called Up Share Capital	12		10		10
Profit and Loss Account			8,865		1,404
<b>SHAREHOLDERS' FUNDS</b>	13		<u>8,875</u>		<u>1,414</u>

These financial statements were approved by the Board of Directors on 20 June 1997 and were signed on its behalf by:

**W E Jones**  
**Director**



The notes on pages 11 to 17 form part of these financial statements.

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# **BUSINESS LINK (KENT) LIMITED**

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## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. Company Status**

The Company is limited by shares. At 31 March 1997 the Company's authorised share capital was £100 divided into 100 shares of £1 each. The issued share capital amounted to £10.

The Company was established in response to the challenge laid down by the then President of the Board of Trade in 1993 to establish a network of advice centres providing high quality business support services across the Country to help British companies to compete and win in world markets. Business Link (Kent) provides services to businesses from a partnership of Kent Training and Enterprise Council Limited (Kent TEC), Kent County Council, Kent Enterprise Agencies Limited, Kent Chamber of Commerce and Industry, Kent Technology Transfer Centre and Kent Association of District Councils.

A successful bid to the DTI in February 1995 resulted in a grant of £2.0m being awarded to the Company to support its development up to September 1998. In addition, Kent TEC agreed to provide funding of £1.2m for the same purpose over the same period, making a total of £3.2m. £0.9m remains available to be drawn down over the following 18 months.

The directors are aware that future funding needs to be secured or earned beyond this point to enable the Company to remain a going concern.

Assurances have been sought and given from the DTI and Kent TEC that, subject to satisfactory performance, contracts for services will continue over the next three years and that Business Link (Kent) remains the service delivery vehicle for the majority of DTI and Kent TEC funded business support services. Further, a requirement of those contracts is that Business Link (Kent) continues to grow its fee income derived from beneficiaries of the provision of information and advisory services which, for the year ended 31 March 1997, was £235k (1996 : £70k). The Company Business Plan submitted to and accepted by the DTI as part of the service contracting process included a projected profit and loss account for the next three years that showed information and advisory service fee income increasing to £548k per annum by March 2000.

Given the above, the directors are confident that the preparation of these financial statements on a going concern basis is wholly appropriate.

### **2. Accounting Policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

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## BUSINESS LINK (KENT) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS Cont..../

a) **Accounting Convention**

These financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

b) **Cash Flow Statement**

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

c) **Depreciation**

Depreciation is provided by the Company to write off the cost of tangible fixed assets on a straight line basis over their estimated useful economic lives as follows:

Short leasehold improvements	Over period of lease
Office furniture and equipment	4 years
Computer equipment	4 years

d) **Partner Contributions**

Contributions have been received from partners for the Company to apply as it sees fit. Under the memorandum of association, these contributions can only be used to further the objectives of the Company and to the extent that contributions received exceed expenditure in the period the excess is carried forward to meet expenditure in a future period. In the event of a winding up, unused contributions are returnable to the donors to the extent that the amount unused of each contribution can be specifically identified.

e) **Grants**

Grants are received in respect of specific certified expenditure. Net revenue expenditure is reduced by grant income, as incurred. Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate.

f) **Contracts for Services**

Contracts for services income is credited to the profit and loss account once it can be determined with reasonable certainty and in the period in which the associated expenditure is incurred.

# BUSINESS LINK (KENT) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Cont..../

### g) Leases

Where the Company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the Balance Sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the Profit and Loss Account and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as operating leases and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

### h) Pension Costs

The Company does not operate a pension scheme. It contributes to employees' personal pension schemes. Contributions payable are charged to the profit and loss account as incurred.

### i) Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

## 3. **Turnover**

Turnover comprises amounts derived from:-

	Year ended 31 March 1997 £	12 December 1994 to 31 March 1996 £
Contracts for Services	2,685,744	1,651,424
Grants	438,078	689,255
Partner Contributions	350,072	265,590
Provision of information & advisory services	235,372	70,916
	<u>3,709,266</u>	<u>2,677,185</u>

# BUSINESS LINK (KENT) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Cont..../

### 4. Operating Profit

Operating profit is stated after charging:-

	Year ended 31 March 1997 £	12 December 1994 to 31 March 1996 £
Auditors' Remuneration		
- Audit	7,725	7,500
- Other Services	4,228	8,500
Depreciation of tangible fixed assets	61,033	107,628
Other Operating Leases	<u>87,056</u>	<u>60,294</u>
After Crediting:-		
Amortisation of Capital grant	<u>(72,822)</u>	<u>(62,031)</u>

### 5. Directors' Emoluments

Directors' emoluments during the year, with the exception of those of the executive director, W Jones, were £nil (1996: £nil). The emoluments of the executive director during the year were as follows:

	Year ended 31 March 1997 £	12 December 1994 to 31 March 1996 £
Salary	52,000	58,333
Bonus	6,500	7,500
Benefits in Kind	5,288	6,396
	<u>63,788</u>	<u>72,229</u>
Pension Contribution	7,800	8,750
	<u>71,588</u>	<u>80,979</u>

### 6. Staff Numbers and Costs

The average number of persons employed by the Company (including the executive director) during the year was 38 (1996: 22). The aggregate payroll costs of these persons were as follows:

	Year ended 31 March 1997 £	12 December 1994 to 31 March 1996 £
Wages and Salaries	703,976	422,815
Social Security Costs	68,917	41,803
Other Pension Costs	62,278	24,169
	<u>835,171</u>	<u>488,787</u>

# BUSINESS LINK (KENT) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Cont..../

### 7. Taxation

No Corporation Tax liability arises on the results for the period. At 31 March 1997, the Company had tax losses available to be carried forward and offset against future trading profits.

### 8. Tangible Fixed Assets

	Short Leasehold Improvements £	Furniture and Office Equipment £	Computer Equipment £	Total £
<b><u>Costs</u></b>				
At 1 April 1996	16,973	45,507	351,058	413,538
Additions	-	-	104,909	104,909
At 31 March 1997	<u>16,973</u>	<u>45,507</u>	<u>455,967</u>	<u>518,447</u>
<b><u>Depreciation</u></b>				
At 1 April 1996	8,486	11,377	87,765	107,628
Charge for period	8,487	11,377	113,990	133,854
At 31 March 1997	<u>16,973</u>	<u>22,754</u>	<u>201,755</u>	<u>241,482</u>
<b><u>Net Book Value</u></b>				
At 31 March 1996	<u>8,487</u>	<u>34,130</u>	<u>263,293</u>	<u>305,910</u>
At 31 March 1997	<u>-</u>	<u>22,753</u>	<u>254,212</u>	<u>276,965</u>

### 9. Debtors

	31 March 1997 £	31 March 1996 £
Trade Debtors	262,635	67,638
Other Debtors	6,035	4,082
Prepayments and Accrued Income	-	45,966
	<u>268,670</u>	<u>117,686</u>

### 10. Trade Creditors and Accruals

	£	£
Trade Creditors	183,847	218,270
Other Creditors	-	9,396
Taxation and Social Security	172,320	25,867
Corporation Tax	-	-
Accruals	10,225	81,123
Income received in advance	113,820	-
	<u>480,212</u>	<u>334,656</u>

# BUSINESS LINK (KENT) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Cont..../

### 11. Deferred Income

Deferred income comprises:

	31 March 1997 £	31 March 1996 £
Amounts falling due within one year		
Partner Contributions (note 2d)	228,337	84,410
Capital Government Grants (note 2e)	72,373	62,331
	<u>300,710</u>	<u>146,741</u>
Amounts falling due after more than one year		
Partner Contributions (note 2d)	-	-
Capital Government Grants (note 2e)	82,863	123,761
	<u>82,863</u>	<u>123,761</u>

### 12. Called Up Share Capital

	31 March 1997 £	31 March 1996 £
Authorised Ordinary Shares of £1 Each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid Ordinary shares of £1 each	<u>10</u>	<u>10</u>

### 13. Reconciliation of Movements in Shareholders' Funds

	31 March 1997 £	31 March 1996 £
Shareholder Funds Brought Forward at 1 April	1,414	-
Retained Profit for the Financial Period	7,461	1,404
Share Capital Issued During The Period	-	10
Shareholder Funds Carried Forward at 31 March	<u>8,875</u>	<u>1,414</u>

### 14. Commitments

Annual commitments under operating leases are as follows:

	31 March 1997		31 March 1996	
	Land & Buildings £	Other £	Land & Buildings £	Other £
Operating Leases Which Expire:				
Within One Year	-	12,216	35,982	2,396
In the second to fifth years inc.	46,500	11,208	-	2,995
	<u>46,500</u>	<u>23,424</u>	<u>35,982</u>	<u>5,391</u>



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## **BUSINESS LINK (KENT) LIMITED**

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### **15. Related Party Transactions**

In the year to 31 March 1997, the Company received payment from Kent TEC Limited totalling £3,517K (1996: £2,360K) in relation to the delivery of services and other activity on behalf of themselves and the DTI. Kent County Council, for similar reasons, made payment of £184K (1996: £50K). The Company also made payments to Kent TEC totalling £9K (1996: £nil) for office rental. In addition during the same period the Company made payments to Kent Technology Transfer Centre totalling £215K (1996: £145K) and the Kent Chamber of Commerce and Industry totalling £170K (1996: £137K) for the delivery of such services.

As at 31 March 1997 of the amounts shown above, £225K (1996: £35K) remained outstanding from Kent TEC Limited and £4K (1996: £nil) from KCC. Similarly, of the amounts shown above £23K (1996: £2K) was owed to Kent Chamber of Commerce and Industry and £nil (1996: £25K) was owed to Kent Technology Transfer Centre.