



# Financial Statements

For the year ended 31 March 2004

## The Merlin Venture Limited



# THE MERLIN VENTURE LIMITED

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# **THE MERLIN VENTURE LIMITED**

## **COMPANY INFORMATION**

### **DIRECTORS:**

Alfred David Owen - Chair  
Cllr Don Blake  
Peter Daniels  
Derek Douglas  
Ian Good  
Rod Griffin  
Christopher Hasluck  
Nicholas Pitt  
Peter Richmond

### **SECRETARY:**

Robert Brown

### **REGISTERED OFFICE:**

Venture House  
Castle Vale Enterprise Park  
Park Lane  
Castle Vale  
Birmingham  
B35 6LJ

### **REGISTERED NUMBER:**

3615422

### **AUDITORS:**

Mazars  
The Broadway  
Dudley  
West Midlands  
DY1 4PY

### **BANKERS:**

Barclays Bank Plc  
Erdington Branch  
P O Box 3650  
Erdington  
Birmingham  
B23 6XU

Merrill Lynch Investment Managers  
New Century House  
International Financial Services Centre  
Dublin 1

# **THE MERLIN VENTURE LIMITED**

## **REPORT OF THE DIRECTORS**

The directors present their report and the financial statements for the year ended 31 March 2004.

### **REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

The principal activity of the company is designed to tackle the following issues directly and at a local level to complement national, regional and citywide policies:

- Job creation and access
- Social and economic exclusions
- Local jobs for local people
- Social and economic capacity building
- Local services for local people

The Merlin Venture Limited is now in its sixth year of operation and operates as:

- An employment business with social objectives
- A direct employer while sub contracting work from the public, private and voluntary sectors
- A project manager for Castle Vale Housing Action Trust and other registered social landlords
- A provider of local services
- A developer and manager of social enterprises
- An incubator and holding company for businesses and community businesses
- A community development company initially dedicated to identifying and securing local jobs for local people

The level of business is such that the projects currently operational are:

- Valescapes – a landscaping and grounds maintenance business
- Tiggy Winkles Day Nursery – one 55 place and one 36 place day nursery catering for 0-5 year olds
- Fresh Start Decorators – a decorating and maintenance business
- Valley Travel – a range of community and public bus services
- Buster Werkenbak – a minibus service taking people to and from work
- Site management at Enterprise Park – 46 units for both incubator and established businesses
- Merlin Recruitment - an employment business
- Merlin Enterprise – providing support to local business people
- Merlin Security – CCTV monitoring business

The year-end financial position was in line with expectations.

### **RESULTS**

The results of the company for the year are set out in the financial statements.

### **FIXED ASSETS**

Details of changes in fixed assets are given in the financial statements.

# THE MERLIN VENTURE LIMITED

## REPORT OF THE DIRECTORS (CONTINUED)

### DIRECTORS

The Directors set out below have held office during the whole of the period from 1 April 2003 to the date of this report unless otherwise stated.

Alfred David Owen (Chairman)  
Cllr Don Blake  
Peter Daniels  
Derek Douglas  
Ian Good  
Rod Griffin  
Christopher Hasluck

Nicholas Pitt  
Peter Richmond  
Paul Spooner (resigned 19 December 2003)  
Richard Temple Cox (resigned 31 March 2004)  
Rory Woolgrove (resigned 19 November 2003)

### RESPONSIBILITIES OF DIRECTORS

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 and loss of the company 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;
- comply with applicable accounting standards subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining 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. They 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 reappoint Mazars as auditors will be proposed at the forthcoming annual general meeting.

### BY ORDER OF THE BOARD

Approved by the board on 22 September 2004  
and signed on its behalf by

  
Robert Brown  
Secretary

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE MERLIN VENTURE LIMITED**

We have audited the financial statements of The Merlin Venture Limited for the year ended 31 March 2004 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the historical cost convention and in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 misstatement within it.


### **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.

### **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 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
MAZARS  
CHARTERED ACCOUNTANTS  
and Registered Auditors  
The Broadway  
Dudley, West Midlands  
DY1 4PY

30<sup>th</sup> Sept 2004

**THE MERLIN VENTURE LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2004**

	Notes	2004 £	2003 £
TURNOVER	2	947,280	686,772
Administrative expenses		(1,935,600)	(1,291,000)
Other operating income	3	<u>655,915</u>	<u>259,385</u>
OPERATING LOSS		( 332,405)	( 344,843)
Other interest receivable and similar income		<u>61,531</u>	<u>75,894</u>
LOSS FOR THE FINANCIAL YEAR BEFORE TAXATION	4	( 270,874)	( 268,949)
Tax on loss for the year	7	<u>-</u>	<u>-</u>
Loss for year after tax		( 270,874)	( 268,949)
RETAINED LOSS AT BEGINNING OF YEAR		<u>( 396,763)</u>	<u>( 127,814)</u>
ACCUMULATED LOSS AT END OF YEAR		<u><u>( 667,637)</u></u>	<u><u>( 396,763)</u></u>

The company's turnover and expenses all relate to continuing operations.

The company has no recognised gains or losses other than the result for the year which has been calculated on the historical cost basis.

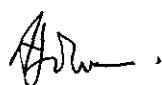
**THE MERLIN VENTURE LIMITED**

**BALANCE SHEET AT 31 MARCH 2004**

	Notes	2004 £	2003 £
<b>FIXED ASSETS</b>			
Tangible assets	8	326,052	136,889
<b>CURRENT ASSETS</b>			
Debtors	9	375,250	201,738
Cash at bank and in hand		<u>1,740,617</u>	<u>2,017,022</u>
		2,115,867	2,218,760
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	<u>( 362,129)</u>	<u>( 231,728)</u>
NET CURRENT ASSETS		<u>1,753,738</u>	<u>1,987,032</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,079,790	2,123,921
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	11	<u>( 368,762)</u>	<u>( 142,019)</u>
NET ASSETS		<u><u>1,711,028</u></u>	<u><u>1,981,902</u></u>
<b>CAPITAL AND RESERVES</b>			
Restricted reserve	12	378,665	378,665
Designated reserve	13	2,000,000	2,000,000
Profit and loss account - deficit		<u>( 667,637)</u>	<u>( 396,763)</u>
		<u><u>1,711,028</u></u>	<u><u>1,981,902</u></u>

Approved by the board on 22 September 2004  
and signed on its behalf

Director





**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2004**

**1 ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable accounting standards.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Turnover**

Turnover represents amounts invoiced, excluding value added tax, in respect of the sale of services to customers.

**Depreciation (note 8)**

Depreciation is calculated to write off the cost less estimated residual value of fixed assets on a straight line basis over their estimated useful lives by equal annual instalments.

**Deferred tax**

Deferred tax is provided in respect of the tax effect of all timing differences on a full provision basis.

**Capital grants (note 11)**

Capital grants received are treated as deferred credits and released to the profit and loss account over the estimated useful life of the relevant fixed assets.

**2 ACTIVITIES**

The turnover, results and net assets are attributable to the principal activity.

The company operates in the United Kingdom and the whole of its turnover is to the United Kingdom market.

# THE MERLIN VENTURE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

	2004 £	2003 £
<b>3 OTHER OPERATING INCOME</b>		
Grants receivable - Castle Vale Housing Action Trust	120,775	195,562
- Advantage West Midlands	254,937	48,000
- HomeZone Housing	21,112	15,823
- Centro	218,044	-
- New Opportunities Fund	11,282	-
- European funding	16,015	-
- Solihull MBC	13,750	-
	<u>655,915</u>	<u>259,385</u>

## 4 RESULTS ON ORDINARY ACTIVITIES

The results on ordinary activities are stated

after charging:

Staff costs (note 5)	1,200,416	775,895
Depreciation of owned tangible fixed assets (note 8)	135,457	88,615
Auditors' remuneration - audit fee	4,850	4,000
- under-accrual	-	150
- other services	720	300
	<u>1,200,416</u>	<u>775,895</u>

## 5 STAFF COSTS

Staff costs including directors:

Wages and salaries	1,110,611	726,837
Social security costs	89,805	49,058
	<u>1,200,416</u>	<u>775,895</u>

Average number of persons including executive directors  
employed by the company during the year:

	Number	Number
Managerial	8	8
Administration	6	5
Operatives	80	61
	<u>94</u>	<u>74</u>

# THE MERLIN VENTURE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

### 6 DIRECTORS

None of the directors received any emoluments.

### 7 TAXATION

#### (a) Analysis of charge in year

Current tax:

UK corporation tax on loss for the year  
Adjustment in respect of previous year

2004	2003
£	£

-	-
-	-
<hr/>	<hr/>

Total current tax (see (b) below)

-	-
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Deferred tax:

Origination and reversal of timing differences

-	-
<hr/>	<hr/>

Tax on loss on ordinary activities

-	-
<hr/>	<hr/>

#### (b) Factors affecting tax charge for year

Loss on ordinary activities before tax

( 270,874)	( 268,949)
<hr/>	<hr/>

Loss on ordinary activities multiplied by standard rate  
of corporation tax in the UK of 19% (2003: 19%)

( 51,466)	( 51,100)
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Effects of:

Losses carried forward

51,466	51,100
<hr/>	<hr/>

Current tax charge for year (see (a) above)

-	-
<hr/>	<hr/>

There is no deferred tax liability.

**THE MERLIN VENTURE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2004**

**8 TANGIBLE FIXED ASSETS**

	Leasehold property £	Fixtures & fittings £	Plant & equipment £	Motor vehicles £	Total £
<b>COST</b>					
At 1 April 2003	174,675	14,201	145,865	71,631	406,372
Additions	177,071	-	66,149	81,400	324,620
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 March 2004	<u>351,746</u>	<u>14,201</u>	<u>212,014</u>	<u>153,031</u>	<u>730,992</u>
<b>ACCUMULATED DEPRECIATION</b>					
At 1 April 2003	101,454	9,352	137,794	20,883	269,483
Charge for the year	47,619	2,842	30,103	54,893	135,457
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 March 2004	<u>149,073</u>	<u>12,194</u>	<u>167,897</u>	<u>75,776</u>	<u>404,940</u>
<b>NET BOOK VALUES</b>					
At 31 March 2004	<u>202,673</u>	<u>2,007</u>	<u>44,117</u>	<u>77,255</u>	<u>326,052</u>
At 31 March 2003	<u>73,221</u>	<u>4,849</u>	<u>8,071</u>	<u>50,748</u>	<u>136,889</u>

**9 DEBTORS**

	2004 £	2003 £
Due within one year:		
Trade debtors	166,770	113,033
Other debtors	-	3,330
Prepayments and accrued income	208,480	85,375
	<u>          </u>	<u>          </u>
	<u>375,250</u>	<u>201,738</u>

**THE MERLIN VENTURE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2004**

	2004 £	2003 £
<b>10 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Trade creditors	39,404	26,531
Other creditors	2,111	3,003
Other taxation and social security costs	44,908	24,040
Deferred income	155,160	94,900
Accruals	103,046	65,754
Grant – Castle Vale Housing Action Trust	7,500	7,500
Loan – Castle Vale Housing Action Trust	10,000	10,000
	<u>362,129</u>	<u>231,728</u>
<b>11 CREDITORS (AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR)</b>		
<b>Deferred income - capital grants</b>		
At 1 April 2003	142,019	73,405
Additions during the year	352,130	139,708
Released to profit and loss account	( 125,387)	( 71,094)
	<u>368,762</u>	<u>142,019</u>
<b>12 RESTRICTED RESERVE</b>		
This has arisen from the investment on 31 March 1999 by Castle Vale Housing Action Trust (CVHAT) for investment in projects for the furtherance of the company's objectives on the Castle Vale Estate.		
<b>13 DESIGNATED RESERVE</b>		
This has arisen from the investment on 31 March 2000 by CVHAT for operational costs and development of the company's objectives.		
	2004 £	2003 £
<b>14 CAPITAL COMMITMENTS</b>		
Capital expenditure contracted for but not provided for in the financial statements	<u>4,325</u>	<u>94,269</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2004**

**15 OTHER FINANCIAL COMMITMENTS**

The company is committed to paying the following under non-cancellable operating leases in the year to 31 March 2005.

	2004 £	2003 £
Other operating leases which expire within:		
1 year	15,883	-
2 to 5 years	52,493	43,113
	<u>68,376</u>	<u>43,113</u>

**16 CONTINGENT LIABILITIES**

There were no contingent liabilities at the year end (2003 Nil).

**17 RELATED PARTY TRANSACTIONS**

Richard Temple Cox and Derek Douglas, directors of the company, are also board members of Castle Vale Housing Action Trust. They played no part in the award of the following contracts:

Sales income £286,061 (2003 £115,351)

Peter Richmond, director of the company, is also Chief Executive of Castle Vale Community Housing Association. He played no part in the award of the following contracts:

Sales income £26,352 (2003 £26,682)

Nicholas Pitt, director of the company is also the Centre Manager of the Fort Shopping Park. He played no part in the award of the following contracts:

Sales income £5,934 (2003 nil)

Rod Griffin, director of the company, is also Head of Sustainable Development Policy at Advantage West Midlands. He played no part in the award of grant income to the company.

# THE MERLIN VENTURE LIMITED

## DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2004

	Total 2004 £	Total 2003 £
SALES	947,280	686,772
OTHER INCOME		
Grants receivable	655,915	259,385
Interest received	61,531	75,894
TOTAL INCOME	<u>1,664,726</u>	<u>1,022,051</u>
EXPENDITURE		
Rent & rates	59,503	46,288
Wages & salaries	1,200,416	775,895
Sundries	13,657	5,017
Insurance	56,063	38,471
Bank charges	618	1,003
Stationery & printing	7,537	10,651
Adverts & marketing	8,540	12,116
Telephone	18,158	12,652
Materials	50,807	48,448
Motor expenses	112,191	48,441
Subscriptions & books	1,994	1,661
Hire and maintenance	15,737	17,423
Vehicle hire	27,472	27,661
Repairs and renewals	26,007	7,412
Food & drink	8,100	7,551
Postage	3,216	2,301
Cleaning & hygiene	5,965	5,601
Training	14,737	4,628
Recruitment	11,004	8,523
Legal and professional	450	6,524
Consultancy	103,040	85,470
Accountancy	5,570	4,150
Depreciation leasehold Improvements	47,619	45,851
Depreciation on fixtures & fittings	2,840	2,841
Depreciation plant and equipment	30,103	31,851
Depreciation motor vehicles	54,893	7,983
Security & safety	1,374	594
Workwear & tools	-	3,048
Premises utilities	17,629	6,083
Profit on disposals	-	( - )
Software support	5,779	2,498
Interest payable	-	361
Disallowed VAT	11,652	7,578
Travel	4,112	1,845
Gifts	493	80
Bad Debts	-	2,500
Subcontractor services	2,615	-
Software	5,709	-
TOTAL EXPENDITURE	<u>1,935,600</u>	<u>1,291,000</u>
NET LOSS	<u>( 270,874)</u>	<u>( 268,949)</u>

# THE MERLIN VENTURE LIMITED

## DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2004

	Security £	Community transport £	Tiggy winkles £	Recruitment £	Vale- scapes £	Fresh Start decorators £	Merlin venture £	Total 2004 £	Total 2003 £
SALES	198,061	136,655	210,557	118,876	111,776	155,389	15,966	947,280	686,772
OTHER INCOME									
Grants receivable	26,903	568,929	30,455	-	-	21,112	8,516	655,915	259,385
Interest received	-	-	-	-	-	-	61,531	61,531	75,894
<b>TOTAL INCOME</b>	<b>224,964</b>	<b>705,584</b>	<b>241,012</b>	<b>118,876</b>	<b>111,776</b>	<b>176,501</b>	<b>86,013</b>	<b>1,664,726</b>	<b>1,022,051</b>
EXPENDITURE									
Rent & rates	7,371	28,401	-	-	2,001	2,000	19,730	59,503	46,288
Wages & salaries	103,417	509,120	192,481	45,305	89,466	185,710	74,917	1,200,416	775,895
Sundries	3,206	2,196	2,125	298	728	316	4,788	13,657	5,017
Insurance	3,304	31,320	1,785	-	4,177	5,674	9,803	56,063	38,471
Bank charges	-	-	-	-	-	-	618	618	1,003
Stationery & printing	138	1,886	1,332	1,245	129	167	2,640	7,537	10,651
Adverts & marketing	97	3,850	767	1,991	114	409	1,312	8,540	12,116
Telephone	1,683	4,004	1,411	387	653	1,814	8,206	18,158	12,652
Materials	1,150	3,793	10,718	-	10,811	23,552	783	50,807	48,448
Motor expenses	529	102,913	-	-	3,607	5,142	-	112,191	48,441
Subscriptions & books	-	452	157	-	-	245	1,140	1,994	1,661
Hire and maintenance	-	-	-	-	6,608	9,040	89	15,737	17,423
Vehicle hire	-	27,472	-	-	-	-	-	27,472	27,661
Repairs and renewals	15,530	3,079	3,163	-	124	20	4,091	26,007	7,412
Food & drink	20	-	7,740	197	-	-	143	8,100	7,551
Postage	-	72	15	639	1	19	2,470	3,216	2,301
Cleaning & hygiene	107	467	4,371	633	1	85	301	5,965	5,601
Training	900	9,822	365	805	557	1,640	648	14,737	4,628
Recruitment	1,021	4,383	1,430	167	762	1,013	2,228	11,004	8,523
Legal and professional	-	-	450	-	-	-	-	450	6,524
Consultancy	5,542	19,092	21,622	-	-	-	56,784	103,040	85,470
Accountancy	-	720	-	-	-	-	4,850	5,570	4,150
Depreciation leasehold Improvements	28,538	-	19,081	-	-	-	-	47,619	45,851
Depreciation on fixtures & fittings	-	-	718	-	-	-	2,122	2,840	2,841
Depreciation plant and equipment	-	19,529	1,715	733	-	-	8,126	30,103	31,851
Depreciation motor vehicles	2,600	41,743	-	-	4,000	6,550	-	54,893	7,983
Security & safety	-	56	166	29	-	-	1,123	1,374	594
Workwear & tools	-	-	-	-	-	-	-	-	3,048
Premises & utilities	-	-	2,872	510	-	-	14,247	17,629	6,083
Profit on disposals	-	-	-	-	-	-	-	-	( - )
Software support	-	2,738	85	-	-	-	2,956	5,779	2,498
Interest payable	-	-	-	-	-	-	-	-	361
Disallowed VAT	-	9,633	295	-	-	-	1,724	11,652	7,578
Travel	-	1,630	340	864	50	77	1,151	4,112	1,845
Gifts	-	-	95	91	-	-	307	493	80
Bad Debts	-	-	-	-	-	-	-	-	2,500
Subcontractor service	-	-	-	-	-	2,615	-	2,615	-
Software	-	5,310	-	-	-	-	399	5,709	-
<b>TOTAL EXPENDITURE</b>	<b>175,153</b>	<b>833,681</b>	<b>275,299</b>	<b>53,894</b>	<b>123,789</b>	<b>246,088</b>	<b>227,696</b>	<b>1,935,600</b>	<b>1,291,000</b>
<b>NET PROFIT/(LOSS) FOR THE YEAR</b>	<b>49,811</b>	<b>(128,097)</b>	<b>( 34,287)</b>	<b>64,982</b>	<b>( 12,013)</b>	<b>( 69,587)</b>	<b>(141,683)</b>	<b>(270,874)</b>	<b>(268,949)</b>