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**Thames Gateway South Essex
Partnership Limited**
(A company limited by guarantee)

Report and Financial Statements

Period Ended

31 March 2003



THAMES GATEWAY SOUTH ESSEX PARTNERSHIP LIMITED

Report and financial statements for the period ended 31 March 2003

Contents

Directors

Page:

1	Report of the directors
3	Report of the independent auditors
5	Income and expenditure account
6	Balance sheet
7	Notes forming part of the financial statements

Directors

Howard Briggs
Malcolm Buckley
Stephen Castle
Alan Cherry MBE
Roy English
Peter Rainbird CBE
Andrew Smith
Mary Spence
Peter Webster

Secretary and registered office

Jerzy Krawiec, 3rd Floor, Acorn House, Great Oaks, Basildon, Essex, SS14 1AH.

Company number

4429372

Auditors

BDO Stoy Hayward, 66 Broomfield Road, Chelmsford, Essex, CM1 1SW.

THAMES GATEWAY SOUTH ESSEX PARTNERSHIP LIMITED

Report of the directors for the period ended 31 March 2003

The directors present their report together with the audited financial statements for the period ended 31 March 2003. The company was incorporated on 1 May 2002. The company commenced trading on 1 May 2002 and at that date the assets, liabilities and reserves of Thames Gateway South Essex Partnership were transferred to Thames Gateway South Essex Partnership Limited.

Results

The income and expenditure account is set out on page 5 and shows the surplus for the period.

Principal activities and future developments

The principal activities of the company are to promote the comprehensive regeneration of the region abutting the North bank of the River Thames comprised within the administrative areas of the local authority Members of the Company to:

- Improve skills and employment opportunities and promote a competitive business environment
- Secure leading edge infrastructure
- Secure investment and site development
- Create a high quality and sustainable urban and rural environment
- Improve the health and well-being of all communities throughout South Essex
- Promote a high profile and positive image of Thames Gateway South Essex

There have been no events since the balance sheet date that materially affect the position of the company.

Company limited by guarantee

The Company is limited by guarantee and members liability is limited to a guarantee of £1 each.

Directors

The directors of the company during the period were as follows:-

Howard Briggs (Appointed 31 March 2003)
Malcolm Buckley (Appointed 13 November 2002)
Stephen Castle (Appointed 13 November 2002)
Alan Cherry MBE (Appointed 30 May 2002)
Roy English (Appointed 30 May 2002)
Charles Latham (Appointed 30 May 2002, Resigned 31 March 2003)
Peter Rainbird CBE (Appointed 30 May 2002)
Andrew Smith (Appointed 1 May 2002)
Nigel Smith (Appointed 30 May 2002, Resigned 13 November 2002)
Mary Spence (Appointed 30 May 2002)
Peter Webster (Appointed 30 May 2002)

THAMES GATEWAY SOUTH ESSEX PARTNERSHIP LIMITED

Report of the directors for the period ended 31 March 2003 (*Continued*)

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the surplus or deficit 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; 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 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

BDO Stoy Hayward, who were appointed as first auditors of the company by the directors, have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the Board



Jerzy Krawiec
Secretary

5 September 2003

THAMES GATEWAY SOUTH ESSEX PARTNERSHIP LIMITED

Report of the independent auditors

To the members of Thames Gateway South Essex Partnership Limited

We have audited the financial statements of Thames Gateway South Essex Partnership Limited for the period ended 31 March 2003 on pages 5 to 12 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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.

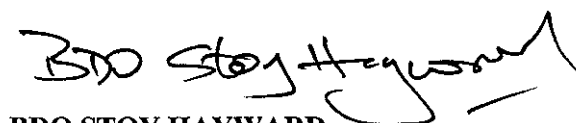
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

THAMES GATEWAY SOUTH ESSEX PARTNERSHIP LIMITED

Report of the independent auditors

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 2003 and of its surplus for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD

Chartered Accountants

and Registered Auditors

Chelmsford

Date 5 September 2003

THAMES GATEWAY SOUTH ESSEX PARTNERSHIP LIMITED

Income and expenditure account for the period ended 31 March 2003

	Note	£
Income	2	821,040
Direct expenditure		446,634
		<hr/>
		374,406
Administrative expenses		374,406
		<hr/>
Operating surplus		-
Interest receivable		5,497
		<hr/>
Surplus of income over expenditure before tax	4	5,497
Taxation on surplus of income over expenditure	6	-
		<hr/>
Surplus of income over expenditure		5,497
		<hr/>

All amounts relate to continuing activities.

There are no gains or losses other than the surplus for the period.

The notes on pages 7 to 12 form part of these financial statements.

THAMES GATEWAY SOUTH ESSEX PARTNERSHIP LIMITED

Balance sheet at 31 March 2003

	Note	£	£
Fixed assets			
Tangible assets	7		46,535
Current assets			
Debtors	8	27,204	
Cash at bank and in hand		69,315	
		<u>96,519</u>	
Creditors: amounts falling due within one year	9	<u>137,557</u>	
Net current liabilities			<u>(41,038)</u>
Total assets less current liabilities			<u>5,497</u>
Reserves			
Accumulated funds	10		<u>5,497</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 5 September 2003.


Mary Spence
Director

The notes on pages 7 to 12 form part of these financial statements.

THAMES GATEWAY SOUTH ESSEX PARTNERSHIP LIMITED

Notes forming part of the financial statements for the period ended 31 March 2003

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Income

Income represents contributions from partner organisations.

Tangible fixed assets

Tangible fixed assets are stated at cost.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, except freehold land, over their expected useful lives. It is calculated at the following rates:

IT equipment	-	33% per annum
Office equipment, fixtures and fittings	-	33% per annum

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Operating leases

Annual rentals under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

Pension costs

Staff employed by the company are eligible either to join the Essex County Council Pension Fund or to contribute to their own personal pension plan to which the company also contributes. Contributions to pension schemes are charged to the income and expenditure account in the period in which they become payable.

2 Income

Income is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

THAMES GATEWAY SOUTH ESSEX PARTNERSHIP LIMITED

Notes forming part of the financial statements for the period ended 31 March 2003 (*Continued*)

3 Employees

£

Staff costs consist of:

Wages and salaries	178,214
Social security costs	14,451
Other pension costs	18,233
	<hr/>
	210,898
	<hr/>

The average number of employees, including executive directors, during the period was 6.

4 Surplus of income over expenditure before tax

£

This is arrived at after charging:

Depreciation	23,848
Auditors' remuneration	3,500
Operating leases - property	7,125
	<hr/>

5 Directors'

£

Fees and other emoluments	72,666
Amounts paid to pension scheme	6,654
	<hr/>
	79,320
	<hr/>

The number of directors with benefits accruing under defined benefit schemes is one.

6 Taxation on surplus from ordinary activities

£

UK corporation tax

-

It is understood that current Inland Revenue opinion is that monies received from government sources are not subject to corporation tax unless utilised for independent trading purposes. On this basis the company's tax charge is calculated solely on investment income received gross.

THAMES GATEWAY SOUTH ESSEX PARTNERSHIP LIMITED

Notes forming part of the financial statements for the period ended 31 March 2003 (*Continued*)

7 Tangible assets

	IT equipment £	Office equipment, fixtures and fittings £	Total £
<i>Cost</i>			
Transferred from Thames Gateway South Essex Partnership (see note 14)	5,229	-	5,229
Additions	36,636	29,680	66,316
	<hr/>	<hr/>	<hr/>
At 31 March 2003	41,865	29,680	71,545
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
Transferred from Thames Gateway South Essex Partnership (see note 14)	1,162	-	1,162
Provided for in the period	13,955	9,893	23,848
	<hr/>	<hr/>	<hr/>
At 31 March 2003	15,117	9,893	25,010
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 March 2003	26,748	19,787	46,535
	<hr/>	<hr/>	<hr/>

8 Debtors

	£
Trade debtors	12,500
Prepayments and accrued income	14,141
Other debtors	563
	<hr/>
	27,204
	<hr/>

All amounts shown under debtors fall due for payment within one year.

THAMES GATEWAY SOUTH ESSEX PARTNERSHIP LIMITED

Notes forming part of the financial statements for the period ended 31 March 2003 (*Continued*)

9 Creditors: amounts falling due within one year

	£
Other creditors	65
Corporation tax	-
Accruals	64,781
Deferred income	72,711
	<hr/>
	137,557
	<hr/>

10 Accumulated funds

	£
Surplus for the period and at 31 March 2003	5,497
	<hr/>

11 Commitments under operating leases

As at 31 March 2003, the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings £
Operating leases which expire:	
After five years	28,500
	<hr/>

12 Pensions

The company participates in a defined benefit scheme operated by Essex County Council. The contributions are determined by Watson Wyatt, independent qualified actuaries, on the basis of triennial valuations.

Although the Fund is a defined benefit scheme, because the company, as a Small Admission Body, is grouped together with other similar employers, it is not possible to separately identify its share of the underlying assets and liabilities and it is therefore accounted for as a defined contribution scheme.

Pension contributions charged during the period amounted to £18,233.

THAMES GATEWAY SOUTH ESSEX PARTNERSHIP LIMITED

Notes forming part of the financial statements for the period ended 31 March 2003 *(Continued)*

12 Pensions *(continued)*

The most recent valuation took place at 31 March 2001 and has specified the employer rates applicable for the three years from 1 April 2002. The ongoing contribution rate for the company will be 172 % of the employees' contribution. The value of the scheme's assets at 31 March 2001 was sufficient to cover 88.6% of the benefits that had accrued to members. On the basis of the valuation, this deficiency should be eliminated over the average service life of members of 12 years. The major assumptions used by the actuary were:

	2003
Rate of increase in salaries	4.25%
Rate of increase for pensions in payment	2.50%
Discount rate	6.75%
Inflation assumption	2.50%

The market value of the Fund's assets at 31 March 2001 was £1,857.7m and the market value of the liabilities was £2,097.3m. The past service deficiency was £239.6m.

The proportion of the Fund held in the major asset classes, along with the expected returns is shown below.

	Long-term rate of return expected	Proportion
Equities	7.25%	70.3%
Fixed gilts (UK)	4.90%	1.4%
Bonds	5.90%	14.2%
Other - Property	5.90%	8.6%
- Cash	4.90%	5.5%

13 Cash flow statement

The company has used the exemption under Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement as the directors believe the company is "small" under the Companies Act 1985.

THAMES GATEWAY SOUTH ESSEX PARTNERSHIP LIMITED

Notes forming part of the financial statements for the period ended 31 March 2003 (*Continued*)

14 Transfer of assets and liabilities from Thames Gateway South Essex Partnership

On 1 May 2002 the assets, liabilities and reserves of Thames Gateway South Essex Partnership were transferred to Thames Gateway South Essex Partnership Limited, so that the trading activities were able to be performed by the new, incorporated, entity.

At that date the following amounts were transferred:

	£
Tangible fixed assets	
- cost	5,229
- accumulated depreciation	(1,162)
Working capital	(4,067)
	<hr/>
Reserves	-
	<hr/>