

**THE CENTRE OF EXCELLENCE
IN DIGITAL TECHNOLOGY AND
MEDIA LIMITED
TRADING AS CODEWORKS**

COMPANY LIMITED BY GUARANTEE

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 MARCH 2009**

unw LLP

Chartered Accountants & Registered Auditor
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JE

SATURDAY



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**THE CENTRE OF EXCELLENCE IN DIGITAL TECHNOLOGY AND
MEDIA LIMITED (LIMITED BY GUARANTEE) TRADING AS
CODEWORKS
COMPANY LIMITED BY GUARANTEE**

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Dr D W Robertson A N Allan C T Hewitt P M Fidler MBE P M Wright R Smith Y H Kim
Company secretary	M A Samme
Registered office	St Peters Gate Charles Street Sunderland Tyne and Wear SR0 6AN
Auditor	unw LLP Chartered Accountants & Registered Auditor Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE
Bankers	Barclays Bank Plc City Office 71 Grey Street Newcastle upon Tyne
Solicitors	Ward Hadaway Sandgate House 102 Quayside Newcastle Upon Tyne NE1 3DX

THE CENTRE OF EXCELLENCE IN DIGITAL TECHNOLOGY AND MEDIA LIMITED TRADING AS CODEWORKS COMPANY LIMITED BY GUARANTEE

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2009

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the creation of jobs and wealth for the north east of England by fostering the growth of the regions digital industries. The company is a not for profit organisation.

DIRECTORS

The directors who served the company during the year were as follows:

Dr D W Robertson
A N Allan
C T Hewitt
P M Fidler MBE
P M Wright
R Smith
Y H Kim

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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;
- 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 that 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.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

Having been appointed during the period a resolution to re-appoint unww LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 285 of the Companies act 1985.

**THE CENTRE OF EXCELLENCE IN DIGITAL TECHNOLOGY AND
MEDIA LIMITED TRADING AS CODEWORKS
COMPANY LIMITED BY GUARANTEE**

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2009

SMALL COMPANY PROVISIONS

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

Registered office:
St Peters Gate
Charles Street
Sunderland
Tyne and Wear
SR0 6AN

Signed by order of the directors



M A SAMME
Company Secretary

Approved by the directors on 14 January 2010

THE CENTRE OF EXCELLENCE IN DIGITAL TECHNOLOGY AND MEDIA LIMITED TRADING AS CODEWORKS COMPANY LIMITED BY GUARANTEE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CENTRE OF EXCELLENCE IN DIGITAL TECHNOLOGY AND MEDIA LIMITED (LIMITED BY GUARANTEE) TRADING AS CODEWORKS

YEAR ENDED 31 MARCH 2009

We have audited the financial statements of The Centre of Excellence in Digital Technology and Media Limited (Limited by Guarantee) Trading as Codeworks for the year ended 31 March 2009, which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007) and on the basis of the accounting policies set out on page 8.

This report is made solely to the company's members, 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 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 AUDITOR

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

THE CENTRE OF EXCELLENCE IN DIGITAL TECHNOLOGY AND MEDIA LIMITED TRADING AS CODEWORKS COMPANY LIMITED BY GUARANTEE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CENTRE OF EXCELLENCE IN
DIGITAL TECHNOLOGY AND MEDIA LIMITED (LIMITED BY GUARANTEE) TRADING AS
CODEWORKS *(continued)*

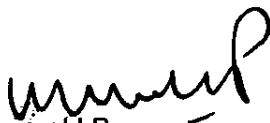
YEAR ENDED 31 MARCH 2009

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 March 2009 and of its result for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JE


uniw LLP
Chartered Accountants
& Registered Auditor

14 January 2010

COMPANY REGISTRATION NUMBER: 04927299

**THE CENTRE OF EXCELLENCE IN DIGITAL TECHNOLOGY AND
MEDIA LIMITED TRADING AS CODEWORKS
COMPANY LIMITED BY GUARANTEE**

INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31 MARCH 2009

	Note	2009 £	2008 £
TURNOVER		2,163,247	2,038,107
Administrative expenses		<u>2,182,548</u>	<u>2,061,674</u>
OPERATING DEFICIT	2	(19,301)	(23,567)
Interest receivable		21,286	24,087
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>1,985</u>	<u>520</u>
Tax on surplus on ordinary activities	4	1,985	520
SURPLUS FOR THE FINANCIAL YEAR		<u>-</u>	<u>-</u>

The notes on page 6 form part of these financial statements.

**THE CENTRE OF EXCELLENCE IN DIGITAL TECHNOLOGY AND
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BALANCE SHEET

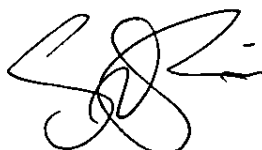
31 MARCH 2009

	Note	2009 £	2008 £
FIXED ASSETS			
Tangible assets	5	22,381	31,244
Investments	6	25,000	25,000
		<u>47,381</u>	<u>56,244</u>
CURRENT ASSETS			
Debtors	7	414,055	320,081
Cash at bank and in hand		314,505	280,521
		<u>728,560</u>	<u>600,602</u>
CREDITORS: Amounts falling due within one year	8	353,561	225,602
NET CURRENT ASSETS		<u>374,999</u>	<u>375,000</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>422,380</u>	<u>431,244</u>
CREDITORS: Amounts falling due after more than one year	9	375,000	375,000
Government grants	11	47,380	56,244
		<u>-</u>	<u>-</u>
RESERVES	13	<u>-</u>	<u>-</u>
MEMBERS' FUNDS		<u>-</u>	<u>-</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

These financial statements were approved by the directors and authorised for issue on 14 January 2010, and are signed on their behalf by:

Y H Kim
Director



The notes on page 7 form part of these financial statements.

THE CENTRE OF EXCELLENCE IN DIGITAL TECHNOLOGY AND MEDIA LIMITED TRADING AS CODEWORKS COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

Turnover represents net invoicable sales, excluding value added tax, revenue grants receivable and the release of capital grants.

Grant income in the prior period was included in other income. This has been re-classified this year as turnover as this is the company's main source of income.

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
IT Equipment	- 3 years straight line

Pension costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income and expenditure account in the period to which they relate.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Investments

Investments are included in the balance sheet at the lower of cost and net realisable value.

Deferred grants

Deferred grants in respect of capital expenditure are treated as deferred income and credited to the profit and loss account over the estimated useful life of the assets to which they relate

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

2. OPERATING DEFICIT

Operating deficit is stated after charging/(crediting):

	2009	2008
	£	£
Directors' emoluments	193,281	182,326
Directors' pension contributions	17,305	16,801
Staff pension contributions	26,071	24,834
Capital grant release	(39,271)	(142,863)
Depreciation of owned fixed assets	39,271	142,863
Profit on disposal of fixed assets	—	(345)
Auditor's fees	18,304	15,688

3. DIRECTORS' PENSION SCHEMES

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

	2009	2008
	No	No
Money purchase schemes	1	1

4. TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the year

	2009	2008
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 21% (2008 - 20%)	1,985	520
Total current tax	1,985	520

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

5. TANGIBLE FIXED ASSETS

	Fixtures & Fittings £	IT Equipment £	Total £
COST			
At 1 April 2008	38,093	535,859	573,952
Additions	—	30,731	30,731
Disposals	(485)	—	(485)
At 31 March 2009	<u>37,608</u>	<u>566,590</u>	<u>604,198</u>
DEPRECIATION			
At 1 April 2008	19,048	523,660	542,708
Charge for the year	12,821	26,450	39,271
On disposals	(162)	—	(162)
At 31 March 2009	<u>31,707</u>	<u>550,110</u>	<u>581,817</u>
NET BOOK VALUE			
At 31 March 2009	<u>5,901</u>	<u>16,480</u>	<u>22,381</u>
At 31 March 2008	<u>19,045</u>	<u>12,199</u>	<u>31,244</u>

One North East retains the right of lien over all capital assets for a period of 5 years from the date of the final grant.

6. INVESTMENTS

	Shares in group undertakings £
COST	
At 1 April 2008 and 31 March 2009	<u>25,000</u>
NET BOOK VALUE	
At 31 March 2009 and 31 March 2008	<u>25,000</u>

THE CENTRE OF EXCELLENCE IN DIGITAL TECHNOLOGY AND MEDIA LIMITED TRADING AS CODEWORKS COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

6. INVESTMENTS *(continued)*

The company owns 100% of the issued share capital of the company listed below,

Codeworks Enterprises Limited

Nature of business: Digital Technology

	2009 £	2008 £
Aggregate capital and reserves	(79,157)	4,263
Loss for the year	(83,420)	(18,736)

The board is of the opinion that there is significant potential future value in this investment and no provision for impairment is required.

Distributions to the company from its subsidiary are restricted by the management agreement. Distributions can only be made if such distributions will not have the effect of reducing the subsidiary's reserves below £100,000.

7. DEBTORS

	2009 £	2008 £
Trade debtors	100,954	62,811
Amounts owed by group undertakings	243,151	172,586
VAT recoverable	3,421	12,004
Other debtors	66,529	72,680
	<u>414,055</u>	<u>320,081</u>

The debtors above include the following amounts falling due after more than one year:

	2009 £	2008 £
Amounts owed by group undertakings	<u>187,443</u>	<u>128,443</u>

8. CREDITORS: Amounts falling due within one year

	2009 £	2008 £
Trade creditors	27,930	55,588
Corporation tax	1,985	520
Other creditors	41,195	13,828
Accruals and deferred income	282,451	155,666
	<u>353,561</u>	<u>225,602</u>

THE CENTRE OF EXCELLENCE IN DIGITAL TECHNOLOGY AND MEDIA LIMITED TRADING AS CODEWORKS COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

9. CREDITORS: Amounts falling due after more than one year

	2009 £	2008 £
Other creditors including: Other Loans	<u>375,000</u>	<u>375,000</u>

An analysis of the maturity of loans is given below:

	2009 £	2008 £
Amounts falling due between two and five years: Other loans - 2-5 years	<u>375,000</u>	<u>375,000</u>

Repayable 31 March 2011

10. PENSIONS

The company operates a defined contribution pension scheme. Total pension costs for the year were £43,376 (2008:£41,635) of which £9,273 (2008:£4,433) was outstanding at the period end.

11. GOVERNMENT GRANTS

	2009 £	2008 £
Received and receivable:		
At 1 April 2008	56,244	198,722
Receivable during year	30,415	384
Grant release	<u>(39,279)</u>	<u>(142,862)</u>
At 31 March 2009	<u>47,380</u>	<u>56,244</u>

12. RELATED PARTY TRANSACTIONS

The company owns 100% of the issued share capital of Codeworks Enterprises Limited ('Enterprises') which owns 100% of the issued share capital in both Aidept Limited and Codeworks Limited so the parties are all related.

At 31 March 2009 Enterprises owed the company £38,524 and Aidept owes the company £17,182 which is due within one year. There is also an amount of £187,443 owed by Enterprises for a loan repayable by 31 March 2011. Interest charged during the year was £17,019. The loan facility available to Enterprises from the company is £375,000.

During the year the company purchased legal services for £529.50 from Ward Hadaway, of which Mr. C T Hewitt is a partner. The company also purchased company secretarial services from Ward Hadaway Company Secretarial Services, of which Mr. C T Hewitt is a director.

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

13. COMPANY LIMITED BY GUARANTEE

The company is limited by guarantee and its governing document is its Memorandum and Articles of Association. The directors hold no shares in the company. Each member of the company is a guarantor of the company, to an amount not exceeding £1, in the event of a winding up of the company.