

EDINBURGH BUSINESS DEVELOPMENT LIMITED

FINANCIAL STATEMENTS

31 MARCH 1999

Registered number: 144062

HLB KIDSONS

CHARTERED ACCOUNTANTS

EDINBURGH



EDINBURGH BUSINESS DEVELOPMENT LIMITED

FINANCIAL STATEMENTS

for the year ended 31 March 1999

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The following page does not form part of the statutory accounts

Detailed income and and expenditure account	Appendix 1
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EDINBURGH BUSINESS DEVELOPMENT LIMITED

COMPANY INFORMATION

31 March 1999

NUMBER	144062
CHAIRMAN	H B Pearson
OTHER DIRECTORS	J Cawdery Professor D Leach CBE J Morren G J Smith
SECRETARY	R G Cunningham
REGISTERED OFFICE	19 Ainslie Place Edinburgh EH3 6AU
BANKERS	The Royal Bank of Scotland plc 31 St Andrew Square Edinburgh EH2 2YE
SOLICITORS	Henderson Boyd Jackson 19 Ainslie Place Edinburgh EH3 6AU
AUDITORS	HLB Kidsons Chartered Accountants 23 Queen Street Edinburgh EH2 1JX

EDINBURGH BUSINESS DEVELOPMENT LIMITED**DIRECTORS' REPORT****31 March 1999**

The directors present their report and the audited financial statements for the year ended 31 March 1999.

Principal Activity

Edinburgh Business Development is an Enterprise Trust established under the auspices of Scottish Business in the Community and carrying Enterprise Trust status from the Scottish Office under Section 79 (4) (A) of the Income and Corporation Taxes Act 1988. Its principal activity is to provide a free advisory service for small businesses requiring professional expertise, those wishing to expand and those individuals starting up in business.

Review of Business

Edinburgh Business Development's International Trade services continue to play a key role in supporting the Scottish exporter and importer. New innovative services have been introduced including a virtual Export and Import office, the purpose of which is to ensure that businesses have the knowledge required to run their import and export functions effectively and efficiently. A research and development programme on Language Training is currently being undertaken which, on completion, will offer the Scottish exporter a new approach to language training aimed at improving business's competitiveness. After a year of investment in International Trade Services, successes are beginning to be recognised. To protect Edinburgh Business Development's Enterprise Trust status and to enable International Trade to maximise upon the commercial opportunities created, the activity was transferred, in its entirety, to Chamber Developments Limited on 1 April 1999.

Edinburgh Business Development, under the New Ventures programme, provided support for 480 new business starts in Edinburgh, which led to the creation of 720 new jobs. To achieve this number of starts a new working relationship was created with The Royal Bank of Scotland and the Bank of Scotland. This partnership supported and helped deliver improved levels of services to the new start client.

The working relationship with The City of Edinburgh Council continues to develop through joint Trust-City Business Development Partnership. The service, as well as providing advice and guidance to SMEs in Edinburgh, concentrates on providing access to funding through grants and loans. The Partnership assisted over 200 businesses throughout the year.

A new service has been developed reflecting the fact that sustainable development and environmental issues are becoming increasingly important to business. The Trust now has a full-time Environmental Project Manager whose role is to raise awareness and advise businesses on a range of environmental issues.

EDINBURGH BUSINESS DEVELOPMENT LIMITED

DIRECTORS' REPORT

31 March 1999

The Business Resource Centre continues to support Small and Medium Enterprises' effective utilisation of technology and the adoption of "E" Commerce. Over 1,000 clients used the Centre for support during the financial year.

The Trust continues to support the disadvantaged areas of the City. The service continues to provide ongoing business counselling support to local residents and works with local agencies on a number of initiatives. The Estates supported are Craigmillar, Wester Hailes and Pilton.

Edinburgh Business Development continues to benefit from the invaluable support from our sponsors and private sector. The Trust considers these partnerships as key to engaging the private sector in economic development. Their support continues to allow the Trust to maintain its level of technical support available to its client base.

We are most grateful to all staff of Edinburgh Business Development who have responded to the challenges of the year. Their hard work and commitment have given Edinburgh Business Development the opportunity to continue playing a key role with other partners in economic development.

We would like to record our thanks for the support given by all members of the Board during their period of office. The Trust continues as a separate legal entity, a wholly owned subsidiary of *Edinburgh Chamber of Commerce and Enterprise*.

Dividends

The Memorandum and Articles of Association do not permit the payment of a dividend.

Changes in Fixed Assets

Movements in fixed assets are set out in Note 4 to the Accounts.

Directors

The directors during the year are listed below:

Heather Pearson (Chairman)
J Cawdery
Professor D Leach CBE
J Morren
G J Smith

EDINBURGH BUSINESS DEVELOPMENT LIMITED**DIRECTORS' REPORT****31 March 1999****Year 2000 issues**

As it is well known, many computer and digital systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of the company depends not only on the Chamber of Commerce's computer systems, but also to some degree on those of the company's suppliers. This could expose the company to further risk in the event that there is failure by other parties to remedy their own Year 2000 issues.

A company-wide programme, designed to address the impact of the year 2000 on the Chamber of Commerce, and therefore also the company, has been commissioned by the Executive Board and is under way.

A significant risk analysis has been performed to determine the impact of the issue on all the company's activities. From this, prioritised action plans have been developed which are designed to address the key risks in advance of critical dates and without disruption to the underlying activities of the company. Priority is given to these systems which could cause a significant financial or legal impact on the company's activities if they were to fail. The plan also includes a requirement for the testing of systems changes, involving the participation of users.

Given the complexity of the problem, it is not possible for any organisation to guarantee that no year 2000 problems will remain, because at least some level of failure may still occur. However the Executive Board believes that it will achieve an acceptable state of readiness and has also provided resources to deal promptly with significant subsequent failures or issues that might arise.

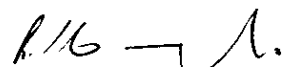
Auditors

On 1 May 1999 Kidsons Impey changed their name to HLB Kidsons and, accordingly, have signed the audit report in their new name. HLB Kidsons have agreed to offer themselves for re-appointment as auditors of the company.

Small companies exemption

Advantage has been taken in the preparation of this report of special exemptions applicable to small companies.

On behalf of the board



Grahame Cunningham
Secretary

Conference House, The Exchange
152 Morrison Street
Edinburgh
EH3 8EB

27 MAY 1999

EDINBURGH BUSINESS DEVELOPMENT LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

We are required under company law 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 surplus or deficit of the company for that period. In preparing those financial statements we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets;
- taking reasonable steps for the prevention and detection of fraud.

27 MAY
1999

On behalf of the board

Heather B. Pearson

H B Pearson
Chairman

EDINBURGH BUSINESS DEVELOPMENT LIMITED

AUDITORS' REPORT

Auditors' report to the members of Edinburgh Business Development Limited

We have audited the financial statements on pages 7 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 to 10.

Respective responsibilities of directors and auditors

As described on page 5, 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, on 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 misstatement, whether caused by fraud or error or other irregularity. 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 1999 and of its deficit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

Edinburgh
Date: 2 JUNE 1999

HLB Kidsons
HLB Kidsons
Registered Auditors
Chartered Accountants

EDINBURGH BUSINESS DEVELOPMENT LIMITED

INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 March 1999

	Note	1999 £	1998 £
Turnover	2	1,070,401	888,102
Net operating expenses			
Administrative expenses		<u>(1,120,170)</u>	<u>(932,142)</u>
Operating deficit	3	(49,769)	(44,040)
Bank interest receivable		5,533	8,970
Interest payable and similar charges		<u>(266)</u>	<u>(507)</u>
Deficit before taxation		(44,502)	(35,577)
Taxation		<u>(3,690)</u>	<u>(1,884)</u>
Deficit for the year	8	<u>(48,192)</u>	<u>(37,461)</u>

Movements in reserves are shown in Note 8.

All activities were classed as continuing during the above two financial years.

There are no recognised gains and losses in 1999 or 1998 other than the deficit for the year.

EDINBURGH BUSINESS DEVELOPMENT LIMITED

BALANCE SHEET

at 31 March 1999

	Note	1999		1998	
		£	£	£	£
Fixed assets					
Tangible assets	4		12,082		16,190
Current assets					
Debtors	5	216,540		304,369	
Cash at bank and in hand		133,677		64,305	
		<u>350,217</u>		<u>368,674</u>	
Creditors: amounts falling due within one year	6	(262,971)		(237,344)	
Net current assets			87,246		131,330
Total assets less current liabilities			<u>99,328</u>		<u>147,520</u>
Reserves					
Income and expenditure	8		99,328		147,520
Total members' funds	7		<u>99,328</u>		<u>147,520</u>

The directors have taken advantage in the preparation of these financial statements of special exemptions provided by Part I of Schedule 8 to the Companies Act 1985 on the basis that the company qualifies as a small company.

The financial statements on pages 7 to 13 were approved by the board of directors on 27 May 1999.

Heather B. Pearson

H B Pearson
Chairman

EDINBURGH BUSINESS DEVELOPMENT LIMITED**NOTES ON FINANCIAL STATEMENTS****31 March 1999****1 Accounting policies****Basis of accounting**

The financial statements have been prepared under the historical cost accounting rules.

Sponsorship income, contributions and funding

Sponsorship income, contributions and funding are amounts given to Edinburgh Business Development Limited to be used for helping small businesses in expansion with professional expertise and to assist individuals starting up in business.

Many sponsors have contributed in kind rather than cost and such contributions include the provision of time of their employees. These contributions are not reflected in the accounts.

Graduates for Growth

Graduates for Growth is a partnership between LEEL, the Edinburgh Chamber of Commerce and Enterprise, and the Universities. Edinburgh Business Development Limited manages the funds for the project but currently has no responsibility for any surplus or deficits which arise. The gross income and expenditure on this project are reflected in these financial statements and any surplus or deficit on funds received is reflected as a creditor or debtor.

Cash flow statement

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it is entitled to the exemptions available in Sections 246 to 247 of the Companies Act 1985 for small companies.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Furniture, fittings and equipment	20% straight line
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Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

EDINBURGH BUSINESS DEVELOPMENT LIMITED

NOTES ON FINANCIAL STATEMENTS

31 March 1999

1 Accounting policies (continued)

Government grants

Government grants for capital expenditure are credited to a deferral account and are released to revenue over the expected useful life of the relevant asset at the same rate as the depreciation of the asset. Grants of a revenue nature are credited to income in the period to which they relate.

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £12,540 (1998 £20,150).

2 Turnover

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities stated net of value added tax.

In the opinion of the directors, none of the turnover of the company is attributable to geographical markets outside the UK (1998 nil).

Sponsorship income, contributions and funding	1999 £	1998 £
Funding and Other Contributions	765,952	610,374
Add: Deferred from 1998	70,753	141,295
Less: Deferred to 1999 and 2000	(53,760)	(70,753)
Attributable to year ended 31 March 1999	782,945	680,916
Add: Sponsorship	10,650	46,008
Add: Income from training courses and consultancy	48,404	22,392
Add: Export activities	228,402	138,786
	<u>1,070,401</u>	<u>888,102</u>

EDINBURGH BUSINESS DEVELOPMENT LIMITED

NOTES ON FINANCIAL STATEMENTS

31 March 1999

3 Operating deficit

	1999 £	1998 £
Operating deficit is stated after charging		
Auditors' remuneration	780	765
Depreciation of tangible fixed assets (note 4)		
owned assets	6,000	6,946
Loss on disposal fixed assets	384	-

4 Tangible fixed assets

	Furniture and Fittings etc £
Cost	
1 April 1998	34,793
Additions	2,276
Disposals	(960)
31 March 1999	36,109
Depreciation	
1 April 1998	18,603
Charge for year	6,000
Disposals	(576)
31 March 1999	24,027
Net book amount	
31 March 1999	12,082
1 April 1998	16,190

EDINBURGH BUSINESS DEVELOPMENT LIMITED

NOTES ON FINANCIAL STATEMENTS

31 March 1999

5	Debtors	1999 £	1998 £
	Amounts falling due within one year		
	Trade debtors	194,056	279,991
	Prepayments	1,461	12,021
	Clients' monies	21,023	12,357
		<u>216,540</u>	<u>304,369</u>
6	Creditors: amounts falling due within one year	1999 £	1998 £
	Trade creditors	5,707	31,337
	Amounts owed to parent undertaking	128,277	39,856
	Amounts owed to fellow subsidiary company	1,287	-
	Corporation tax	1,162	1,884
	Other taxation and social security	40,455	33,970
	Accruals and deferred income	66,384	73,003
	Monies due to clients	7,602	13,016
	Other creditors	12,097	44,278
		<u>262,971</u>	<u>237,344</u>

EDINBURGH BUSINESS DEVELOPMENT LIMITED

NOTES ON FINANCIAL STATEMENTS

31 March 1999

7 Reconciliation of movements in members' funds

	1999 £	1998 £
Deficit for the financial year representing a Net reduction in members' funds	(48,192)	(37,461)
Opening members' funds	147,520	184,981
Closing members' funds	<u>99,328</u>	<u>147,520</u>

8 Income and Expenditure

	1998 £
1 April 1998	147,520
Deficit for the year	(48,192)
31 March 1999	<u>99,328</u>

9 Ultimate parent undertaking

Edinburgh Business Development Limited is a wholly owned subsidiary of the Edinburgh Chamber of Commerce and Enterprise, which was incorporated under Royal Charter in 1786.

10 Status of company

Edinburgh Business Development Limited is a company limited by guarantee, not having a share capital. The liability of the members is limited to £1 each.

11 Related party transactions

During the year, the company paid for their share of central overheads to the Edinburgh Chamber of Commerce & Enterprise, who are the company's ultimate holding company, and who provide accommodation and administration services. These services totalled £381,629 (1998 £304,489). The balance due to the parent company at the year end is shown in note 6 to the accounts.

EDINBURGH BUSINESS DEVELOPMENT LIMITED

DETAILED INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 March 1999

Income	1999		1998	
	£	£	£	£
New ventures income		572,535		565,330
Private sector income		10,650		46,008
PSYBT income		25,082		25,209
Local authorities income		55,000		72,665
Miscellaneous income		67,825		17,712
Training courses & consultancy		48,404		22,392
Export activities		228,402		138,786
Graduates for Growth		62,503		-
		<hr/>		<hr/>
		1,070,401		888,102
Administrative Expenses				
Salaries and wages	407,361		362,730	
Casual wages	-		2,157	
PAYE and national insurance	25,918		24,551	
Pension scheme contributions	12,540		20,150	
Staff recruitment	2,103		-	
Staff training	5,134		6,764	
Other staff costs	19,238		33,701	
Travel & Subsistence	5,393		-	
Subscriptions/business information	12,476		8,706	
Volunteers	735		1,355	
Consultants	64,494		18,684	
Telephone and fax	-		399	
Office costs - expenses	45,820		29,932	
Photocopying	-		2,142	
Postage and stationery	-		6,688	
Publicity & Advertising	32,717		44,573	
Client support	47,369		46,641	
SME Project work	-		2,404	
Schools project	-		780	
Depreciation equipment	4,095		4,217	
Depreciation fixtures and fittings	1,905		2,729	
Repairs and renewals	-		3,674	
		<hr/>		<hr/>
carried forward	687,298	1,070,401	622,977	888,102

EDINBURGH BUSINESS DEVELOPMENT LIMITED

DETAILED INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 March 1999

	1999		1998	
	£	£	£	£
Administrative Expenses (continued)				
brought forward	687,298	1,070,401	622,977	888,102
Rent and rates	94,188		78,043	
Project costs	13,830		-	
Graduates for Growth	62,503		-	
Central overhead/Management charge	259,914		229,046	
Bad debts	1,273		831	
Professional fees	-		465	
Auditors' remuneration	780		780	
Loss on disposal of fixed asset	384		-	
		1,120,170		932,142
Operating deficit		(49,769)		(44,040)
Bank interest receivable		5,533		8,970
Bank interest and charges		(266)		(507)
		(44,502)		(35,577)