



# Financial Statements

## Birmingham Technology (Venture Capital) Limited

---

For the Year ended 31 March 2011



Company No. 2188943

## Company information

<b>Company registration number</b>	2188943
<b>Registered office</b>	Faraday Wharf Holt Street Birmingham West Midlands B7 4BB
<b>Directors</b>	Councillor M Whitby (Chairman) Councillor Sir Albert Bore Councillor T Huxtable Councillor T Ali Hon Alderman D Roy Professor J King CBE
<b>Secretary</b>	R Kumar
<b>Bankers</b>	Lloyds TSB Plc The Priory Queensway Birmingham B4 6BP
<b>Auditor</b>	Grant Thornton UK LLP Chartered Accountants Registered Auditors 115 Edmund Street Birmingham B3 2HJ

## Index

<b>Report of the directors</b>	3 - 4
<b>Report of the independent auditor</b>	5 - 6
<b>Principal accounting policies</b>	7
<b>Profit and loss account</b>	8
<b>Balance sheet</b>	9
<b>Notes to the financial statements</b>	10 - 13

## Report of the directors

The directors present their annual report together with the audited financial statements of the company for the year ended 31 March 2011. The directors have taken the exemption under the special provisions relating to small companies within Part 15 of the Companies Act 2006 from undertaking the detailed business review requirements of section 417 of the Companies Act 2006.

### Principal activities

The company holds investments in the form of equity and loans to technology companies based on the Birmingham Science Park Aston.

### Results and dividends

The results for the year are set out on page 8 and the loss of £5,992 (2010: loss of £9,648) has been deducted from reserves.

### Going concern

The group has prepared cash flow forecasts to 31 December 2012, making certain assumptions, to assess the working capital requirement for that period. Birmingham City Council has agreed to provide a working capital facility to meet that requirement. Accordingly, in the directors' opinion it is appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that might be necessary should the company be unable to continue as a going concern.

### Directors

The directors during the year and up to the date of signing the financial statement were

Councillor M Whitby	(Chairman)
Councillor Sir Albert Bore	
Councillor N Summerfield	(Resigned 16 July 2010)
Councillor T Ali	(Resigned 16 July 2010, reappointed 17 August 2011)
Councillor T Huxtable	(Appointed 16 July 2010)
Councillor S Shah	(Appointed 16 July 2010, resigned 17 August 2011)
Hon Alderman D Roy	
Professor J King CBE	

### Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity insurance policy which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the year Directors' and Officers' liability insurance in respect of itself and its Directors.

## Report of the directors (continued)

### **Directors' responsibilities statement**

The directors are responsible for preparing the Report of the directors 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 laws). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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 each of the directors is aware

- there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information.

### **Auditor**

Grant Thornton UK LLP were appointed as auditors during the year. A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

BY ORDER OF THE BOARD



R Kumar  
Company secretary

21 December 2011



## Report of the independent auditor to the members of Birmingham Technology (Venture Capital) Limited

We have audited the financial statements of Birmingham Technology (Venture Capital) Limited for the year ended 31 March 2011 which comprise the principal accounting policies, the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

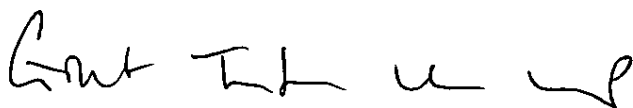
In our opinion the information given in the Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Report of the independent auditor to the members of Birmingham Technology (Venture Capital) Limited (continued)

## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- have not received all the information and explanations we require for our audit



David White  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Registered Auditor, Chartered Accountants  
Birmingham

Date 22/12/11

## Principal accounting policies

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

The accounting policies adopted remain unchanged from the previous year

### **Going concern**

The group has prepared cash flow forecasts to 31 December 2012, making certain assumptions, to assess the working capital requirement for that period. Birmingham City Council has agreed to provide a working capital facility to meet that requirement. Accordingly, in the directors' opinion it is appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that might be necessary should the company be unable to continue as a going concern.

### **Cash flow statement**

The director has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

### **Investments**

Investments in investee companies are stated at cost except where the directors become aware of any diminution in value, in which case a provision is made for such diminution.

### **Deferred taxation**

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax on defined benefit pension scheme surpluses or deficits is adjusted against these surpluses. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted at the balance sheet date.

### **Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.



## Profit and loss account

	Note	2011 £	2010 £
<b>Turnover</b>		-	-
Administrative expenses		(6,992)	(18,158)
Operating loss		(6,992)	(18,158)
Profit on disposal of fixed asset investments		-	7,450
Interest receivable and similar income	1	1,000	1,000
<b>Loss on ordinary activities before taxation</b>	2	(5,992)	(9,708)
Tax on loss on ordinary activities	3	-	60
<b>Loss for the financial year</b>	9	(5,992)	(9,648)

The results of the company arise entirely from the continuing activities of the company

The loss for the year includes all recognised gains and losses, consequently no statement of recognised gains and losses has been prepared

**The accompanying accounting policies and notes form part of these financial statements.**

## Balance sheet

	Note	2011 £	2010 £
<b>Fixed assets</b>			
Investments	4	<u>30,000</u>	<u>30,000</u>
<b>Current assets</b>			
Debtors	5	<u>13,835</u>	<u>22,468</u>
<b>Creditors amounts falling due within one year</b>	6	<u>(12,627)</u>	<u>(15,268)</u>
<b>Net current assets</b>		<u>1,208</u>	<u>7,200</u>
<b>Net assets</b>		<u>31,208</u>	<u>37,200</u>
<b>Capital and reserves</b>			
Called-up share capital	8	5,500	5,500
Profit and loss account	9	<u>25,708</u>	<u>31,700</u>
<b>Shareholders' funds</b>	10	<u>31,208</u>	<u>37,200</u>

These financial statements were approved by the directors and authorised for issue on 21 December 2011 and are signed on their behalf by

Councillor M Whitby  
 Director



Company Number 2188943

**The accompanying accounting policies and notes form part of these financial statements.**

## Notes to the financial statements

### **1 Interest receivable and similar income**

	2011	2010
	£	£
On loans to group undertakings	<u>1,000</u>	<u>1,000</u>

### **2 Loss on ordinary activities before taxation**

The loss on ordinary activities before taxation is stated after charging the following amounts

	2011	2010
	£	£
Management fee payable to group undertakings	4,692	14,500
Auditors' remuneration – audit fees	1,000	2,496
Auditors' remuneration – tax compliance fees	1,300	-
Profit on disposal of investment	<u>-</u>	<u>7,450</u>

None of the directors received any emoluments during the year in respect of their services to the company (2010 £nil). There were no employees paid by the company during either the current year or the prior year.

### **3 Tax on loss on ordinary activities**

Analysis of tax charge in the year

	2011	2010
	£	£
<b>Corporation tax</b>		
UK corporation tax on loss for the year	-	-
Adjustments to tax in respect of prior years	<u>-</u>	<u>(60)</u>
Total current tax	-	(60)
<b>Deferred tax</b>		
Current year charge (note 7)	<u>-</u>	<u>-</u>
Tax on loss on ordinary activities	<u>-</u>	<u>(60)</u>

The tax assessed for the year is lower (2010 higher) than the standard rate of corporation tax in the United Kingdom of 28% (2010 28%).

**3 Tax on loss on ordinary activities (continued)**

Factors affecting the tax charge for the year

	2011 £	2010 £
Loss on ordinary activities before taxation	(5,992)	(9,708)
Tax charge on loss on ordinary activities at the standard UK rate of corporation tax 28% (2010 28%)	(1,678)	(2,718)
Group relief	1,678	-
Expenses not deductible for tax purposes	-	(2,086)
Other timing differences	-	4,804
Adjustments in respect of prior years	-	(60)
Current tax charge for the year	-	(60)

Based on current capital investment plans, there are no significant factors that will affect the tax charge in future years

**4 Investments**

<b>Cost – equity shares</b>	£
At 31 March 2011 and 1 April 2010	252,000
<b>Provisions</b>	
At 31 March 2011 and 1 April 2010	222,000
<b>Net book amount</b>	
At 31 March 2011 and 31 March 2010	30,000

Investments in investee companies, all of which are incorporated in the United Kingdom and unlisted, are detailed as follows

Name of company	Shares at cost £	Details of share holding	Percentage holding
Tech-Ni-Plant Limited	252,000	9,608 Ordinary shares of £1 each 20,000 Cumulative redeemable preference shares of £1 each	41.6%

The directors consider the net book amount of the investments to be supported by their underlying assets

The unaudited capital and reserves of Tech-Ni-Plant Limited were £44,164 (2010 £40,639) at 31 March 2011 and the company made a profit of £377 (2010 £4,395) for the year ended 31 March 2011

**5 Debtors**

	2011	2010
	£	£
Amounts falling due within one year		
Amounts owed by group undertakings	<u>13,835</u>	<u>22,468</u>

Amounts owed by the group undertakings are repayable on demand. Interest was payable at 6% per annum (2010 6%). Intercompany balances are unsecured.

**6 Creditors: amounts falling due within one year**

	2011	2010
	£	£
Amounts owed to group undertakings	<u>12,627</u>	<u>15,268</u>

The amounts owed to group undertakings are repayable on demand. Interest was payable at 6% per annum during the year (2010 6%). Intercompany balances are unsecured.

**7 Deferred taxation**

	2011	2010
	£	£
Deferred tax asset 31 March 2011 and 1 April 2010	<u>-</u>	<u>-</u>

The unprovided deferred tax asset, at 26% (2010 28%), is as follows

	2011	2010
	£	£
Tax losses carried forward	4,159	66,964
Capital losses	200,800	215,667
Short term timing differences	57,720	-
	<u>262,679</u>	<u>282,631</u>

This asset has not been recognised at the year end due to uncertainty over the timing and nature of future profits.

**8 Called up share capital**

**Authorised share capital**

	2011	2010
	£	£
5,000 'A' Ordinary shares of £1 each	5,000	5,000
5,000 'B' Ordinary shares of £1 each	5,000	5,000
	<u>10,000</u>	<u>10,000</u>

**8 Called up share capital (continued)**

Allotted, called up and fully paid:

	2011 £	2010 £
5,000 'A' Ordinary shares of £1 each	5,000	5,000
500 'B' Ordinary shares of £1 each	500	500
	<u>5,500</u>	<u>5,500</u>

The company's shares carry the following rights

**'A' Ordinary, 'B' Ordinary shares**

An 'A' Ordinary shareholder is entitled to receive a notice of and to attend at any general meeting and has one vote on a show of hands and on a poll one vote for each 'A' Ordinary Share of which he is the holder. The 'B' Ordinary Shares have the same rights as the 'A' Ordinary Shares and rank *pari passu* with the 'A' Ordinary Shares.

**9 Profit and loss account**

	£
At 1 April 2010	31,700
Loss for the financial year	(5,992)
At 31 March 2011	<u>25,708</u>

**10 Reconciliation of movements in shareholders' funds**

	2011 £	2010 £
Opening shareholders' funds	37,200	46,848
Loss for the financial year	(5,992)	(9,648)
Closing shareholders' funds	<u>31,208</u>	<u>37,200</u>

**11 Ultimate parent undertaking and controlling party**

The company is part of the Birmingham Technology Limited group, which is the smallest group to consolidate these financial statements. The ultimate parent undertaking and controlling party is Birmingham City Council, which is the parent undertaking of the largest group to consolidate these financial statements. Copies of Birmingham Technology Limited's, and Birmingham City Council's consolidated financial statements can be obtained from the Company Secretary at Faraday Wharf, Holt Street, Aston Science Park, Birmingham B7 4BB.

**12 Related party disclosures**

The amounts owed to / from group companies, including subsidiary undertakings, are repayable on demand. Interest on these balances was payable and receivable at 6% (2010: 6%). The amounts of these transactions are shown in note 1. The company pays certain administration charges to Birmingham Technology Limited and other group companies, which amounted to £4,692 in the year ended 31 March 2011 (2010: £14,500).