

Birmingham Technology (Venture Capital)
Limited

Annual report and financial statements
for the year ended 30 June 2004

Registered number 2188943



Birmingham Technology (Venture Capital) Limited

Annual report and financial statements for the year ended 30 June 2004

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Birmingham Technology (Venture Capital) Limited

Directors' report for the year ended 30 June 2004

The directors present their report together with the audited financial statements of the company for the year ended 30 June 2004.

Principal activities

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

Results and trading

The results for the year are set out on page 4. The profit for the year of £131,401 (2003: £2,780) has been transferred to reserves. The directors do not propose to pay a dividend in respect of the financial year (2003: £nil).

Directors and their share interests

The directors during the year and up to the date of this report were:

ALS Jackson	(Resigned 2 March 2005)
Sir Albert Bore	(Appointed 2 March 2005)
KT Byrom	
K Hardeman	(Appointed 2 March 2005)
RJ Hudson	(Appointed 2 March 2005)
MT Wright	
R Ffello	(Resigned 2 March 2005)
N Dawkins	(Resigned 2 March 2005)

None of the directors had any interest (beneficial or otherwise) in the share capital of the company at 30 June 2004 or at any time during the year.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the company and of the profit or 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume 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.

Birmingham Technology (Venture Capital) Limited

Directors' report for the year ended 30 June 2004 (continued)

Auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By Order of the Board



DW HARRIS
Secretary
2 March 2005

Birmingham Technology (Venture Capital) Limited

Independent auditors' report to the members of Birmingham Technology (Venture Capital) Limited

We have audited the financial statements, which comprise the profit and loss account and the balance sheet and the related notes, which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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 issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 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 at 30 June 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Birmingham
2 March 2005

Birmingham Technology (Venture Capital) Limited

Profit and loss account for the year ended 30 June 2004

	Notes	2004 £	2003 £
Turnover:			
Directors' fees		7,200	7,400
Dividends Receivable	2	118,055	-
Interest receivable on loans to investee companies	3	3,507	4,500
Total turnover		128,762	11,900
Administrative expenses		(9,683)	(19,771)
Operating profit / (loss)		119,079	(7,871)
Provisions against fixed asset investments	7	-	(58,332)
Interest receivable	3	18,041	21,571
Profit / (loss) on ordinary activities before taxation	4	137,120	(44,632)
Tax on profit on ordinary activities	5	(5,719)	47,412
Profit on ordinary activities after taxation for the financial year	12	131,401	2,780

The notes on pages 7 to 16 form part of these accounts.

Movements on reserves are set out in note 12.

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

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

There is no difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis.

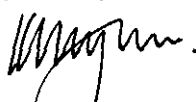
Birmingham Technology (Venture Capital) Limited

Balance sheet as at 30 June 2004

	Notes	2004 £	2003 £
Fixed assets			
Investments	7	186,229	236,229
Current assets			
Debtors	8	1,131,815	974,558
Creditors: amounts falling due within one year	9	(401,260)	(425,404)
Net current assets		730,555	549,154
Total assets less current liabilities		916,784	785,383
Provisions for liabilities and charges	10	-	-
Net Assets		916,784	785,383
Capital and reserves			
Called up share capital	11	1,605,500	1,605,500
Profit and loss account	12	(688,716)	(820,117)
Shareholders' funds		916,784	785,383
Analysed as:			
Equity interests		(683,216)	(814,617)
Non-equity interests		1,600,000	1,600,000
Shareholders' funds		916,784	785,383

The notes on pages 7 to 16 form part of these accounts.

Approved by the Board and signed on its behalf on 2 March 2005


KT Byrom
Director

Birmingham Technology (Venture Capital) Limited

Movement in shareholders' funds

	2004	2003
	£	£
Opening shareholders' funds	785,383	782,603
Profit for the financial year	131,401	2,780
Closing shareholders' funds	916,784	785,383

Birmingham Technology (Venture Capital) Limited

Notes to the financial statements for the year ended 30 June 2004

1 Accounting policies

Basis of preparation

The accounts are prepared under the historical cost convention, as modified by the valuation of investments set out in Note 1 below, and in accordance with applicable accounting standards.

Investments

Investments in investee companies are stated at cost except where the directors become aware of any diminution in value that they consider to be permanent, in which case provision is made for such diminution.

Having regard to the nature of the company's activities the directors do not consider that the company exercises any significant influence in respect of investments in which it holds in excess of 20% but not more than 50% of the voting share capital and as a consequence these companies are not treated as associates in the financial statements of the ultimate parent undertaking.

Turnover

Turnover represents income received and receivable in the year in respect of directors' fees, dividends and interest from investee companies.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatments for accounts and taxation purposes of events and transactions recognised in the financial statements of the current and previous years. Deferred taxation is calculated at the rates at which it is estimated that taxation will arise. Deferred taxation assets are recognised to the extent that it is regarded as more likely than not that there will be suitable taxable profits against which the deferred tax asset can be recovered in future periods.

Statement of cash flows

As the company qualifies as a small company, as defined in Section 247 Companies Act 1985, the company has exercised its right in accordance with Financial Reporting Standard 1 (Revised) not to produce a statement of cash flows.

2 Dividends Receivable

On 9 October 2003 the Company disposed of 50,000 preference shares held in The Logistics Business Limited. As part of this disposal, accrued preference share dividends of £118,055 not previously recognised in the profit & loss account, were paid by The Logistics Business Limited.

No accrual has been made for preference dividends in respect of the year ended 30 June 2004 due to the uncertain nature of such dividends.

Birmingham Technology (Venture Capital) Limited

Notes to the financial statements for the year ended 30 June 2004

3 Interest receivable

	2004	2003
	£	£
On money market deposits	18,041	21,571
On loans to investee companies	3,507	4,500
	21,548	26,071

4 Profit on ordinary activities before taxation

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

	2004	2003
	£	£
Management fee payable to parent undertaking	7,200	7,400
Auditors' remuneration		
- audit fees	1,650	1,392
- non-audit fees	850	1,128

None of the directors received any emoluments during the year in respect of their services to the company.

Apart from the directors, the company had no other employees.

Birmingham Technology (Venture Capital) Limited

Notes to the financial statements for the year ended 30 June 2004

5 Tax on profit on ordinary activities

Analysis of credit in year:

	2004	2003
	£	£
Current tax:		
UK corporation tax charge / (credit) on profits / (losses) of the period	-	(47,412)
Deferred tax:		
Current year charge	5,719	-
Tax on profit / (loss) for the year	5,719	(47,412)

Factors affecting tax charge for the year:

	2004	2003
	£	£
(Loss)/profit on ordinary activities before tax	137,120	(44,632)
Tax charge/(credit) on profit/(loss) on ordinary activities at the standard UK rate of corporation tax 30% (2003:30%)	41,136	(13,390)
Effects of:		
Expenses not deductible for tax purposes	(35,416)	(34,022)
Utilisation of tax losses brought forward	(5,720)	-
Current tax charge for the period	-	(47,412)

Excess management expenses carried forward for relief against future profits amount to £nil at 30 June 2004 (30 June 2003: £nil).

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

Birmingham Technology (Venture Capital) Limited

Notes to the financial statements for the year ended 30 June 2004

6 Dividends paid and proposed

Birmingham City Council and Lloyds Bank PLC may jointly, but not otherwise, waive or postpone the payment of any dividend in respect of the Cumulative Redeemable Preference Shares held by them.

The following preference dividends have been waived:

	Paid and proposed	Total due	Waived
	£	£	£
Period ended:			
31 March 1988	-	26,196	26,196
30 June 1989	90,556	149,400	58,844
30 June 1990	-	149,400	149,400
30 June 1991	-	149,400	149,400
30 June 1992	-	149,400	149,400
30 June 1993	-	149,400	149,400
30 June 1994	-	149,400	149,400
30 June 1995	-	149,400	149,400
30 June 1998	-	149,400	149,400
30 June 1999	-	149,400	149,400
30 June 2000	-	149,400	149,400
30 June 2001	-	149,400	149,400
30 June 2002	-	149,400	149,400
30 June 2003	-	149,400	149,400
30 June 2004	-	149,400	149,400

Birmingham Technology (Venture Capital) Limited

Notes to the financial statements for the year ended 30 June 2004

7 Fixed asset investments

	Shares at cost	Investee companies Loans	Total
Cost	£	£	£
At 30 June 2003	490,561	51,000	541,561
Investments disposed of in year – Redemption of Preference shares	(50,000)	-	(50,000)
At 30 June 2004	440,561	51,000	491,561
Provisions			
At 30 June 2003	289,421	15,911	305,332
Transfers	15,000	(15,000)	-
Written back on investments disposed of in year	-	-	-
Charge in year	-	-	-
At 30 June 2004	304,421	911	305,332
Net book amount			
At 30 June 2004	136,140	50,089	186,229
At 30 June 2003	201,140	35,089	236,229

In October 2003, the Company disposed of 50,000 preference shares in the Logistics Business Ltd at par. Consideration received was £50,000, with the Company recording no profit or loss on disposal.

Birmingham Technology (Venture Capital) Limited

Notes to the financial statements for the year ended 30 June 2004

7 Fixed asset investments (continued)

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

Name of company	30 June 2003		Details of share holding	Percentage holding
	Shares at cost	Loans		
	£	£		
Tech-Ni-Plant Limited	252,000	-	9,608 Ordinary shares of £1 each 20,000 Cumulative redeemable preference shares of £1 each	41.6%
AD2 Limited	105,561	-	100,000 Ordinary shares of £1 each	100%
The Logistics Business Limited	72,000	50,000	22,000 Ordinary shares of £1 each 100,000 Preference shares of £1 each	40%
Investor Champions plc (formerly Business Angels Limited)	11,000	1,000	60,000 Ordinary shares of 5p each	2%
	440,561	51,000		

The directors have made provisions for permanent diminution in the value of investments. Because of the uncertain nature of the investments, it is not possible to determine, in the opinion of the directors, whether any further provision for permanent diminution in value is necessary.

Birmingham Technology (Venture Capital) Limited

Notes to the financial statements for the year ended 30 June 2004

8 Debtors

	2004	2003
	£	£
Amounts owed by the parent undertaking	1,033,022	861,586
Other debtors	32,851	43,118
Prepayments and accrued income	65,942	61,394
Trade Debtors	-	8,460
	1,131,815	974,558

Included within other debtors is £32,851 (2003: £38,750) of deferred tax recoverable on tax losses brought forward.

9 Creditors: amounts falling due within one year

	2004	2003
	£	£
Loans:		
Birmingham City Council	200,000	200,000
Lloyds Bank plc	200,000	200,000
Amounts owed to fellow subsidiary undertakings	-	21,624
Group tax relief payable	1,260	1,260
Accruals and deferred income	-	2,520
	401,260	425,404

Both loans are repayable on demand. Interest is payable at an annual rate of 1% over the Lloyds Bank Plc base rate. However by agreement with both lenders, no interest has been charged during the year.

Birmingham Technology (Venture Capital) Limited

Notes to the financial statements for the year ended 30 June 2004

10 Provisions for liabilities and charges

Deferred taxation

The full provision for deferred taxation, calculated on the liability method at 30% (2003: 30%), is as follows:

	2004	2003
	£	£
Tax losses carried forward	(32,851)	(38,570)

Unprovided deferred tax assets amount to £91,600 (2003: £91,648) and arise on short term timing differences.

11 Called up share capital

	2004	2003
	£	£
Authorised:		
Equity		
'A' Ordinary shares of £1 each	5,000	5,000
'B' Ordinary shares of £1 each	5,000	5,000
Non-equity		
12.45% (9.3375% net) Cumulative Redeemable Preference shares of £1 each	1,600,000	1,600,000
	1,610,000	1,610,000

Birmingham Technology (Venture Capital) Limited

Notes to the financial statements for the year ended 30 June 2004

11 Called up share capital (continued)

	2004	2003
	£	£
Allotted and fully paid:		
Equity		
'A' Ordinary shares of £1 each	5,000	5,000
'B' Ordinary shares of £1 each	500	500
Non-equity		
12.45% (9.3375% net) Cumulative Redeemable Preference shares of £1 each	1,600,000	1,600,000
	1,605,500	1,605,500

The company's shares carry the following rights:

'A' Ordinary and 'B' Ordinary shares of £1 each

The 'A' Ordinary Shares and the 'B' Ordinary Shares of £1 each in the capital of the Company rank pari passu with each other and every 'A' and 'B' 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' and one vote for each 'B' Ordinary Share of which he is the holder.

Without the prior consent in writing of the holders of all the Preference Shares until all the Preference Shares have been redeemed the 'A' and 'B' Ordinary Shares are not entitled to any distribution or dividend other than the right in a winding up to full participation in assets after repayment of the capital paid up or credited as paid up on the Preference Shares and payment of all arrears and accumulations of preferential dividend.

Cumulative Redeemable Preference shares of £1 each

Holders of the Cumulative Redeemable Preference Shares ("The Preference Shares") are entitled to a payment of dividend 12.45% (gross) on the amount paid up, or credited as paid up, on the Preference Shares payable half yearly in arrears on 30 June and 31 December in each year.

The Preference Shares do not entitle the holders to any further or other participation in the profits of the company.

The holders of the Preference Shares are entitled to the repayment of the capital and all arrears and accumulations of preferential dividend in the case of the company being wound up. The Preference Shares do not entitle the holders to participate in any of the company's remaining assets.

The Preference Shares do not carry any voting rights.

Birmingham Technology (Venture Capital) Limited

Notes to the financial statements for the year ended 30 June 2004

12 Profit and loss account

	2004	2003
	£	£
At 30 June 2003 as previously reported	(820,117)	(822,897)
Profit for the year	131,401	2,780
At 30 June 2004	(688,716)	(820,117)

13 Parent undertaking

The ultimate parent undertaking and controlling party is Birmingham Technology Limited, a company incorporated in Great Britain. A copy of the group accounts can be obtained from the Company Secretary, Birmingham Technology Limited, Aston Science Park, Faraday Wharf, Holt Street, Birmingham B7 4BB.

14 Related party disclosures

The company has taken advantage of the exemption under Financial Reporting Standard 8 relating to 90% subsidiary undertakings and has not disclosed details of transactions with other undertakings within the Birmingham Technology Limited group.