

**BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED**  
**(REGISTERED NUMBER 2188943)**

**DIRECTORS' REPORT AND ACCOUNTS**

**30 June 2001**



# **BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2001**

The directors present their report together with the audited financial statements of the company for the year ended 30 June 2001.

### **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 £40,071 (2000 loss: £536) has been transferred to reserves.

The directors do not propose to pay a dividend in respect of the financial year.

### **DIRECTORS AND THEIR SHARE INTERESTS**

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

ALS Jackson	(Chairman)
Sir Albert Bore	(appointed 30 January 2000, resigned 30 October 2001)
KT Byrom	
MT Wright	
G Coyne	(resigned 10 October 2000)
A Kennedy	(appointed 10 October 2000, resigned 30 January 2001, re-appointed 30 October 2001)

None of the directors had any interest (beneficial or otherwise) in the share capital of the company at 30 June 2001 or at any time during the year.

## **BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2001 (CONTINUED)**

#### **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.

#### **AUDITORS**

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

PricewaterhouseCoopers, have indicated their willingness to be re-appointed.

By Order of the Board



DW HARRIS  
Secretary

**4 MAR 2002**

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Birmingham B4 6JT  
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## AUDITORS' REPORT TO THE MEMBERS OF BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

### Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established by statute in the United Kingdom, the Auditing Practices Board and our profession's ethical guidance.

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. 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 mis-statements or material inconsistencies with the financial statements.

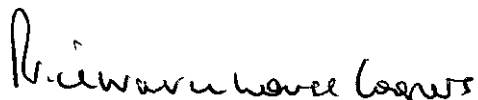
### Basis of opinion

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 mis-statement, 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 as at 30 June 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**  
**Chartered Accountants**  
**and Registered Auditors**

**4 MAR 2002**

# **BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED**

## **PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2001**

	<u>Notes</u>	<u>2001</u> £	<u>2000</u> £
<b>TURNOVER</b>			
Directors' fees		7,200	7,200
Interest receivable on loans to investee companies	2	<u>4,500</u>	<u>4,301</u>
		11,700	11,501
Provisions against fixed asset investments	6	-	(26,000)
Administrative expenses		<u>(11,083)</u>	<u>(27,451)</u>
<b>OPERATING PROFIT/(LOSS)</b>		617	(41,950)
Interest receivable	2	<u>39,454</u>	<u>41,414</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	40,071	(536)
Tax on profit/(loss) on ordinary activities	4	<u>-</u>	<u>-</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR</b>	11	<u>40,071</u>	<u>(536)</u>

The notes on pages 7 to 13 form part of these accounts.

Movements on reserves are set out in note 11.

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 2001

	<u>Notes</u>	<u>2001</u> £	<u>2000</u> £
<b>FIXED ASSETS</b>			
Investments	6	<u>289,000</u>	<u>289,000</u>
<b>CURRENT ASSETS</b>			
Debtors	7	917,610	552,869
Cash at bank		<u>-</u>	<u>333,496</u>
		917,610	886,365
<b>CREDITORS (amounts falling due within one year)</b>	8	<u>(474,371)</u>	<u>(483,197)</u>
<b>NET CURRENT ASSETS</b>		443,239	403,168
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>732,239</u>	<u>692,168</u>
Provisions for liabilities and charges	9	<u>-</u>	<u>-</u>
		<u>732,239</u>	<u>692,168</u>
<b>CAPITAL AND RESERVES</b>			
Called up equity share capital	10	5,500	5,500
Profit and loss account	11	<u>(873,261)</u>	<u>(913,332)</u>
<b>Equity shareholders' funds</b>		(867,761)	(907,832)
<b>Non-equity shareholders' funds</b>	10	<u>1,600,000</u>	<u>1,600,000</u>
<b>TOTAL SHAREHOLDERS FUNDS</b>		<u>732,239</u>	<u>692,168</u>

The notes on pages 7 to 13 form part of these accounts.

Approved by the Board and signed on its behalf on **4 MAR 2002**

ALS Jackson  
DIRECTOR

# **BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED**

## **MOVEMENT IN SHAREHOLDERS' FUNDS**

	<u>2001</u> £	<u>2000</u> £
Profit/(loss) for the financial year	40,071	(536)
<b>NET INCREASE/(DECREASE) TO SHAREHOLDERS' FUNDS</b>	40,071	(536)
<b>OPENING SHAREHOLDERS' FUNDS</b>	<u>692,168</u>	<u>692,704</u>
<b>CLOSING SHAREHOLDERS' FUNDS</b>	<u>732,239</u>	<u>692,168</u>

# BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2001

### 1 ACCOUNTING POLICIES

#### (1) Basis of preparation

The accounts are prepared under the historical cost convention, as modified by the valuation of investments set out in Note 1 (2) below, and in accordance with applicable accounting standards.

#### (2) 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. Provisions are made in accordance with the guidelines issued in March 1991 by the British Venture Capital Association.

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 associated undertakings, being those in which the company holds in excess of 20% but not more than 50% of the voting share capital. The company's share of associated companies' post acquisition profits and losses is not therefore reflected in the financial statements. Furthermore, as the shareholders of the company have regular access to financial information on investee companies, the directors consider that disproportionate expense and undue delay would be incurred by disclosing details of investee companies on the equity basis of accounting.

#### (3) Turnover

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

#### (4) Deferred taxation

Deferred taxation relating to capital allowances and other timing differences are only provided in the financial statements where there is a reasonable probability that taxation will become payable in the foreseeable future.

#### (5) 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 not to produce a statement of cash flows.

### 2 INTEREST RECEIVABLE

	<u>2001</u>	<u>2000</u>
	£	£
On money market deposits	39,454	41,414
On loans to investee companies	<u>4,500</u>	<u>4,301</u>
	<u>43,954</u>	<u>45,715</u>

# BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2001 (CONTINUED)

### 3 PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit/(loss) on ordinary activities before taxation is stated after charging the following amounts:

	<u>2001</u>	<u>2000</u>
	£	£
Management fee payable to parent undertaking	17,640	17,160
Auditors' remuneration		
- audit fees	1,200	4,910
- non-audit fees	1,000	5,366
Amounts written off fixed asset investments	-	(26,000)
	<u>          </u>	<u>          </u>

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.

### 4 TAX ON LOSS ON ORDINARY ACTIVITIES

There is no tax charge on the profit for the year.

Excess management expenses carried forward for relief against future profits amount to £125,637 at 30 June 2001. (£165,708 at 30 June 2000).

### 5 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:

	<u>Paid and</u>	<u>Total</u>	<u>Waived</u>
	proposed	due	£
	£	£	£
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	<u>-</u>	<u>149,400</u>	<u>149,400</u>

# BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2001 (CONTINUED)

### 6 FIXED ASSET INVESTMENTS

<u>Cost</u>	<u>Investee companies</u>		<u>Total</u>
	<u>Shares at cost</u>	<u>Loans</u>	
	£	£	£
At 30 June 2000	610,900	97,000	707,900
Movement in year	-	-	-
At 30 June 2001	<u>610,900</u>	<u>97,000</u>	<u>707,900</u>
<u>Provisions</u>			
At 30 June 2000	357,900	61,000	418,900
Charge	-	-	-
At 30 June 2001	<u>357,900</u>	<u>61,000</u>	<u>418,900</u>
<u>Net book amount</u>			
At 30 June 2001	<u>253,000</u>	<u>36,000</u>	<u>289,000</u>
At 30 June 2000	<u>253,000</u>	<u>36,000</u>	<u>289,000</u>

# BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2001 (CONTINUED)

### 6 FIXED ASSET INVESTMENTS (CONTINUED)

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

<u>Name of company</u>	<u>30 June 2001</u>		<u>Details of share holding</u>	<u>Per-centage holding</u>
	<u>Shares at cost</u> £	<u>Loans</u> £		
Tech-Ni-Plant Limited	252,000	-	9,608 Ordinary shares of £1 each 20,000 Cumulative redeemable preference shares of £1 each	41.6%
Management and Control Technology Associates Limited	37,000	46,000	37,000 Cumulative redeemable preference shares of £1 each	-
Cimtel Limited	88,900	-	43,350 Ordinary shares of £1 each	26.8%
AD2 Limited	100,000	-	100,000 Ordinary shares of £1 each	50%
The Logistics Business Limited	122,000	50,000	22,000 Ordinary shares of £1 each 100,000 Preference shares of £1 each	40%
Business Angels Bureau Ltd	11,000	1,000	20,000 Ordinary shares of 50p each 1,000 Ordinary shares of £1 each	2%
	<u>610,900</u>	<u>97,000</u>		

The directors have made provisions for permanent diminution in the value of investments, in accordance with the guidelines issued in March 1991 by the British Venture Capital Association. Because of the nature of the investments, many of which are at an early stage of development, 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 - 30 JUNE 2001 (CONTINUED)**

### **7 DEBTORS**

	<u>2001</u>	<u>2000</u>
	£	£
Trade debtors	-	10,879
Amounts owed by the parent undertaking	900,621	535,483
Other debtors	2,748	2,811
Prepayments and accrued income	<u>14,241</u>	<u>3,696</u>
	917,610	552,869
	<u>          </u>	<u>          </u>

### **8 CREDITORS (amounts falling due within one year)**

	<u>2001</u>	<u>2000</u>
	£	£
Loans:		
City of Birmingham District Council	200,000	200,000
Lloyds Bank plc	200,000	200,000
Amounts owed to fellow subsidiary undertakings	21,624	21,624
Group tax relief payable	48,672	48,672
Accruals and deferred income	<u>4,075</u>	<u>12,901</u>
	474,371	483,197
	<u>          </u>	<u>          </u>

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 - 30 JUNE 2001 (CONTINUED)

### 9 PROVISIONS FOR LIABILITIES AND CHARGES

#### Deferred taxation

There is no provision for deferred tax (2000 - £Nil).

The full potential deferred taxation, calculated on the liability method at 30% (2000 - 30%), is as follows:

	<u>2001</u>	<u>2000</u>
	£	£
Accelerated capital allowances	-	(280)
Surplus management expenses carried forward	(37,691)	(49,712)
	<u>(37,691)</u>	<u>(49,992)</u>

### 10 CALLED UP SHARE CAPITAL

#### Authorised:

##### Equity

'A' Ordinary shares of £1 each

'B' Ordinary shares of £1 each

##### Non-equity

12.45% (9.3375% net) Cumulative Redeemable

Preference shares of £1 each

#### Allotted and fully paid:

##### Equity

'A' Ordinary shares of £1 each

'B' Ordinary shares of £1 each

##### Non-equity

12.45% (9.3375% net) Cumulative Redeemable

Preference shares of £1 each

	<u>2001</u>	<u>2000</u>
	£	£
	5,000	5,000
	5,000	5,000
	1,600,000	1,600,000
	1,610,000	1,610,000
	<u>1,610,000</u>	<u>1,610,000</u>
	5,000	5,000
	500	500
	1,600,000	1,600,000
	1,605,500	1,605,500
	<u>1,605,500</u>	<u>1,605,500</u>

# **BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2001 (CONTINUED)**

### **10 CALLED UP SHARE CAPITAL (CONTINUED)**

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.

### **11 PROFIT AND LOSS ACCOUNT**

	<u>2001</u> £
At 30 June 2000	(913,332)
Profit for the year	<u>40,071</u>
At 30 June 2001	<u>(873,261)</u>

### **12 PARENT UNDERTAKING**

The parent undertaking 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.

### **13 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.