

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

DIRECTORS' REPORT AND ACCOUNTS

30 June 1991

COMPANIES HOUSE

12 FEB 1992

62

BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1991

The directors present their report together with the audited financial statements of the company for the year ended 30 June 1991.

PRINCIPAL ACTIVITIES

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

RESULTS AND TRADING

The results for the year are set out on page 3.

DIRECTORS AND THEIR SHARE INTERESTS

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

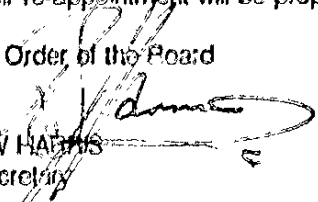
ALS Jackson	(Chairman)
HA Nicholls	(Managing director)
JA Blair	
A Bore	
PJ Custis CBE	
D Hartshorne	
MC Mogano	(resigned 30 July 1991)
NW Shaw	(appointed 30 July 1991)

None of the directors had any interest (beneficial or otherwise) in the share capital of the company at 30 June 1991 or at any time during the year

AUDITORS

The auditors, Price Waterhouse, have indicated their willingness to be re-appointed. A resolution for their re-appointment will be proposed at the Annual General Meeting.

By Order of the Board


DW HARRIS
Secretary

22 October 1991

Price Waterhouse



**AUDITORS' REPORT TO THE MEMBERS OF
BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED**

We have audited the financial statements on pages 3 to 13 in accordance with Auditing Standards.

The company's investments are stated at cost and, as explained in Note 1(2) to the financial statements, the directors policy is to make provision for diminution in value of the investments which is considered permanent. As explained in note 6, it is not possible to determine whether any further provision for permanent diminution in value is necessary.

Subject to the foregoing, in our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 June 1991 and of its loss and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse.

PRICE WATERHOUSE

Chartered Accountants and Registered Auditor

22 October 1991

BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1991

	<u>Notes</u>	<u>1991</u>	<u>1990</u>
TURNOVER			
Directors' fees		33,105	33,917
Interest receivable on loans to investee companies	2	54,357	49,018
Other operating income		<u>57,778</u>	<u>-</u>
		145,240	82,935
Administrative expenses		(136,000)	(89,615)
Amounts written off investments	6	<u>(250,941)</u>	<u>(148,500)</u>
OPERATING LOSS		(241,701)	(155,180)
Interest receivable	2	<u>80,159</u>	<u>93,952</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(161,542)	(61,228)
Tax on loss on ordinary activities	4	<u>(54,347)</u>	<u>(40,569)</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR		<u>(£215,889)</u>	<u>(£101,797)</u>

BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED

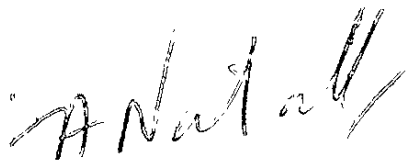
BALANCE SHEET AS AT 30 JUNE 1991

	<u>Notes</u>	<u>1991</u>	<u>1990</u>
FIXED ASSETS			
Investments	6	<u>1,107,222</u>	<u>1,268,163</u>
CURRENT ASSETS			
Debtors	7	234,034	122,470
Cash at bank	8	<u>448,650</u>	<u>575,833</u>
		682,684	698,303
CREDITORS (amounts falling due within one year)	9	<u>(497,537)</u>	<u>(458,821)</u>
NET CURRENT ASSETS		<u>185,147</u>	<u>239,482</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,292,369	1,507,645
PROVISIONS FOR LIABILITIES AND CHARGES	10	<u>(4,555)</u>	<u>(3,942)</u>
		<u>£1,287,814</u>	<u>£1,503,703</u>
CAPITAL AND RESERVES			
Called up share capital	11	1,605,500	1,605,500
Profit and loss account	12	<u>(317,686)</u>	<u>(101,797)</u>
		<u>£1,287,814</u>	<u>£1,503,703</u>

Approved by the Board on 22 October 1991 and signed on its behalf

DIRECTOR

H A Nicholls



BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED

SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 30 JUNE 1991

	<u>1991</u>	<u>1990</u>
OPERATING ACTIVITIES		
Operating loss before interest and tax	(241,701)	(155,180)
Provisions for permanent diminution in value of investments	250,941	148,500
(Increase)/decrease in working capital*	(114,132)	(18,451)
Interest receivable	80,159	93,952
Group tax relief paid	(12,450)	(40,253)
Loss on disposal of fixed asset investments	<u>84,659</u>	<u>13,884</u>
	<u>47,476</u>	<u>42,452</u>
INVESTING ACTIVITIES		
Proceeds from disposal of fixed asset investments	150,341	43,651
Purchase of fixed asset investments	(341,000)	(247,000)
Loans repaid	<u>16,000</u>	<u>-</u>
	<u>(174,659)</u>	<u>(203,349)</u>
FINANCING ACTIVITIES		
Dividend paid	-	(37,353)
	<u>-</u>	<u>-</u>
NET (OUTFLOW) OF FUNDS	<u>(£127,183)</u>	<u>(£198,247)</u>
MOVEMENTS IN NET LIQUID FUNDS		
Money market deposits	<u>(127,183)</u>	<u>(198,247)</u>
	<u>(£127,183)</u>	<u>(£198,247)</u>
 * (Increase)/decrease in working capital		
Debtors	(52,110)	(12,268)
Inter-group	(60,058)	(6,533)
Creditors	<u>(1,964)</u>	<u>350</u>
	<u>(£114,132)</u>	<u>(£18,451)</u>

BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 1991

1 ACCOUNTING POLICIES

(1) Accounting convention

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 is only provided in the financial statements where there is a reasonable probability that taxation will become payable in the foreseeable future.

2 INTEREST RECEIVABLE

	<u>1991</u>	<u>1990</u>
On money market deposits	80,159	93,952
On loans to investee companies	<u>54,357</u>	<u>49,018</u>
	<u>£134,516</u>	<u>£142,970</u>

BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 1991 (CONTINUED)

3 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	<u>1991</u>	<u>1990</u>
	£	£
Management fee payable to holding company	55,283	54,460
Auditors' remuneration	4,000	3,504
Loss on disposal of fixed asset investments	84,659	13,884
Amounts written off fixed asset investments	250,941	148,500
	<u> </u>	<u> </u>

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

4 TAX ON LOSS ON ORDINARY ACTIVITIES

	<u>1991</u>	<u>1990</u>
Group relief payable	53,130	32,242
Adjustments in respect of prior years	(3,795)	3,795
Deferred tax (note 10)	<u>5,012</u>	<u>4,532</u>
	<u>£54,347</u>	<u>£40,569</u>

5 DIVIDENDS PAID AND PROPOSED

Birmingham District 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>Waived</u>	<u>Total</u>
	£	£	£
Period ended:			
31 March 1988	-	26,196	26,196
30 June 1989	90,556	58,844	149,400
30 June 1990	-	149,400	149,400
30 June 1991	-	149,400	149,400
	<u> </u>	<u> </u>	<u> </u>

BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 1991 (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 1990	1,046,663	370,000	1,416,663
Additions	182,242	158,758	341,000
Disposals and repayments	<u>(160,000)</u>	<u>(91,000)</u>	<u>(251,000)</u>
At 30 June 1991	<u>1,068,905</u>	<u>437,758</u>	<u>1,506,663</u>
 <u>Provisions</u>			
At 30 June 1990	75,000	73,500	148,500
Charge for the year	<u>163,231</u>	<u>87,690</u>	<u>250,941</u>
At 30 June 1991	<u>238,231</u>	<u>161,190</u>	<u>399,441</u>
 <u>Net book amount</u>			
At 30 June 1991	<u>£830,654</u>	<u>£276,568</u>	<u>£1,107,222</u>
At 30 June 1990	<u>£971,663</u>	<u>£296,500</u>	<u>£1,268,163</u>

BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 1991 (CONTINUED)

6 FIXED ASSET INVESTMENTS (CONTINUED)

Investments in investee companies, all of which are incorporated in Great Britain and unlisted, are detailed as follows:

Name of company	At 30 June 1991		Details of share holding	Percentage holding
	Shares at cost	Loans		
Techconix UK Limited	141,005	67,758	5,945 'B' Ordinary shares of £1 each 100,000 Cumulative redeemable preference shares of £1 each	49%
Tech-Ni-Plant Limited	252,000	-	9,608 Ordinary shares of £1 each 20,000 Cumulative redeemable preference shares of £1 each	49%
Management and Control Technology Associates Limited	37,000	61,000	37,000 Cumulative redeemable preference shares of £1 each	-
Cimtel Limited	88,900	-	43,350 Ordinary shares of £1 each	28.9%
Aston Molecules	160,000	-	894 Cumulative convertible participating preferred ordinary shares of £1 each	35%
Forward	678,905	128,758		

BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 1991 (CONTINUED)

6 FIXED ASSET INVESTMENTS (CONTINUED)

Name of company	At 30 June 1991		Details of share holding	Percentage holding
	Shares at cost	Loans		
Forward	678,905	128,758		
Walmsley Microsystems Limited	20,000	61,000	9,500 Ordinary shares of £1 each	33.3%
AD2 Limited	100,000	-	100,000 Ordinary shares of £1 each	50%
Comendec Limited	150,000	198,000	150,000 Cumulative convertible redeemable preference shares of £1 each	35%
HDL Fluid Dynamics Limited	120,000	40,000	120,000 Ordinary shares of £1 each	45%
Shenel Limited	-	10,000	-	-
	<u>£1,068,905</u>	<u>£437,758</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.

7 DEBTORS

	1991	1990
Trade debtors	40,366	52,083
Amounts owed by group undertakings	60,659	-
Other debtors	37,115	28,922
Advance corporation tax recoverable	15,929	16,533
Prepayments and accrued income	<u>89,566</u>	<u>24,932</u>
	<u>£234,034</u>	<u>£122,470</u>

BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 1991 (CONTINUED)

8 CASH AT BANK

	<u>1991</u>	<u>1990</u>
Money market deposits	£448,650	£575,833

9 CREDITORS (amounts falling due within one year)

	<u>1991</u>	<u>1990</u>
Loans:		
City of Birmingham District Council	200,000	200,000
Lloyds Bank Plc	200,000	200,000
Amounts owed to group undertakings	-	6,129
Group tax relief payable	85,372	32,242
Other taxation (VAT)	8,165	4,500
Advance corporation tax	-	12,450
Accruals and deferred income	<u>4,000</u>	<u>3,500</u>
	<u>£497,537</u>	<u>£458,821</u>

Both loans are repayable on demand. Interest is repayable 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.

10 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation

	<u>1991</u>	<u>1990</u>
At 30 June 1990	13,799	9,267
Profit and loss account (note 4)	<u>5,012</u>	<u>4,532</u>
At 30 June 1991	18,811	13,799
Advance corporation tax	<u>(14,256)</u>	<u>(1,552)</u>
	<u>£4,555</u>	<u>£3,942</u>

BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 1991 (CONTINUED)

10 PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

Deferred taxation (Continued)

The potential deferred taxation, calculated on the liability method at 33% (1990 - 35%), is as follows:

	<u>1991</u>	<u>1990</u>
Short term timing differences	18,811	13,799
Advance corporation tax	(14,256)	(9,857)
	<u>£4,555</u>	<u>£3,942</u>

11 CALLED UP SHARE CAPITAL

	<u>1991</u>	<u>1990</u>
Authorised:		
'A' Ordinary shares of £1 each	5,000	5,000
'B' Ordinary shares of £1 each	5,000	5,000
12.45% (9.3375% net) Cumulative Redeemable Preference shares of £1 each	<u>1,600,000</u>	<u>1,600,000</u>
	<u>£1,610,000</u>	<u>£1,610,000</u>
Allotted and fully paid:		
'A' Ordinary shares of £1 each	5,000	5,000
'B' Ordinary shares of £1 each	500	500
12.45% (9.3375% net) Cumulative Redeemable Preference shares of £1 each	<u>1,600,000</u>	<u>1,600,000</u>
	<u>£1,605,500</u>	<u>£1,605,500</u>

12 PROFIT AND LOSS ACCOUNT

	<u>1991</u>
At 30 June 1989	(101,737)
Loss for the year	<u>(215,159)</u>
At 30 June 1991	<u>(£317,696)</u>

BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 1991 (CONTINUED)

13 COMMITMENTS

The company has undertaken to make further investments amounting to £80,000 in one investee company.

14 HOLDING COMPANY

The ultimate holding company 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, Love Lane, Birmingham B7 4BJ.