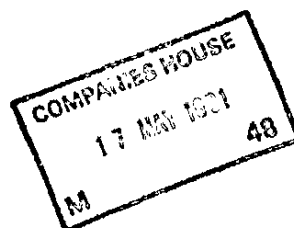


REG. NO. 2188943

BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED

30 June 1990



BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED

DIRECTORS' REPORT

The directors present their report together with the audited financial statements of the company for the year ended 30 June 1990.

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 period 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	

None of the directors had any interest (beneficial or otherwise) in the share capital of the company at 30 June 1990 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

12 February 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 2(2) to the financial statements, the directors policy is to make provision for diminution in value of the investments which is considered permanent when losses are identified. 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 1990 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

12 February 1990

BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 1990

		Year ended 30 June 1990	15 months ended 31 June 1989
	<u>Notes</u>		
TURNOVER			
Directors' fees		33,917	35,978
Dividends receivable		-	9,534
Interest receivable on loans to tenants	2	<u>49,018</u>	<u>50,733</u>
		82,935	96,045
Administrative expenses		(89,615)	(65,915)
Interest receivable	2	93,952	109,946
Amounts written off investments	6	<u>(148,500)</u>	<u>-</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(61,228)	140,076
Tax on (loss)/profit on ordinary activities	4	<u>(40,569)</u>	<u>(49,520)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		(101,797)	90,556
Dividends paid and proposed	5	<u>-</u>	<u>(90,556)</u>
LOSS FOR THE FINANCIAL YEAR	12	<u>(£101,797)</u>	<u>£-</u>

BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED

BALANCE SHEET AS AT 30 JUNE 1990

	<u>Notes</u>	<u>1990</u>	<u>1989</u>
FIXED ASSETS			
Investments	6	1,268,163	1,227,192
CURRENT ASSETS			
Debtors	7	122,470	121,537
Cash at bank	8	575,833	774,080
		698,303	895,617
CREDITORS: Amounts falling due within one year	9	(458,821)	(510,365)
NET CURRENT ASSETS		239,482	385,252
TOTAL ASSETS LESS CURRENT LIABILITIES		£1,507,645	£1,612,450
PROVISIONS FOR LIABILITIES AND CHARGES	10	3,942	6,950
CAPITAL AND RESERVES			
Called up share capital	11	1,505,500	1,605,500
Profit and loss account	12	(101,797)	-
		£1,507,645	£1,612,450

Approved by the Board on 12 February 1991 and signed on its behalf

DIRECTORS

D Hartshorne
HA Nicholls

D Hartshorne
HA Nicholls

BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED

SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 30 JUNE 1990

	<u>1990</u>	<u>1989</u>
SOURCE OF FUNDS		
Profit/(loss) before taxation	(61,228)	140,076
Adjustment for items not involving the movement of funds:		
Amounts written off fixed asset investments	148,500	-
Loss on disposal of fixed asset investments	<u>13,884</u>	<u>-</u>
FUNDS GENERATED FROM OPERATIONS	101,156	140,076
OTHER SOURCES		
Proceeds from disposal of fixed asset investments	43,651	-
Loans received	-	400,000
Shares issued	<u>-</u>	<u>1,605,498</u>
	144,807	2,145,574
APPLICATION OF FUNDS		
Purchase of fixed asset investments	(247,000)	(1,227,198)
Dividend paid	(37,350)	(53,206)
Advance corporation tax paid	-	(17,735)
Group relief paid	<u>(40,253)</u>	<u>-</u>
	(£179,796)	£847,435
INCREASE/(DECREASE) IN WORKING CAPITAL		
Debtors	12,268	123,852
Group	6,533	-
Creditors	(350)	(50,497)
INCREASE/(DECREASE) IN NET LIQUID FUNDS	<u>(198,247)</u>	<u>774,080</u>
	(£179,796)	£847,435

BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1990

1 ACCOUNTING POLICIES

(1) Accounting convention

The accounts are prepared under the historical cost convention.

(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.

Having regard to the nature of the company's activities the directors do not consider the company exercises any significant influence in respect of related companies (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 related companies' post acquisition profits and losses is not therefore reflected in the financial statements.

(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>1990</u>	<u>1989</u>
On money market deposits	93,952	109,946
On loans to investee companies	<u>49,018</u>	<u>50,533</u>
	<u>£142,970</u>	<u>£160,479</u>

BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 1990 (CONTINUED)

3 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	<u>1990</u>	<u>1989</u>
	£	£
Management fee payable to holding company	54,460	54,784
Auditors' remuneration	3,504	3,000
Loss on disposal of fixed asset investments	13,884	-
Amounts written off fixed asset investments	148,500	-

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

4 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	<u>1990</u>	<u>1989</u>
Group relief payable	32,242	40,253
Adjustments in respect of prior years	3,795	-
Deferred tax (note 10)	<u>4,532</u>	<u>9,267</u>
	<u>£40,569</u>	<u>£49,520</u>

5 DIVIDENDS PAID AND PROPOSED

	<u>1990</u>	<u>1989</u>
Preference dividends paid and proposed	£-	£90,556

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 proposed</u>	<u>Waived</u>	<u>Total due</u>
Year ended 31 March 1988	£-	£26,196	£26,196
Fifteen months ended 30 June 1989	£90,556	£58,844	£149,400
Year ended 30 June 1990	£-	£149,400	£149,400

BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1990 (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 1989	980,698	246,500	1,227,198
Additions	120,000	127,000	247,000
Disposals and repayments	(54,035)	(3,500)	(57,535)
At 30 June 1990	1,046,663	370,000	1,416,663
<u>Provisions</u>			
At 30 June 1989	-	-	-
Charge for the year	75,000	73,500	148,500
At 30 June 1990	75,000	73,500	148,500
<u>Net book amount</u>			
At 30 June 1990	£971,663	£296,500	£1,268,163
At 30 June 1989	£980,698	£246,500	£1,227,198

BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1990 (CONTINUED)

6 FIXED ASSET INVESTMENTS (CONTINUED)

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

<u>Name of company</u>	<u>Shares at cost</u>	<u>Loans</u>	<u>Details of share holding</u>	<u>Per- centage holding</u>
Techsonix UK Limited	118,763	-	2,138 'B' Ordinary shares of £1 each 100,000 Cumulative redeemable preference shares of £1 each	26%
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	14,160 'B' Ordinary shares of £1 each 37,000 Cumulative redeemable preference shares of £1 each	24.7%
Cimtel Limited	88,900	-	43,350 Ordinary shares of £1 each	28.9%
Source Computers Limited	160,000	82,000	33,263 'B' Ordinary shares of £1 each 41,502 'C' Ordinary shares of £1 each 20,000 cumulative redeemable preference shares of £1 each	49%
Forward	656,663	143,000		

BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1990 (CONTINUED)

6 FIXED ASSET INVESTMENTS (CONTINUED)

<u>Name of company</u>	<u>Shares at cost</u>	<u>Loans</u>	<u>Details of share holding</u>	<u>Per- centage holding</u>
Forward	656,663	143,000		
Walmsley Microsystems Limited	20,000	70,000	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	147,000	150,000 Cumulative convertible redeemable preference shares of £1 each	35%
HDL Fluid Dynamics Limited	120,000	-	120,000 Ordinary shares of £1 each	45%
Shenel Limited	-	10,000	-	-
	<u>£1,046,663</u>	<u>£370,000</u>		

The directors have made provisions for permanent diminution in the value of investments. 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

	<u>1990</u>	<u>1989</u>
Trade debtors	52,083	66,044
Other debtors	28,922	11,886
Advance corporation tax recoverable	16,533	27,868
Prepayments and accrued income	<u>24,932</u>	<u>15,739</u>
	<u>£122,470</u>	<u>£121,537</u>

BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1990 (CONTINUED)

8	CASH AT BANK	<u>1990</u>	<u>1989</u>
	Money market deposits	575,833	772,802
	Cash at bank	<u>-</u>	<u>1,278</u>
		<u>£575,833</u>	<u>£774,080</u>
9	CREDITORS: Amounts falling due within one year	<u>1990</u>	<u>1989</u>
	Loans:	200,000	200,000
	City of Birmingham District Council	200,000	200,000
	Lloyds Bank Plc	6,129	12,662
	Amounts owed to group companies	32,242	40,253
	Group relief payable	4,500	4,650
	Other taxation (VAT)	12,450	12,450
	Advance corporation tax	-	37,350
	Proposed dividends	<u>3,500</u>	<u>3,000</u>
	Accruals and deferred income	<u>£458,821</u>	<u>£510,365</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

<u>Deferred taxation</u>	<u>1990</u>	<u>1989</u>
At 30 June 1989	9,267	-
Profit and loss account (note 4)	<u>4,532</u>	<u>9,267</u>
	13,799	9,267
Advance corporation tax	<u>(9,857)</u>	<u>(2,317)</u>
	<u>£3,942</u>	<u>£6,950</u>

BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 1990 (CONTINUED)

8	CASH AT BANK	<u>1990</u>	<u>1989</u>
	Money market deposits	575,833	772,802
	Cash at bank	<u>-</u>	<u>1,278</u>
		<u>£575,833</u>	<u>£774,080</u>

9	CREDITORS: Amounts falling due within one year	<u>1990</u>	<u>1989</u>
	Loans:		
	City of Birmingham District Council	200,000	200,000
	Lloyds Bank Plc	200,000	200,000
	Amounts owed to group companies	6,129	12,662
	Group relief payable	32,242	40,253
	Other taxation (VAT)	4,500	4,650
	Advance corporation tax	12,450	12,450
	Proposed dividends	-	37,350
	Accruals and deferred income	<u>3,500</u>	<u>3,000</u>
		<u>£458,821</u>	<u>£510,365</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

	<u>Deferred taxation</u>	<u>1990</u>	<u>1989</u>
	At 30 June 1989	9,267	-
	Profit and loss account (note 4)	<u>4,532</u>	<u>9,267</u>
		13,799	9,267
	Advance corporation tax	<u>(9,857)</u>	<u>(2,317)</u>
		<u>£3,942</u>	<u>£6,950</u>

BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1990 (CONTINUED)

10 PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

Deferred taxation (Continued)

The potential deferred taxation, calculated on the liability method at 35%, is as follows:

	<u>1990</u>	<u>1989</u>
Short term timing differences	13,790	5,257
Less: advance corporation tax	<u>(9,857)</u>	<u>(2,317)</u>
	<u>£3,942</u>	<u>£6,950</u>

11 CALLED UP SHARE CAPITAL

Authorised:

'A' Ordinary shares of £1 each

'B' Ordinary shares of £1 each

12.45% (9.3375% net) Cumulative Redeemable

Preference shares of £1 each

	<u>1990</u>	<u>1989</u>
	5,000	5,000
	5,000	5,000
	<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

'B' Ordinary shares of £1 each

12.45% (9.3375% net) Cumulative Redeemable

Preference shares of £1 each

	<u>1990</u>	<u>1989</u>
	5,000	5,000
	500	500
	<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

At 30 June 1989

Loss for the year

At 30 June 1990

<u>1990</u>
-
<u>(101,797)</u>
<u>(£101,797)</u>

BIRMINGHAM TECHNOLOGY (VENTURE CAPITAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1990 (CONTINUED)

13 HOLDING COMPANY

The ultimate holding company is Birmingham Technology Limited, a company incorporated in Great Britain.