

**East of England International Limited – formerly
East of England Investment Agency Limited
(a company limited by guarantee)**

**Directors' report and financial
statements**

Registered number 3340656

31 March 2005



Contents

Chairman's statement	1
Officers and professional advisers	2
Directors' report	3
Statement of directors' responsibilities	6
Independent auditors' report to the members of East of England Investment Agency Limited (a company limited by guarantee)	7
Income and expenditure account	8
Statement of movement on reserves	9
Balance sheet	10
Cash flow statement	11
Notes	12

Chairman's statement

The Company reported another set of excellent results, exceeding its target of 28 inward investment successes.

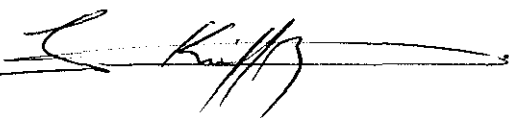
In March 2005 the Company was restructured following the Oldham Review (by Martin Oldham of Government Office East) and changed its name to East of England International. The recommendations secured the support of UKTI, the East of England Development Agency and the members of the Company at an Extraordinary General Meeting. We are now in the process of implementing the new operating model by bringing international trade services and inward investment activities under a single management. This will allow us to deliver a wider range of international business support demanded by the global market place both to the Region's businesses and to overseas investors looking to locate in the Region.

Having been on the Board of Invest East of England for some three years, I was delighted to be invited to take over as Chairman of East of England International and to lead a very talented team on both the international trade and inward investment side to pioneer this new way of working for the benefit of our Region.

My predecessor as Chairman, Sir Brian Corby, led the Board and the Executive Committee through the complex arrangement of the restructuring and I owe him a tremendous debt of gratitude for bringing this about in the ambitious time-scale set. I am grateful to him for his continued interest in the well-being of the Company and his wise advice. On behalf of the Board I express particular thanks to him for his outstanding leadership of the Company over 8 years since Invest East of England was first formed.

The Company is fortunate in having an enthusiastic, competent and dedicated staff and we look forward to formally welcoming our colleagues from the international trade side later this year. Reorganisation is disruptive by its nature and the fact that this has not impacted the activities of the Company adversely says much for the commitment of our people. I should like to thank in particular James Gray, the Chief Executive, and David Moore, Corporate Development Director and Company Secretary, who have committed a tremendous amount of time to the implementation of the restructuring. The support that we all received from Paul Williams, International Trade Director for the Region, and his predecessor, Robert Driver, are being of material assistance and are gratefully acknowledged.

With the support of the new combined team in EEI I look forward with a deal of confidence to the results for the current year.



George Kieffer
Chairman

Officers and professional advisers

Directors

G Kieffer
M Cereste
D J Gray
L Murray
C Barnes
N Barratt
D Bridges
K Livingstone
P Manning

Company Secretary

D G Moore

Registered office

2 Quayside
Cambridge CB5 8AB

Bankers

HSBC
PO Box 85
City Office
Cambridge CB2 3HZ

Solicitors

Taylor Vinters
Merlin Place
Milton Road
Cambridge CB4 4DP

Auditors

KPMG LLP
Chartered Accountants
37 Hills Road
Cambridge CB2 1XL

Directors' report

Principal Activity

The directors present their annual report and the audited financial statements for the year ended 31 March 2005.

Business Review

The company works to deliver the objectives of East of England Development Agency (EEDA) in international inward investment and trade activities as prioritised in the Regional Economic Strategy.

The company became East of England International Limited at an EGM on 4th March 2005 to implement the recommendations of the Dunnett and Oldham reviews agreed by EEDA to incorporate the regional UKTI trade team and extend our activities to deliver unified international trade service activities from working to support inward investment to UK firms wishing to export and trade overseas.

With our regional public and private sector partners we have made significant progress in the past seven years in attracting new investment and supporting expansion of existing investors in the region. Our partners have continued to provide significant financial and operational support.

With our EEDA colleagues we continue to raise the international profile of the region as an outstanding place to do business. This has included developing relationships with potential investors and key influencers in important overseas cities and regions. We have further developed our understanding of the region's strengths in key sectors and are assisting our public sector partners through the Sub Regional Economic Partnerships to develop strong propositions at a local level. We have also worked jointly with universities in the region to market their research excellence to overseas companies.

We continue to work closely with UK Trade & Investment in the East of England, London and overseas.

Directors

As a result of adoption of a new Memorandum and Articles of Association for the new company activities, the Board structure was changed at an EGM on 4th March 2005.

Directors serving during the year and resigning on 4th March 2005 in accordance with this new structure were:

F B Corby	(resigned 4/3/05)
J R Barclay	(resigned 4/3/05)
M Connolly	(resigned 4/3/05)
R F Crane	(resigned 4/3/05)
M H T Janes	(resigned 4/3/05)
CA Lawrence	(resigned 4/3/05)
T Morgan	(resigned 4/3/05)
M J Page	(resigned 4/3/05)
J N Reyner	(resigned 4/3/05)
A Roberts	(resigned 4/3/05)
R Summerfield	(resigned 4/3/05)
A Tomkinson	(resigned 4/3/05)

GC Gray resigned on 25 May 2004.

Directors' report (*continued*)

Directors serving during the year and appointed to the current Board are:

G Kieffer	Chairman
C Barnes	(appointed 4/3/05)
N Barratt	(appointed 14/7/05)
D Bridges	(appointed 4/3/05)
M Cereste	(appointed 4/3/05 and resigned 14/7/05)
D J Gray	
K Livingstone	(appointed 4/3/05)
P Manning	(appointed 4/3/05 and resigned 14/7/05)
L Murray	(appointed 4/3/05)
T Morgan	(appointed 14/7/05)
T Hutchings	(appointed 14/7/05)
D Harrison	(appointed 14/7/05)
J Munson	(appointed 4/3/05 and resigned 14/7/05)
T Steel	(appointed 14/7/05)

Corporate Governance

In accordance with the Cadbury Committee's Code of Best Practice, the company operates an Executive Committee (which includes the function of a Remuneration Committee) and an Audit Committee, both of which are made up exclusively of non-executive directors.

The members of the Executive Committee are:

G Kieffer	Chairman
P Manning	

The members of the Audit Committee are:

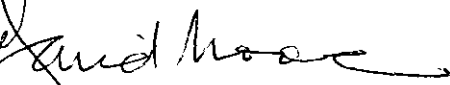
L Murray	Chairman
C Barnes	
D Harrison	

Page 6 of the financial statements describes the directors' responsibilities with regards to the preparation of financial statements. During the period, the responsibility for the day-to-day financial management of the accounting records was delegated to the Chief Executive and the Accounting Officer. The Audit Committee ensures that the Executive Directors have established effective accounting records and proper accounting controls.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution of the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



D G Moore
Company Secretary
Invest East of England
2 Quayside
Bridge Street, Cambridge
CB5 8AB

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss 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 presume 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

37 Hills Road
Cambridge
CB2 1XL
United Kingdom

Independent auditors' report to the members of East of England International Limited (a company limited by guarantee)

We have audited the financial statements on pages 8 to 19.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors are responsible for preparing the directors' report and, as described on page 6, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 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 with the company is not disclosed.

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 as at 31 March 2005 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP
Chartered Accountants
Registered Auditor

20 October 2005

Income and expenditure account for the year ended 31 March 2005

	<i>Note</i>	2005 £	2004 £
Income			
Contribution income	2	2,122,217	2,143,332
Total income		<u>2,122,217</u>	<u>2,143,332</u>
Expenditure			
Staff costs	4	1,257,619	1,125,730
Depreciation of fixed assets		84,764	71,440
Loss on disposal of fixed assets		-	665
Other administrative expenses		455,264	531,508
Promotion and publicity		273,669	388,326
Total expenditure		<u>2,071,316</u>	<u>2,117,669</u>
Operating surplus	3	50,901	25,663
Other interest receivable and similar income	5	5,694	3,794
Interest payable and similar charges	6	(14,223)	(14,488)
Surplus before taxation		<u>42,372</u>	<u>14,969</u>
Taxation	7	-	-
Surplus for the year		<u><u>42,372</u></u>	<u><u>14,969</u></u>

All activities derived from continuing operations.

The company had no recognised gains or losses, other than the surplus for the period shown above.

Statement of movement on reserves
for the year ended 31 March 2005

	Income and Expenditure 2005 £	Income and Expenditure 2004 £
Balance at 1 April 2004	278,677	263,708
Surplus retained for the year	42,372	14,969
At 31 March 2005	<u>321,049</u>	<u>278,677</u>

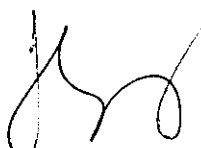
Balance sheet
at 31 March 2005

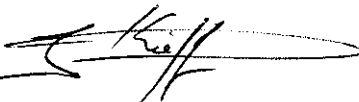
	<i>Note</i>	2005 £	2004 £
Fixed assets			
Tangible assets	8	231,609	149,826
Current assets			
Debtors	9	476,702	235,843
Cash at bank and in hand		75,249	157,878
		<u>551,951</u>	<u>393,721</u>
Creditors: amounts falling due within one year	10	<u>(369,567)</u>	<u>(239,899)</u>
Net current assets		<u>182,384</u>	<u>153,822</u>
Total assets less current liabilities		<u>413,993</u>	<u>303,648</u>
Creditors: amounts falling due after more than one year	11	<u>(92,944)</u>	<u>(24,971)</u>
Net assets		<u>321,049</u>	<u>278,677</u>
Reserves			
Income and expenditure account		<u>321,049</u>	<u>278,677</u>

These financial statements were approved by the Board of Directors on

19 OCT 2005

Signed on behalf of the Board of Directors:


DJ Gray
Chief Executive


G Kieffer
Chairman

Cash flow statement
for the year ended 31 March 2005

	<i>Note</i>	£	2005 £	£	2004 £
Net cash inflow/ (outflow) from operating activities	<i>12</i>		107,684		(216,272)
Returns on investments and servicing of finance					
Interest received	<i>5</i>	5,694		3,794	
Interest element of finance lease rental payments	<i>6</i>	(14,223)		(14,488)	
			<hr/>	<hr/>	
Net cash (outflow) from returns on investments and servicing of finance			(8,529)		(10,694)
Capital expenditure and financial investment					
Purchase of fixed assets			(109,646)		(34,536)
Financing					
Capital element of finance lease payments			(72,138)		(54,182)
			<hr/>		<hr/>
(Decrease) in cash	<i>13</i>		(82,629)		(315,684)
			<hr/>		<hr/>

During the year the company entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £56,901.

Notes

(forming part of the financial statements)

1 Accounting policies

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Format of accounts

In accordance with Section 262(2) of the Companies Act 1985, a statement of income and expenditure is presented as an alternative to the profit and loss account required by Schedule 4 of that Act. The directors consider this gives a fair presentation of the financial transactions of the company, which is non-profit making.

Contribution income

Contribution income represents contributions received and receivable from central and local government and the private sector in respect of the financial year ended 31 March 2005.

Grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate.

Tangible fixed assets

Depreciation is provided at the following rates, calculated to write off the cost, less the estimated residual value, of each asset on a straight line basis over its expected useful life.

Fixtures and fittings	-	5 years
Computers and office equipment	-	3 years
Motor vehicles	-	3 years

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs

The company pays contributions to the private defined contribution pension schemes of certain employees. The assets of these schemes are held separately from those of the company in independently administered funds. The amount charged against profits represents the contributions payable to these schemes in respect of the accounting period.

Company status

The company is limited by guarantee and has no share capital, the liability of each member is limited to £1.

Notes *(continued)*

1 Accounting Policies *(continued)*

Taxation

The charge for taxation is based on the investment income for the year. There is no corporation tax payable in respect of the operating deficit or surplus.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Notes (continued)

2 Contribution income

	2005 £	2004 £
Government Grant Funding	1,954,799	1,967,835
Sponsorship		
Local Authority	139,334	152,498
Private sector	28,084	22,999
	<u>2,122,217</u>	<u>2,143,332</u>

Government grant funding is provided by East of England Development Agency.

3 Operating surplus

	2005 £	2004 £
Operating surplus is after charging		
Depreciation		
Owned assets	35,433	29,082
Leased assets	49,331	42,358
Auditors' remuneration		
Audit	7,800	7,000
Operating leases - other	125,356	137,409
	<u>125,356</u>	<u>137,409</u>

4 Information regarding directors and employees

	2005 £	2004 £
Directors' remuneration		
Emoluments	104,426	108,161
Pension contributions	14,144	8,590
	<u>118,570</u>	<u>116,751</u>

Notes (continued)

4 Information regarding directors and employees (continued)

The emoluments of certain directors were as follows:

	2005 £	2004 £
Emoluments of Chairmen	15,000	15,000
The highest paid director - emoluments	89,426	93,161
- pension	14,144	8,590
	<u>103,570</u>	<u>101,751</u>

	Number of directors 2005	2004
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	<u>1</u>	<u>1</u>

The average number of persons employed by the company during the year was 32 (2004: 35). All staff are employed in an administrative capacity.

	2005 £	2004 £
Staff costs incurred during the year in respect of these employees were:		
Wages and salaries	1,129,896	1,010,324
Social security costs	107,012	101,426
Other pension costs	20,711	13,980
	<u>1,257,619</u>	<u>1,125,730</u>

5 Other interest receivable and similar income

	2005 £	2004 £
Bank interest	<u>5,694</u>	<u>3,794</u>

6 Interest payable and similar charges

	2005 £	2004 £
Finance charges payable in respect of finance leases	<u>14,223</u>	<u>14,488</u>

Notes (continued)

7 Taxation

	2005 £	2004 £
UK corporation tax at 0% (2004: 0%) on investment income	-	-

8 Tangible fixed assets

	Motor Vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 April 2004	-	255,519	380,386	635,905
Additions	56,901	474	109,172	166,547
At 31 March 2005	56,901	255,993	489,558	802,452
Depreciation				
At 1 April 2004	-	189,913	296,166	486,079
Charge for year	9,842	18,346	56,576	84,764
At 31 March 2005	9,842	208,259	352,742	570,843
Net book value				
At 31 March 2005	47,059	47,734	136,816	231,609
At 31 March 2004	-	65,606	84,220	149,826

The net book value of tangible fixed assets includes £104,475 (2004: £97,330) in respect of assets held under finance leases and hire purchase contracts.

9 Debtors

	2005 £	2004 £
Sponsorship receivable	311,245	121,788
Prepayments and accrued income	109,271	81,949
Other debtors	56,186	32,106
	476,702	235,843

All debtors are due within one year.

Notes (continued)

10 Creditors: amounts falling due within one year

	2005 £	2004 £
Obligations under finance leases and hire purchase contracts	33,903	50,995
Trade creditors	121,550	57,607
Sponsorship received and receivable in advance	37,583	124,334
Accruals and deferred income	52,173	6,963
Grant income deferred	124,358	-
	<u>369,567</u>	<u>239,899</u>

11 Creditors: amounts falling due after more than one year

	2005 £	2004 £
Obligations under finance leases and hire purchase contracts	26,826	24,971
Grant income deferred	66,118	-
	<u>92,944</u>	<u>24,971</u>

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	2004 £	2004 £
Within one year	33,903	50,995
In the second to fifth years	26,826	24,971
	<u>60,729</u>	<u>75,966</u>

12 Reconciliation of operating surplus to net cash inflow / (outflow) from operating activities

	2005 £	2004 £
Operating surplus	50,901	25,663
Depreciation charge	84,764	71,440
Loss on disposal of fixed assets	-	665
(Increase)/ decrease in debtors	(240,859)	80,578
Increase/ (decrease) in creditors	212,878	(394,618)
	<u>107,684</u>	<u>(216,272)</u>
Net cash inflow/ (outflow) from operating activities	<u>107,684</u>	<u>(216,272)</u>

Notes (continued)

13 Reconciliation of net cash flow to movement in net debt

	2005 £	2004 £
(Decrease) in cash in the period	(82,629)	(315,684)
Change in net debt resulting from cash flows	72,138	54,182
New finance leases	(56,901)	(51,245)
	<hr/>	<hr/>
Movement in net debt in the period	(67,392)	(312,747)
Net funds at start of period	81,912	394,659
	<hr/>	<hr/>
Net funds at end of period	<u>14,520</u>	<u>81,912</u>

14 Analysis of net debt

	At 1 April 2004 £	Other non-cash changes	Cash flows £	Exchange movement	At 31 March 2005 £
Cash at bank and in hand	157,878	-	(80,622)	(2,007)	75,249
Finance leases	(75,966)	(56,901)	72,138	-	(60,729)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	81,912	(56,901)	(8,484)	(2,007)	14,520
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

15 Pensions

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £20,711 (2004: £13,980).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

16 Capital commitments

There were no commitments contracted for but not provided at 31 March 2005 (2004: nil).

Notes (continued)

17 Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	Land and Buildings 2005 £	Other 2005 £	Land and Buildings 2004 £	Other 2004 £
Leases which expire:				
Less than one year	-	392	-	392
Within two to five years	109,672	3,804	109,672	16,227
	<u>109,672</u>	<u>3,804</u>	<u>109,672</u>	<u>16,227</u>

18 Related party transactions

There were no related party transactions during the year. The following directors were directors of the East of England Development Agency (EEDA) during the period. As set out in note 2, the East of England International receives funding from EEDA.

M Cereste	(appointed 4/3/05 and resigned 14/7/05)
J N Reyner	(resigned 4/03/05)
G Kieffer	
L Murray	(appointed 4/3/05)
K Livingstone	(appointed 4/03/05)

19 Ultimate controlling party

The company is controlled by the board. In the opinion of the directors there is no ultimate controlling party.