

**EAST OF ENGLAND INVESTMENT
AGENCY LIMITED**
(a company limited by guarantee)

Report and Financial Statements

31 March 1998

**Deloitte & Touche
Leda House
Station Road
Cambridge CB1 2RN**

**(- 11/08/98)
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EAST OF ENGLAND INVESTMENT AGENCY LIMITED
(a company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS 1998

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Auditors' report	5
Income and expenditure account	6
Balance sheet	7
Cash flow statement	8
Notes to the accounts	9

EAST OF ENGLAND INVESTMENT AGENCY LIMITED
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REPORT AND FINANCIAL STATEMENTS 1998

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

F B Corby
J R Barclay
M G Bax
T J Byles
A H Cherry
N G Colvill
T Conder
J L Gluza
D J Gray
K M Hamilton
A P Hendry
J Hore
P S Kenny
C J Mellor
J N Reyner
R J Smith
S H Stefanou

SECRETARY

D G Moore

REGISTERED OFFICE

Merlin Place
Milton Road
Cambridge CB4 4DP

BANKERS

National Westminster Bank Plc
Bene't Street
Cambridge CB2 3PU

SOLICITORS

Taylor Vinters
Merlin Place
Milton Road
Cambridge CB4 4DP

AUDITORS

Deloitte & Touche
Chartered Accountants
Leda House
Station Road
Cambridge CB1 2RN

EAST OF ENGLAND INVESTMENT AGENCY LIMITED
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DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the period from incorporation on 21 March 1997 to 31 March 1998.

PRINCIPAL ACTIVITY

The Agency holds a contract with the Invest in Britain Bureau to deliver the national inward investment programme in the region.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

During the financial period the Agency established its businesses in Cambridge with an initial staff of 4. The Agency moved to its current premises in August 1997 and over the next six months recruited the additional staff necessary to meet its objectives.

The Agency has concentrated during the year on developing a better project enquiry handling process with the support of regional partners. An IT system has been introduced which now provides the Agency and partners with good quality analysis of its activities and results.

The Agency has exceeded its first year targets and has secured a 60% increase in its Government funding for the 1998/99 financial year.

In its second year of operation the Agency will be more proactive, engaging in direct marketing activities designed to generate leads directly for the region. The company will establish an Internet Site on the World Wide Web as a key part of its marketing activities.

A regional web-based intranet will be established to enable both staff and partners to develop co-operatively and access an ever-increasing virtual library of regional data to support more efficient and effective project and enquiry handling.

The Agency has invested in the latest technology and has assessed the risks of problems arising from Year 2000 issues as low. Nevertheless, it plans to confirm that relevant software and hardware it operates are Year 2000 compliant; it will also confirm the same issue of its suppliers and other relevant parties. It does not envisage any costs of further Year 2000 compliance to be material in the circumstances.

The Agency Board has agreed challenging targets for 1998/99.

DIRECTORS AND THEIR INTERESTS

The directors who served during the period were as follows:

F B Corby	(appointed 21 March 1997)
J R Barclay	(appointed 7 April 1997)
M G Bax	(appointed 7 April 1997)
T J Byles	(appointed 7 April 1997)
A H Cherry	(appointed 7 April 1997)
N G Colvill	(appointed 8 August 1997)
T Conder	(appointed 7 April 1997)
D J Gray	(appointed 7 April 1997)
K M Hamilton	(appointed 7 April 1997)
A P Hendry	(appointed 7 April 1997)
J Hore	(appointed 7 April 1997)
P S Kenny	(appointed 7 April 1997)
A G Lister	(appointed 21 March 1997, resigned 5 January 1998)
R Luck	(appointed 7 April 1997, resigned 8 August 1997)
C J Mellor	(appointed 5 January 1998)
J N Reyner	(appointed 7 April 1997)
A F Smith	(appointed 7 April 1997, resigned 5 January 1998)
R J Smith	(appointed 7 April 1997)
S H Stefanou	(appointed 7 April 1997)

J L Gluza was appointed a director on 7 April 1998.

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DIRECTORS' REPORT

CORPORATE GOVERNANCE

In accordance with the Cadbury Committee's code of best practice, the company operates an executive committee (which fulfils 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:

F B Corby Chairman
J Hore
C J Mellor
T Conder

The members of the audit committee are:

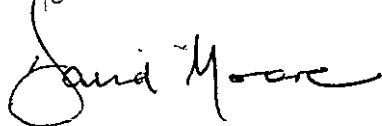
F B Corby Chairman
R J Smith
J N Reyner

Page 4 of the financial statements describes the directors' responsibilities with regard to the preparation of financial statements. During the period, the non-executive directors of the company delegated the responsibility for the day-to-day financial management of the accounting records to the executive director and the accounting officer. The audit committee ensures that the executive directors have established effective accounting records and proper accounting controls.

AUDITORS

Deloitte & Touche were appointed as auditors during the period. Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



Secretary

27 July 1998

EAST OF ENGLAND INVESTMENT AGENCY LIMITED
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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 as at the end of the financial year 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;
- 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. 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.

EAST OF ENGLAND INVESTMENT AGENCY LIMITED
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AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 6 to 14 which have been prepared under the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

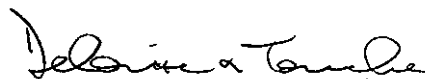
Basis of opinion

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 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 1998 and of its surplus for the period from 21 March 1997 to 31 March 1998 and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and
Registered Auditors

20 August 1998

EAST OF ENGLAND INVESTMENT AGENCY LIMITED
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INCOME AND EXPENDITURE ACCOUNT
Period from 21 March 1997 to 31 March 1998

	Note	£
INCOME		
Contribution income	2	979,084
EXPENDITURE		
Staff costs	4	349,224
Depreciation of fixed assets	8	37,410
Other administrative expenses		316,177
Promotion and publicity		68,922
Other operating costs		54,876
TOTAL EXPENDITURE		826,609
OPERATING SURPLUS	3	152,475
Interest receivable	5	614
Interest payable	6	(152)
SURPLUS BEFORE TAXATION		152,937
Taxation	7	129
SURPLUS FOR THE PERIOD CARRIED FORWARD		152,808

All activities derived from continuing operations.

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

EAST OF ENGLAND INVESTMENT AGENCY LIMITED
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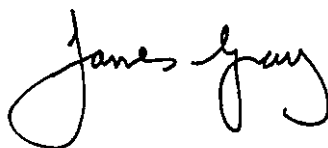
BALANCE SHEET
31 March 1998

	Note	£
FIXED ASSETS		
Tangible assets	8	235,488
CURRENT ASSETS		
Debtors	9	442,436
Cash at bank and in hand		53,992
		496,428
CREDITORS: amounts falling due within one year	10	(492,384)
NET CURRENT ASSETS		4,044
TOTAL ASSETS LESS CURRENT LIABILITIES		239,532
CREDITORS: amounts falling due after more than one year	11	(86,724)
NET ASSETS		152,808
RESERVES		
Income and expenditure account		152,808

These financial statements were approved by the Board of Directors on 27 July 1998

Signed on behalf of the Board of Directors

Chief Executive



Chairman



EAST OF ENGLAND INVESTMENT AGENCY LIMITED
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CASH FLOW STATEMENT

Period from 21 March 1997 to 31 March 1998

	Note	£	£
Net cash inflow from operating activities	12		178,715
Returns on investments and servicing of finance			
Interest received		614	
Interest paid		(152)	
		<hr/>	
Net cash inflow from returns on investments and servicing of finance			462
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(125,185)	
		<hr/>	
Net cash outflow from capital expenditure and financial investment			(125,185)
Increase in cash	13		<hr/> <hr/> 53,992

EAST OF ENGLAND INVESTMENT AGENCY LIMITED
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NOTES TO THE ACCOUNTS

Period from 21 March 1997 to 31 March 1998

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 period ended 31 March 1998.

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

Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.

Rentals are charged to profit and loss in equal annual amounts over the lease term.

Pension costs

The company pays contributions to 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.

EAST OF ENGLAND INVESTMENT AGENCY LIMITED
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NOTES TO THE ACCOUNTS

Period from 21 March 1997 to 31 March 1998

2. CONTRIBUTION INCOME

	£
Department of Trade and Industry grant	505,000
Sponsorship	
Local Authority	239,332
Training and Enterprise Councils	70,000
Private sector	146,131
	<hr/> 960,463
Other income	18,621
	<hr/> <hr/> 979,084

3. OPERATING SURPLUS

	£
Operating surplus is after charging:	
Depreciation	
Owned assets	9,761
Leased assets	27,649
Auditors' remuneration	
Audit	3,300
Other services	1,492
	<hr/> <hr/>

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	£
Directors' remuneration	
Emoluments	76,798
Pension contributions	6,000
Removal expenses	12,835
	<hr/> <hr/> 95,633

The emoluments of certain directors were as follows:

	£
The chairman - emoluments	15,000
	<hr/>
The highest paid director - emoluments	74,633
- pension	6,000
	<hr/> <hr/> 80,633

EAST OF ENGLAND INVESTMENT AGENCY LIMITED
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NOTES TO THE ACCOUNTS

Period from 21 March 1997 to 31 March 1998

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

The emoluments, excluding pension contributions, of the directors (including the chairman and highest paid directors) were within the following ranges:

	No
Nil	15
£10,001 - £15,000	1
£70,001 - £75,000	1
	<u>17</u>

The average number of persons employed by the company during the period was 7.

	£
Staff costs incurred during the period in respect of these employees were:	
Wages and salaries	300,333
Social security costs	27,257
Other pension costs	21,634
	<u>349,224</u>

5. INTEREST RECEIVABLE

	£
Bank interest	<u>614</u>

6. INTEREST PAYABLE

	£
Bank interest	<u>152</u>

7. TAXATION

	£
UK corporation tax at 21% on investment income	<u>129</u>

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NOTES TO THE ACCOUNTS

Period from 21 March 1997 to 31 March 1998

8. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
Additions and at 31 March 1998	<u>146,906</u>	<u>125,992</u>	<u>272,898</u>
Depreciation			
Charge for period and at 31 March 1998	<u>13,915</u>	<u>23,495</u>	<u>37,410</u>
Net book value			
At 31 March 1998	<u>132,991</u>	<u>102,497</u>	<u>235,488</u>

The net book value of tangible fixed assets includes £120,580 in respect of assets held under finance leases and hire purchase contracts.

9. DEBTORS

	£
Sponsorship receivable	414,653
Other debtors	2,943
Prepayments and accrued income	<u>24,840</u>
	<u>442,436</u>

All debtors are due within one year.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Obligations under financial leases and hire purchase contracts	44,948
Trade creditors	77,412
Sponsorship received in advance	313,262
Corporation tax	129
Taxation and social security	31,740
Other creditors	6,000
Accruals and deferred income	<u>18,893</u>
	<u>492,384</u>

EAST OF ENGLAND INVESTMENT AGENCY LIMITED
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NOTES TO THE ACCOUNTS

Period from 21 March 1997 to 31 March 1998

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	£
Obligations under finance leases and hire purchase contracts	86,724

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

	£
Within one year	44,948
In the second to fifth years	86,724
	<u>131,672</u>

12. RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	£
Operating surplus	152,475
Depreciation charge	37,410
Non cash gift of fixed assets	(16,041)
Increase in debtors	(442,436)
Increase in creditors	447,307
Net cash inflow from operating activities	<u>178,715</u>

13. ANALYSIS OF NET DEBT

	Cash flows £	Other non-cash changes £	At 31 March 1998 £
Cash at bank and in hand	53,992	-	53,992
Debt due within 1 year	-	(44,948)	(44,948)
Debt due after 1 year	-	(86,724)	(86,724)
	<u>53,992</u>	<u>(131,672)</u>	<u>(77,680)</u>

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NOTES TO THE ACCOUNTS

Period from 21 March 1997 to 31 March 1998

14. PENSIONS

During the period the company made contributions of £21,634 to pension schemes in relation to employees.

15. CAPITAL COMMITMENTS

	£
Contracted for but not provided	<u>10,393</u>

16. OPERATING LEASE COMMITMENTS

At 31 March 1998 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings £	Other £
Leases which expire:		
Within two to five years	<u>60,000</u>	<u>33,704</u>