

OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2000

REGISTERED NO. 1527986



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OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2000

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OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

DIRECTORS AND ADVISERS

DIRECTORS

JB BATTYE
Chairman

N E BENNETT

A J DILLON

D HIBBERT Appointed 20th January 2000

J JOHNSON

A KILBURN Appointed 20th January 2000
Finance

C SMITH Resigned 20th January 2000

B J MATHER

G F SMITH

REGISTERED AUDITORS

PRICEWATERHOUSECOOPERS
101 BARBIROLI SQUARE
LOWER MOSLEY STREET
MANCHESTER
M2 3PW

SECRETARY & REGISTERED OFFICE

G F SMITH
CIVIC CENTRE
WEST STREET
OLDHAM

OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

CHAIRMAN'S STATEMENT

I am pleased to report another successful year for the Company. It was successful in that there were satisfactory financial results and the objectives set for the year were achieved.

It is unfortunate that the objectives were to continue the disposal of the Company's assets and run down the operations. That strategy, which was set 4 years ago, was necessitated by the restrictions imposed by the Government on Local Authority involvement in companies in the mid 1990's and have not been relaxed by the present government.

In the past year the Company has sold two office blocks, small workshop units and land at Southlink for £2.125M. The greater part of that sum, £1.7M, was used to repay the Company's outstanding loans, leaving it debt free. The balance is held for investment in further development. Over the past years the Company has realised over £17M from the sale of assets and has repaid loans of just over £16M which were raised at the end of the 1980's and in the early 1990's to finance a major development programme.

During that period the Company invested in new developments at Brookside Business Park, Prince of Wales Estate, V.I.P. Centre, units at the Acorn Centre, Southlink Business Village and developed a purpose designed facility for Holroyd Meek at Salmon Fields. In addition there were investments in the Castle Iron Works to retain an engineering Company in Oldham and in premises at Middleton Junction which facilitated the expansion of another Oldham Company, James Briggs Ltd.

The impact of the Company's activities on Oldham's economic regeneration and in safeguarding and facilitating employment have been greatly underestimated. It probably has had a greater impact than any other single agency, outside the Council itself.

Whilst it will not be able to play such a significant role in future, the Company will be reinvesting the residual capital from the asset sales in a further development at Southlink. An ERDF grant has been secured to assist in funding that development of 20,000 sq. ft. office block which will be undertaken with a joint venture partner.

It is intended that the remaining land held at Southlink should be developed in conjunction with the railway land which will be vacated when Metrolink is constructed. That will create the opportunity for a high profile development with direct access from Oldham Way which will enhance the attraction and value of the whole development. There is the prospect, therefore, of real growth in the Company's remaining assets.

OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

DIRECTORS' REPORT FOR THE 12 MONTHS ENDED 31 MARCH 2000

The Directors present their sixteenth annual report and the audited financial statements for the year ended 31 March 2000.

PRINCIPAL OBJECTIVES

The principal objective of the Company is to act as an investment and property holding company.

CAPITAL FUNDING

The initial funding of the Company came from the Oldham Metropolitan Borough Council ('OMBC'). The Council made an investment in the Company on 28 November 1980 of £790,000 and a further investment of £425,000 on 21 October 1988.

To finance the development programme that has taken place since 1990, which attracted ERDF grant aid, it has been necessary to arrange external borrowings. Overall, these amounted to £16.025M and were arranged with Deutsche Bank AG (formerly Morgan Grenfell) and the Company's bankers National Westminster Bank PLC for £13.0M and £3.025M respectively. The Deutsche Bank loan was guaranteed by the Council whilst the National Westminster Bank loan was secured on the Company's assets.

Scheduled repayments of the loans have been made over the years, primarily from the sale of Company assets and at the commencement of this financial year, following a re-financing package, the amounts still outstanding were £0.55M in respect of the Deutsche Bank (with repayment on or before 25th March 2000) and £1.156M in respect of the National Westminster Bank (with repayment by monthly installments up to 31st March 2008).

During the course of this financial year the capital funding activities have included:

- the further disposal of assets (Land, Workshops and Office Blocks One and Two at Southlink Business Park); and
- the partial utilisation of the sale proceeds, (£1.7M) in totally repaying the Company's borrowings

Please refer to note 22 for more details.

The Company is required to use the funding in accordance with its Memorandum of Association for the purposes of its objectives. In the event of its winding up or dissolution, the Company will be required to repay all outstanding loans including the funding from the Council. It is for this reason the funding from the Council is shown in the Company's financial statements as capital.

RESULTS FOR THE YEAR

The profit and loss account is set out on page 6.

The rental income for the year included in the profit and loss account is £267,555 (1999 - £398,974)

Expenditure on administration and depreciation amounted to £110,955 (1999 - £170,532)

CHANGES IN FIXED ASSETS

The movements in fixed assets during the year are set out in notes 11 and 12 to the financial statements.

DIRECTORS

The directors of the Company during 31 March 2000, are listed on page 1. In accordance with the Articles of Association, the directors are drawn from the members and officers of Oldham Metropolitan Borough Council.

OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

EMPLOYEES AND ADMINISTRATION

The Board's policy with regard to the running of the Company is to work closely with the Council. The Company has no employees, therefore, all necessary professional and administrative services are obtained from appropriate Council staff. A proportion of the relevant employment costs are reimbursed by the Company to the Council. This also applies to those Council Officers who are directors of the Company. The amount shown in the financial statements for directors remuneration consequently includes additional sums in respect of management. These are paid not to the directors themselves but to the Council. More specialised financial and taxation advice is provided by PricewaterhouseCoopers.

FUTURE DEVELOPMENTS

The company has secured an ERDF grant to assist in the funding of a further office block of about 20,000 sq. ft. at the Southlink Business Village. The intention is to undertake that development as a joint venture with a development partner (potential partners have been identified) with construction beginning in March 2001. That will enable completion well within the deadline of 31st December 2001 for claiming the grant.

In the longer term, beyond the end of the 2000/2001 financial year, consideration will be given to the transfer of the remaining assets to the Company's wholly owned subsidiary, Southlink Developments Ltd. with a view to attracting a majority shareholding in that company from the private sector

TAXATION

The Company is liable in the ordinary way to corporation tax on its profits or Company surpluses. It is the objective of the Company to realise profits for further investment and the income received from the invested capital will ordinarily be liable to tax.

The Company is not a close Company within the provisions of the Income and Corporation Taxes Act 1988, and this position has not changed since the end of the financial year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

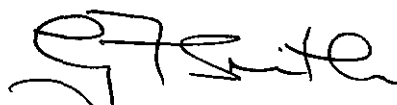
The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 31 March 2000. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.



By order of the Board
G F SMITH (Secretary)

REPORT OF THE AUDITORS TO THE MEMBERS OF OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

We have audited the financial statements on pages 6 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 8 and in accordance with the special provisions of the Companies Act relating to small companies and groups.

Respective Responsibilities of Directors and Auditors

The directors are responsible for preparing the Annual Report. As described on page 4, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom standards. Our responsibilities, as independent auditors, are established by statute, 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 director's 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 director's remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and considered the implications on our report if we become aware of misstatements or material inconsistencies with the financial statements.

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 made by the directors in the preparation of the financial statements, and 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 affairs of the company at 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers

**Chartered Accountants and Registered Auditors
Manchester**

22 January 2001

OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2000

	NOTE	2000 £	1999 £
Turnover: General rental income	3		
Discontinued Operations		267,555	398,974
Operating expenses			
Discontinued Operations		(149,428)	(181,458)
Administrative expenses	4	(103,483)	(163,807)
Operating profit		<u>14,644</u>	<u>53,709</u>
Profit on sale of fixed assets	9	421,213	174,431
Investment income	7	4,143	13,280
Interest payable	8	(123,637)	(287,509)
Profit/(Loss) on ordinary activities before tax	9	<u>316,363</u>	<u>(46,089)</u>
Tax on profit on ordinary activities	10	-	-
Retained Profit/(Loss) for the year		<u>316,363</u>	<u>(46,089)</u>

Statement of movement on reserves

Balance brought forward	(487,275)	(441,186)
Profit/(Loss) for the Year	316,363	(46,089)
	<u>(170,912)</u>	<u>(487,275)</u>

The company has no recognised gains and losses other than those included in the profit / (loss) above and, therefore, no separate statement of total recognised gains and losses has been presented.

OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

BALANCE SHEET AS AT 31 MARCH 2000

	NOTE	2000 £	1999 £
Fixed Assets			
Tangible assets	11,12	545,000	2,615,323
		<u>545,000</u>	<u>2,615,323</u>
Current Assets			
Debtors	14	478,038	28,865
Cash in Bank and in hand		123,059	168,059
		<u>601,097</u>	<u>196,924</u>
Creditors : amounts falling due within one year	15	(102,009)	(1,760,064)
Net current liabilities		<u>499,088</u>	<u>(1,563,140)</u>
Total assets less current liabilities		<u>1,044,088</u>	<u>1,052,183</u>
Creditors amount due after one year	17	0	(324,458)
Net Assets		<u>1,044,088</u>	<u>727,725</u>
Capital and Reserves			
Capital Fund	20	1,215,000	1,215,000
Profit and Loss account	20	(170,912)	(487,275)
Shareholders funds	19	<u>1,044,088</u>	<u>727,725</u>

In preparation of the company's annual financial statements advantage has been taken of special exemptions applicable to small companies and groups conferred by part 1 of Schedule 8 to the Companies Act 1985, because, as it meets the conditions, the company is entitled to those exemptions as a small company.

The financial statements on pages 6 to 15 were approved by the Board of Directors on and were signed on its behalf by:

DIRECTORS

DATE

22/01/01

OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2000

1. GUARANTEE

The Company is limited by guarantee. At 31 March 2000 there were 12 members, each of whom on a winding up has undertaken to contribute an amount not exceeding £1.

2. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the accounting policies, which have been applied consistently, is set out below.

Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention.

The financial statements contain information about Oldham Economic Development Association Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 248 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as the group it heads qualifies as a small group.

Cash Flow

The company and the group is exempt from the requirements of FRS1 to prepare a cash flow statement.

Tangible fixed assets

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition. The cost of land and building includes interest paid on funds specifically taken out to finance assets in the course of construction.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. Freehold buildings are depreciated over 50 years.

Freehold land is not depreciated. Assets held for resale have been valued at the lower of cost or net realisable value.

Investment Income

Investment income represents bank interest receivable.

Government Grants and Other Contributions

Grants and other contributions that relate to specific capital expenditure are treated as deferred income which is then credited to the profit and loss account over the related assets useful life.

Deferred Taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

3. ANALYSIS OF RENTAL INCOME

The analysis by property of the Company's rental income is set out below :

	Discontinued Operations 2000 £	Discontinued Operations 1999 £
<i>Property :</i>		
VIP Centre	1,999	74,610
Brookside Business Park	5,046	951
Southlink Offices, Phase 1	169,648	93,813
Southlink Offices, Phase 2	42,360	
Southlink Workshops	47,621	44,367
Prince of Wales Business Park	881	185,233
	<hr/> 267,555 <hr/>	<hr/> 398,974 <hr/>

4. OTHER OPERATING EXPENSES

The analysis of the Company's operating expenses is set out below :

	Discontinued Operations 2000 £	As restated Discontinued Operations 1999 £
Administration Expenses	(69,298)	(128,401)
Depreciation	(41,657)	(42,131)
Amortised Deferred Income	7,472	6,725

5. DIRECTORS' EMOLUMENTS

	2000 £	1999 £
Fees	<hr/> 5,000	<hr/> 5,000
Fees include amounts paid to :		
The Chairman	<hr/> -	<hr/> -
The highest paid Director	<hr/> 5,000	<hr/> 5,000

Fees paid for management purposes represent the total amount reimbursable to OMBC in respect of the employment costs of those Council Officers who are Directors. The amount paid in respect of the highest paid Director does not represent a personal fee, but is wholly reimburseable to OMBC.

6. EMPLOYEE INFORMATION

The Company has no employees; see the directors' report.

OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

7. INVESTMENT INCOME	2000	1999
	£	£
Income from current asset investments	4,143	5,975
Income from mortgage	-	7,305
	<u>4,143</u>	<u>13,280</u>
8. INTEREST PAYABLE	2000	1999
	£	£
Interest on loans not repayable by instalment and due wholly within 5 years.	123,637	147,551
Interest on loans repayable by instalment and due greater than 5 years	-	139,958
	<u>123,637</u>	<u>287,509</u>
9. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2000	1999
	£	£
Profit on ordinary activities before taxation is stated after charging expenditure relating to:		
Auditors' remuneration for:		
Audit	4,600	5,000
Other Services	9,150	5,000
Reimbursement to OMBC in respect of all professional and staff costs, including related overheads.	98,021	125,115
Diminution in value of Southlink Business Park	2,500	23,653
and crediting income relating to:		
Profit on sale of Southlink Business Park Building 1	118,720	-
Profit on sale of Southlink Business Park Building 2	297,600	-
Profit on sale of Southlink Workshops	4,893	-
Profit on the sale of Castle Iron Works Land	-	(10,000)
Profit on sale of Prince of Wales Business Park	-	(115,000)
Profit on sale of VIP Centre	-	(49,431)
	<u></u>	<u></u>
10. TAX ON PROFIT ON ORDINARY ACTIVITIES		
The taxation charge for the year is Nil (1999: Nil)		

OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

11.	ASSETS HELD FOR RESALE				TANGIBLE FIXED ASSETS	
	Southlink Offices Phase 1 £	Southlink Offices Phase 2 £	Southlink Workshops £	Total £	Southlink Land £	Total £
COST/VALUATION						
At 1 April 1999	937,891	813,441	331,526	2,082,858	672,500	672,500
Additions	2,844	29,124	-	31,968	-	-
Disposals	-940,735	-842,565	-331,526	-2,114,826	-125,000	-125,000
Provision for diminution in value	-	-	-	-	-2,500	-2,500
At 31 March 2000	-	-	-	-	545,000	545,000
DEPRECIATION						
At 1 April 1999	92,615	27,633	19,787	140,035	-	-
Charge for year	18,757	16,269	6,631	41,657	-	-
Disposal	-111,372	-43,902	-26,418	-181,692	-	-
At 31 March 2000	-	-	-	-	-	0
NET BOOK VALUE						
AT 31 MARCH 2000	-	-	-	-	545,000	545,000
NET BOOK VALUE						
AT 31 MARCH 1999	845,276	785,808	311,739	1,942,823	672,500	672,500

Unamortised ERDF grants relating to assets are as follows:-

Southlink Business Park Phase 1 £Nil
Southlink Business Park Phase 2 £Nil

The value of the land is supported by an external valuation by Lambert Smith Hampton

OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

12. CHANGES IN FIXED ASSETS

Office Blocks One & Two, The Workshops and an area of land were sold to OMBC on 27 March 2000.

The undeveloped land at Southlink Business Park was written down by £2,500 to reflect its open market value.

13. FIXED ASSET INVESTMENT

The Company has a 100% subsidiary, Southlink Developments Limited, a Company registered in England and Wales, which operates as a property development company.

	2000 £	1999 £
Share of net (liabilities) / assets of Southlink Developments Ltd.	(42)	33
Share of (losses) of Southlink Development Ltd. for the year ended 31 March 2000.	(75)	(63)

14. DEBTORS

	2000 £	1999 £
Amounts falling due within one year :		
Trade Debtors	44,702	28,835
Amounts owed by Subsidiary Undertaking	102	30
Amounts owed by Parent Company	426,945	
Other Debtors	6,289	-
	478,038	28,865

The amount in Other Debtors is in respect of OMBC and represents £425,000 being the balance of the purchase price for Southlink Business Park and £1,945 for an expenditure recharge.

15. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Bank Loans	-	1,706,124
Trade Creditors	58	12,811
Other Creditors		2,221
Amounts owed to Parent Company	56,244	
Accruals and Deferred Income	45,707	38,908
	102,009	1,760,064

OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

16. BANK LOANS AND OVERDRAFTS

	2000	1999
	£	£
Repayable as follows:		
In one year or less	-	727,494
Between one and two years	-	177,494
Between two and five years	-	177,494
In five years or more	-	623,642
	<u>0</u>	<u>1,706,124</u>

The bank loans at March 1999 represented:

A loan outstanding of £550,000 with Deutsche Bank AG repayable on or before 25 March 2000 and guaranteed by Oldham MBC, with an interest rate charged at LIBOR plus 0.65% plus mandatory liquid asset costs.

A loan outstanding of £1,156,124 with National Westminster Bank repayable over 9 years and secured on Southlink Business Park, with a fixed interest of 7.505%.

These loans were repaid on 27 March 2000.

17. DEFERRED INCOME

	ERDF GRANTS £
As at 1st April 1999	336,236
Released in year on sale of an asset	(373,596)
Received in Year	<u>37,360</u>
	<u>0</u>
Amortisation	
As at 1st April 1999	11,778
Released in year	7,472
Released in year on sale of asset	<u>(19,250)</u>
	<u>0</u>
Net Book Value as at 31 March 2000	<u>0</u>
Net Book Value as at 31 March 1999	<u>324,458</u>

18. CAPITAL COMMITMENTS

	2000	1999
	£	£
Capital expenditure that has been contracted for, but not provided for in the financial statements	<u>-</u>	<u>31,084</u>

OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit/(Loss) on ordinary activities after taxation	316,363	(46,089)
Opening shareholders' funds	727,725	773,814
Closing shareholders' funds	<u>1,044,088</u>	<u>727,725</u>

20. MOVEMENT OF CAPITAL AND RESERVES

	CAPITAL FUND £	PROFIT AND LOSS £
At 1 April 1999	1,215,000	(487,275)
Movement in the year	-	316,363
At 31 March 2000	<u>1,215,000</u>	<u>(170,912)</u>

The initial funding of the Company came from the Oldham Metropolitan Borough Council. The Council made an investment in the Company on 28 November 1980 of £790,000 and a further investment of £425,000 on 21 October 1988.

21. INFORMATION ON THE PARENT COMPANY

The Company is a 100% subsidiary of Oldham Metropolitan Borough Council (OMBC). The principal place of business for OMBC is the Civic Centre, West Street, Oldham, OL1 1UL.

22. RELATED PARTY TRANSACTIONS

The company is controlled by OMBC.
Amounts paid to OMBC by the company.

	£
Salary recharges	42,345
General Estate management costs ie. maintenance, repairs and rates	55,676
	<u>98,021</u>

Amounts paid to the company by OMBC

Income from units let to OMBC	8,515
Sale of buildings at Southlink Business Park	<u>2,100,000</u>
	<u>2,108,515</u>

see post balance sheet transactions - note 23

23. POST BALANCE SHEET TRANSACTIONS

In August 2000, the Company invoiced OMBC a further £25,000 to reflect the revised valuation of the land sold at Southlink Business Park. This was based on an external valuation in April 2000. This increased valuation is reflected in the land's disposal account at 31 March 2000.

OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

REPORT OF THE AUDITORS TO THE DIRECTORS OF OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LTD. UNDER SECTION 248 (3) OF THE COMPANIES ACT 1985

We have examined the financial statements of the company and each of its subsidiaries for the year ended 31 March 2000. The scope of our work for the purpose of this report was limited to confirming that the company is entitled to the exemption conferred by Section 248 of the Companies Act 1985 from preparing group financial statements.

In our opinion, the company is entitled to the exemption from preparing group financial statements conferred by Section 248 of the Companies Act 1985.

PricewaterhouseCoopers

**Chartered Accountants and Registered Auditors
Manchester**