

OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 1998

REGISTERED NO. 1527986



OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 1998

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OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

DIRECTORS AND ADVISERS

DIRECTORS

JB BATTYE
Chairman

N E BENNETT

A J DILLON

J JOHNSON

H MC DONALD

B J MATHER

C SMITH
Finance

G F SMITH

REGISTERED AUDITORS

PRICEWATERHOUSECOOPERS
ABACUS COURT
6 MINSHULL STREET
MANCHESTER
M1 3ED

SECRETARY & REGISTERED OFFICE

G F SMITH
CIVIC CENTRE
WEST STREET
OLDHAM
OL1 1UL

OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

CHAIRMAN'S STATEMENT

Over several years the company has had to deal with the problems of maintaining a development programme in the face of a recession together with the necessary restructuring arising from government legislation on local authorities and companies.

I am pleased to be able to say that the strategy which we set out to deal with that situation is achieving its objectives. The year has been successful both in the progress made in restructuring the company and in its financial performance with a significant profit showing after several years of losses.

Brookside Business Park, formerly the company's major asset, was sold to Legal and General. The achieved sale price fully justified the investment in a high quality development which was made in the depths of the recession. The other disposal during the year was the office and warehouse facility at Salmon Fields to Booker Food Services.

Further disposals including The Castle Iron Works and the industrial units at The VIP Centre and The Prince of Wales Estate are planned in the next year.

The results of these disposals is that borrowings have been drastically reduced. There has also been a benefit to the Council (as the company's owners) as in that as a result of the reduction in company liabilities there has been a consequent increase in resources available for the Council's capital programme.

The company's remaining asset will be Southlink Business Park where a further development of about 20,000 sq. ft. of office space has been completed. The site has the capacity for up to a further 100,000 sq. ft. and, subject to confirmation of grant approval, it is hoped to begin a further development in the next year. It is likely, however, that a development partner will be involved in that next development and in subsequent phases at Southlink.

Looking to the future the effect of the restructuring will be that OEDA Ltd. will cease to exist as a company wholly owned by the Council. As I stated last year, however, the intention is to ensure that the company's role in the economic regeneration of the Borough is continued.

OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

DIRECTORS' REPORT FOR THE 12 MONTHS ENDED 31 MARCH 1998

The Directors present their fourteenth annual report and the audited financial statements for the 12 months ended 31 March 1998.

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. 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 also been necessary to arrange external borrowings to the value of £16.025M. These were with Morgan Grenfell & Company Ltd. for £13.0M and the Company's bankers, National Westminster Bank PLC for £3.025M. The Morgan Grenfell loans were guaranteed by the Council whilst the National Westminster Bank loans were secured on the Company's assets. At the commencement of this financial year the amounts still outstanding, after allowing for sums repaid, were £10.0M in respect of the Morgan Grenfell loan and £2.082M in respect of the National Westminster Bank loan.

During the course of this financial year a re-financing package has been arranged with the Company's existing lenders, necessitated by the termination of the loan period on 25th March 1998 in respect of the loan of £10.0M with Morgan Grenfell and Company Ltd. From the sale of the Company's assets at Holroyd & Meek factory, Salmon Fields and the Brookside Business Park at Greengate, Chadderton, the Company was able to repay £8.0M and enter into an amended loan facility of £2.0M with Morgan Grenfell (since assigned over to Deutsche Bank AG as part of the reorganisation within Deutsche Morgan Grenfell) repayable on or before 25th March 2000. Similar to the previous loan of £10.0M the repayment of the loan is guaranteed by Oldham Borough Council.

However, in disposing of the Brookside Business Park the loan outstanding with the National Westminster Bank plc of £1.907M (after further repayments during the year) secured on the property had also to be repaid and a new facility of £1.950M was entered into with the Bank. This comprises of £1.250M which is repayable over 10 years and a bridging loan of £0.700M which is repayable by 30th September 1999, both loans being secured on the Southlink Business Park and the Prince of Wales Business Park.

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 £868,883

Expenditure on administration and depreciation amounted to £191,345

CHANGES IN FIXED ASSETS

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

POST BALANCE SHEET EVENTS

Post balance sheet events are set out in note 21 to the financial statements.

DIRECTORS

The directors of the Company during 31 March 1998, 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.

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

Further disposals, namely The Prince of Wales Business Park and The VIP Centre, are planned over the next 18 months or so, leaving the company holding only the Southlink Business Park. A further phase of development is planned on that site involving the introduction of joint venture partner.

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.

DIRECTORS' RESPONSIBILITY

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 as at the end of the period 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 1998. 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, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

AUDITORS

A resolution to reappoint the auditors, PricewaterhouseCoopers , will be proposed at the annual general meeting. Our auditors, Coopers & Lybrand, merged with Price Waterhouse on 1 July 1998, following which Coopers & Lybrand resigned and the directors appointed the new firm, PricewaterhouseCoopers, as auditors.

By order of the Board 27.1.99
G F SMITH (Secretary)



OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

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

We have audited the financial statements on pages 6 to 15 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on pages 8 and 9 and in accordance with the special provisions of the Companies Act relating to small companies and groups.

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 have 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 significant estimates and judgements 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 evaluated the overall adequacy of the presentation of financial statements.

Fundamental Uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the restructuring of the Council's interest in the company, and its wholly owned subsidiary, and the impact on the company's business, assets and liabilities. The financial statements have been prepared on a going concern basis and the validity of this depends on the successful completion of the company's restructuring proposals. The financial statements do not include any adjustments that would result should the company be unable to continue in operational existence. Details of the circumstances relating to this fundamental uncertainty are described in Note 24. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, applicable to small companies and groups.


PricewaterhouseCoopers

**Chartered Accountants and Registered Auditors
Manchester**

27 January 1999

OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 1998

	NOTE	1998 £	1998 £	1997 £	1997 £
General rental income	3		868,883		1,012,295
Continuing Operations		280,954		201,861	
Discontinued Operations		<u>587,929</u>		<u>810,434</u>	
Operating expenses			(535,748)		(314,586)
Continuing Operations		(531,677)		(225,057)	
Discontinued Operations		<u>(4,071)</u>		<u>(89,529)</u>	
Administrative expenses	4		(98,798)		(106,023)
Depreciation	4		(92,547)		(184,990)
Amortisation of deferred income			24,680		59,188
Operating profit			<u>166,470</u>		<u>465,884</u>
Investment income	7		78,218		54,092
Interest payable	8		(740,081)		(848,950)
Loss on ordinary activities before tax	9		<u>(495,393)</u>		<u>(328,974)</u>
Profit on sale of fixed assets	9		1,703,927		232,796
Tax on profit on ordinary activities	10		-		-
Retained profit for the year			<u>1,208,534</u>		<u>(96,178)</u>

Statement of movement on reserves

Balance brought forward	(1,649,720)	(1,553,542)
Profit in year	1,208,534	(96,178)
	<u>(441,186)</u>	<u>(1,649,720)</u>

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

The historical cost profit is identical to that disclosed above and, therefore, no separate note of historical cost profits and losses has been included.

OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

BALANCE SHEET AS AT 31 MARCH 1998

	NOTE	1998 £	1997 £
Fixed Assets			
Tangible assets	11,12	2,414,845	899,808
Assets held for resale	11,12	2,941,490	8,121,701
Investments	12, 13	-	32,801
		<u>5,356,335</u>	<u>9,054,310</u>
Current Assets			
Debtors	14	380,249	4,321,685
Cash in Bank and in hand		277,359	202,679
Investment		-	1,000,000
		<u>657,608</u>	<u>5,524,364</u>
Creditors : amounts falling due within one year	15	(4,096,613)	(12,301,887)
Net current liabilities		<u>(3,439,005)</u>	<u>(6,777,523)</u>
Total assets less current liabilities		<u>1,917,330</u>	<u>2,276,787</u>
Creditors : amounts falling due after more than one year		-	-
Accruals and deferred income	17	(1,143,516)	(2,711,507)
		<u>(1,143,516)</u>	<u>(2,711,507)</u>
Net Assets/(Liabilities)		<u>773,814</u>	<u>(434,720)</u>
Capital and Reserves			
Capital Fund	20	1,215,000	1,215,000
Profit and Loss account	20	(441,186)	(1,649,720)
Shareholders funds	19	<u>773,814</u>	<u>(434,720)</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 27-1-99 and were signed on its behalf by :
Directors



OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998**

1. GUARANTEE

The Company is limited by guarantee. At 31 March 1998 there were 13 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 and other intangible 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.

Finance Leases

Land and Buildings are leased under financing lease arrangements which contain an option for the lessee to purchase the asset outright at any time. Under the arrangements rental is payable by lessees until the option is exercised. The fair value of the asset at the inception of the lease, less option payments is shown in current debtors. Rental payments received are taken in full to profit and loss account. It is regarded as prudent to recognise only rentals due rather than the earnings which would arise were a constant rate of return calculated on the original investment as the lease calls for a marked rise in such payments over its life.

Investment Income

Investment income represents interest receivable from investments placed on the money market.

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.

OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

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.

3. ANALYSIS OF RENTAL INCOME

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

	Continuing Operations 1998 £	Discontinued Operations 1998 £	Total 1998 £	Continuing Operations 1997 £	Discontinued Operations 1997 £	Total 1997 £
Property :						
VIP Centre	53,339	-	53,339	39,287	-	39,287
Acorn Centre	-	(504)	(504)	-	69,516	69,516
Brookside Business Park	-	464,188	464,188	-	386,235	386,235
Southlink Offices, Phase 1	64,738	-	64,738	60,867	-	60,867
Castle Iron Works	-	-	-	-	346	346
Holroyd & Meek	-	124,245	124,245	-	296,728	296,728
Swan Mill	-	-	-	-	57,609	57,609
Prince of Wales Business Park	129,576	-	129,576	72,051	-	72,051
Southlink Workshops	33,301	-	33,301	29,656	-	29,656
	<u>280,954</u>	<u>587,929</u>	<u>868,883</u>	<u>201,861</u>	<u>810,434</u>	<u>1,012,295</u>

Of the above £ 124,245 is attributable to Finance Leases.

4. OTHER OPERATING INCOME AND EXPENSES

	1998 £	1997 £
Administration Expenses	98,798	106,023
Depreciation	92,547	184,990
	<u>191,345</u>	<u>291,013</u>

5. DIRECTORS' EMOLUMENTS

	1998 £	1997 £
Fees	<u>5,000</u>	<u>5,000</u>
Fees include amounts paid to :		
The Chairman	<u>-</u>	<u>-</u>
The highest paid Director	<u>5,000</u>	<u>5,000</u>

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	1998	1997
	£	£
Income from current asset investments	47,706	21,932
Income from Castle Iron Works mortgage	30,512	32,160
	<u>78,218</u>	<u>54,092</u>
8. INTEREST PAYABLE	1998	1997
	£	£
Interest on loans not repayable by instalment and also due wholly within 5 years.	588,971	687,613
Interest on loans repayable by instalment and due greater than 5 years	151,110	161,337
Other interest payable	-	-
	<u>740,081</u>	<u>848,950</u>
9. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1998	1997
	£	£
Loss on ordinary activities before taxation is stated after charging expenditure relating to:		
Auditors' remuneration for:		
Audit	9,850	7,600
Other Services	5,000	5,000
Reimbursement to OMBC in respect of all professional and staff costs, including related overheads.	136,116	127,446
Loss on sale of Swan Mill	-	13,396
Write off of capitalised work at Broadway Business Park	-	39,906
Diminution in value of Prince of Wales Business Park	2,608	57,797
Diminution in value of Southlink Business Park	308,708	
and crediting income relating to:		
Profit on the sale of Acorn Centre	-	(227,796)
Profit on sale of Napier Business Centre	-	(5,000)
Profit on sale of Brookside Business Park	(1,703,927)	-
	<u></u>	<u></u>
10. TAX ON PROFIT ON ORDINARY ACTIVITIES		
United Kingdom corporation tax at 25% (1997 25%)	-	-
	<u></u>	<u></u>
The taxation charge for the year is Nil		

OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

11.	ASSETS HELD FOR RESALE					TANGIBLE FIXED ASSETS				
	VIP Centre	Brookside Business Park	Prince of Wales Business Park	Castle Iron Works	Total	Southlink Land	Southlink Offices Phase 1	Southlink Offices Phase 2	Southlink Workshops	Total
	£	£	£	£	£	£	£	£	£	£
COST/VALUATION										
At 1 April 1997	758,413	5,676,295	2,428,341	30,000	8,893,049	-	594,638	43,162	320,000	957,800
Additions	-	17,063	-	-	17,063	880000	429,618	543,013	11,026	1,863,657
Disposals	-	-5,693,358	-	-	-5,693,358	-	-	-	-	-
Diminution in Value	-	-	-2608	-	-2608	-207,500	-101,208	-	-	-308,708
At 31 March 1998	758,413	-	2,425,733	30,000	3,214,146	672,500	923,048	586,175	331,026	2,512,749
DEPRECIATION										
At 1 April 1997	101,907	551,327	118,114	-	771,348	-	51,592	-	6,400	57,992
Charge for year	14,068	-	38,567	-	52,635	-	21,792	11,364	6,756	39,912
Disposal	-	-551,327	-	-	-551,327	-	-	-	-	-
At 31 March 1998	115,975	-	156,681	-	272,656	-	73,384	11,364	13,156	97,904
NET BOOK VALUE										
AT 31 MARCH 1998	642,438	-	2,269,052	30,000	2,941,490	672,500	849,664	574,811	317,870	2,414,845
NET BOOK VALUE										
AT 31 MARCH 1997	656,506	5,124,968	2,310,227	30,000	8,121,701	-	543,046	43,162	313,600	899,808

Accumulated interest capitalised, included in the total cost/valuation above and relating exclusively to the Prince of Wales, amounts to £58,882.

All assets have been valued during the year at Open Market Value by OMBC staff who are members of the Royal Institute of Chartered Surveyors.

Unamortised ERDF grants relating to assets are as follows:-

VIP Centre £151,869
 Prince of Wales Business Park £744,052
 Southlink Business Park Phase 1 £109,664
 Southlink Business Park Phase 2 £142,985

OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

12 . CHANGES IN FIXED ASSETS

The Prince of Wales Business Park was written down by £2608 after an open market valuation by OMBC staff.
The cost of the investment in Southlink Ltd. (£32801) was written-off.
Southlink Business Park was written down by £308,708 after an open market valuation by OMBC staff.

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.

	1998 £	1997 £
Investments	-	32,801
Share of net assets of Southlink Developments Ltd.	96	(3,570)
Share of profits/(losses) of Southlink Development Ltd. for the year ended 31 March 1998	3,666	(2,006)

Investments represent 100% of the type A and B Ordinary Shares.

These represent OEDA Ltd's original investment in Southlink Development Ltd. of £801 (one third of the issued share capital of £2,403), plus £32,000 paid to Ashdene & Windsor Ltd. for their interest in Southlink Development Ltd.

Although this investment was written-off during the year (See Note 12 above), the Company still owns the shares in Southlink Development Ltd.

14 . DEBTORS

	1998 £	1997 £
Amounts falling due within one year :		
Trade Debtors	93,406	57,216
Amounts owed by Subsidiary Undertaking	-	881,611
Other Debtors	74,580	69,210
Net Investment in Finance Leases	-	3,057,455
	<u>167,986</u>	<u>4,065,492</u>
Amounts falling due after one year :		
Other Debtors	212,263	256,193
	<u>380,249</u>	<u>4,321,685</u>

15 . CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998 £	1997 £
Bank Loans	3,950,000	12,081,652
Trade Creditors	-	36,104
Other Creditors	103,009	50,038
Accruals and Deferred Income	43,604	134,093
	<u>4,096,613</u>	<u>12,301,887</u>

OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

The bank loans represent:

A loan outstanding of £2 million with Morgan Grenfell and Company which is repayable on or before 25 March 2000 which is guaranteed by Oldham MBC. The interest rate charged is LIBOR plus 0.65% plus mandatory liquid asset costs.

A loan outstanding of £1,250,000 with National Westminster Bank which is repayable over 10 years and is secured on Southlink Business Park and The Prince of Wales Business Park.. The interest rate charged is 7.505% fixed.

A bridging loan of £700,000 with National Westminster Bank plc, which is repayable by 30 September 1999 and similarly secured on Southlink Business Park and the Prince of Wales Business Park. The interest is 1% above the bank's base rate.

The loans are disclosed as being repayable within one year due to the banks having the technical right to repayment on demand.

16. BANK LOANS AND OVERDRAFTS	1998	1997
	£	£
Repayable as follows:		
In one year or less	85,251	10,170,000
Between one and two years	2,791,770	170,000
Between two and five years	319,597	510,000
In five years or more	753,382	1,231,652
	<u>3,950,000</u>	<u>12,081,652</u>

17. DEFERRED INCOME

	ERDF GRANTS
	£
As at 1st April 1997	2,959,417
Released in year on sale of an asset	(1,978,086)
Received in Year	252,649
	<u>1,233,980</u>
Amortisation	
As at 1st April 1997	247,910
Released in year	24,680
Released in year on sale of asset	(182,126)
	<u>90,464</u>
Net Book Value as at 31 March 1998	<u>1,143,516</u>
Net Book Value as at 31 March 1997	<u>2,711,507</u>

18. CAPITAL COMMITMENTS

	1998	1997
	£	£
Capital expenditure that has been authorised by the directors but has not yet been contracted for	<u>-</u>	<u>-</u>
Capital expenditure that has been contracted for, but not provided for in the financial statements	<u>291,042</u>	<u>-</u>

OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

19 . RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
Profit/(Loss) on ordinary activities after taxation	1,208,534	(96,178)
Net increase in/(reduction to) shareholders' funds	1,208,534	(96,178)
Opening shareholders' funds	(434,720)	(338,542)
Closing shareholders' funds	773,814	(434,720)

20 . MOVEMENT OF CAPITAL AND RESERVES

	CAPITAL FUND £	PROFIT AND LOSS £
At 1 April 1997	1,215,000	(1,649,720)
Movement in the year	-	1,208,534
At 31 March 1998	1,215,000	(441,186)

21 . POST BALANCE SHEET EVENTS

In July 1998 the mortgage taken out by Oldham Engineering was redeemed in full.

22 . 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.

23 . RELATED PARTY TRANSACTIONS

OEDA Ltd is a controlled OMBC company
Amounts due to OMBC from OEDA Ltd.,

	£
Salary recharges	136,116
General Estate management costs ie. maintenance, repairs and rates	29,085
	165,201
Amounts due to OEDA Ltd. from OMBC,	
Income from units let to OMBC	12,772
	12,772

24 . GOING CONCERN

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the successful outcome of proposals for restructuring the Company.

The exemption from the provisions of Part V of the Local Government and Housing Act 1989, granted by the Secretary of State, expired on 31 March 1997. From that date, OEDA Ltd. became a controlled and regulated Company and, as such, its financial affairs are treated as if they are those of the local authority.

OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

Proposals for restructuring the Company are not yet finalised. It is proposed, over the next 18 months or so, to dispose of the Company's Prince of Wales Business Park and the VIP Centre. The proceeds will be used to repay the loans with the National Westminster Bank plc. The remaining assets and liabilities (including the Deutsche Bank AG loan) will be transferred to the Company's wholly owned subsidiary, Southlink Developments Ltd. This Company is formed by shares and, therefore, provides the option of introducing a private equity partner. The transfer of the Deutsche Bank AG loan would require the formal agreement of the bank. At this stage, only provisional discussions have taken place.

All assets and liabilities will be transferred at existing values and, therefore, no adjustment to the values would be required if the accounts were not to be prepared on a going concern basis.

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 1998. 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

PRICEWATERHOUSECOOPERS

**CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS
MANCHESTER**

27 January 1999