

**OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 MARCH 2005**

**REGISTERED NO. 1527986**



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**OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 MARCH 2005**

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# **OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

## **DIRECTORS AND ADVISERS**

### **BOARD DIRECTORS**

D R HIBBERT

D R JONES

A KILBURN  
Finance

A J DILLON      Appointed 10/06/2005

### **BOARD MEMBERS**

C SHYNE

J GREENWOOD

R HINDLE

J JOHNSON

M KELLY

### **REGISTERED AUDITORS**

STEPHEN SENIOR & COMPANY  
147 UNION ST  
OLDHAM  
OL1 1TD

## **SECRETARY & REGISTERED OFFICE**

AILEEN JOHNSON  
PO BOX 33  
CIVIC CENTRE  
WEST STREET  
OLDHAM  
OL1 1UL

## **OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

### **CHAIRMAN'S STATEMENT**

The company has remained inactive in the past year because of the restrictions, which apply to companies wholly owned by a local authority.

The delays to the proposed office developments are disappointing, as these would have released capital receipts. However, it is likely that developments will be attracted to the Southlink Business Park as they may be able to take advantage of the grant assistance available through the Economic Development Zone.

It is now perhaps appropriate to give consideration as to whether the company should voluntarily wind up given the restrictions on companies wholly owned by a local authority and the limited amount of developable land now owned by the company. The implications of this are to be fully considered, however until a decision is made the Directors continue to consider it appropriate to prepare the accounts on a going concern basis.

## **OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

### **DIRECTORS' REPORT FOR THE 12 MONTHS ENDED 31 MARCH 2005**

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

#### **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.

Over the course of the following 10 years the company undertook a development programme which required, in addition to the Council's investment, external borrowings of some £16,000,000. Scheduled repayments of the borrowings were repaid with final repayment taking place in March 2000, when the last of the Company's developed assets were sold.

In the event of its winding up or dissolution, the Company will be required to repay 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.

#### **FUTURE DEVELOPMENTS**

Previous proposals to develop part of the development land for a further office block of about 20,000 sq ft, with the assistance of ERDF grant have been delayed as a result of the difficulties of completing the project within the timescales contained in the grant conditions. It is now being proposed that the development will be undertaken through ERDF grant aid available under the Economic Development Zone.

A proposal to develop part of the company's land for Health Authority Office HQ in conjunction with land adjoining, owned by the Council, is now unlikely to proceed as the inquiry has been satisfied elsewhere.

The remainder of the Company's developable land will benefit when the adjoining railway land becomes available, following the introduction of Metrolink and the opportunity to gain direct access on to Oldham Way. The timescale for Metrolink and the release of the railway land is, however, at least 5 years away.

#### **DIRECTORS**

The directors of the Company as at 31 March 2005, 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.

#### **SECRETARY**

Aileen Johnson.

#### **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 Stephen Senior & Company.

## **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**

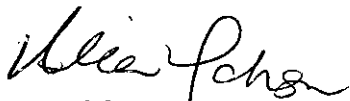
Company law requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the 12 months ended 31 March 2005 and that applicable accounting standards have been followed and that it is appropriate to prepare the accounts 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, Stephen Senior & Company, 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**  
**Aileen Johnson (Secretary)**

## **OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE BOARD DIRECTORS AND MEMBERS OF OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

We have audited the financial statements on pages 6 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

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 auditors' 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' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

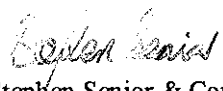
#### **Basis of audit opinion**

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

  
Stephen Senior & Company  
Chartered Certified Accountants and Registered Auditors  
Oldham

[Date] 3/11/05

**OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 MARCH 2005**

	NOTE	2005 £	2004 £
Turnover: General rental income	3	-	-
Operating expenses		(13)	(13)
Administrative expenses	4	(2,881)	(7,645)
Operating loss		<u>(2,894)</u>	<u>(7,658)</u>
Investment income	5	252	75
Loss on ordinary activities before tax	6	<u>(2,642)</u>	<u>(7,583)</u>
Tax on loss on ordinary activities	7	-	-
Loss for the year		<u><u>(2,642)</u></u>	<u><u>(7,583)</u></u>

All results derive from continuing operations

The company has no recognised gains and losses other than those included in the 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 2005

	NOTE	2005 £	2004 £
<b>Fixed Assets</b>			
Tangible assets	8	429,000	429,000
		<u>429,000</u>	<u>429,000</u>
<b>Current Assets</b>			
Debtors	10	367,904	366,708
Cash in bank and in hand		6,032	14,770
		<u>373,936</u>	<u>381,478</u>
Creditors : amounts falling due within one year	11	(31,607)	(36,508)
Net current assets		<u>342,329</u>	<u>344,971</u>
Total assets less current liabilities		<u>771,329</u>	<u>773,971</u>
Net assets		<u>771,329</u>	<u>773,971</u>
<b>Capital and Reserves</b>			
Capital Fund	13	1,215,000	1,215,000
Profit and Loss account	13	(443,671)	(441,029)
Members funds	12	<u>771,329</u>	<u>773,971</u>

The financial statements on pages 6 to 11 were approved by the Board of Directors on  
and were signed on its behalf by :

DIRECTOR

*Dave Hibbert*

DATE

*3/11/05*

## **OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005**

#### **1. GUARANTEE**

The Company is limited by guarantee. At 31 March 2005 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 under the historical cost convention and 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 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 are exempt from the requirements of FRS1 to prepare a cash flow statement.

##### **Tangible Fixed Assets**

Tangible fixed assets, which comprise freehold land held for redevelopment, is held at valuation. Valuations are performed on a regular basis by external valuers and are reviewed in the intervening periods by internal officers. Freehold land is not depreciated.

##### **Deferred Taxation**

Deferred Taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which future reversal of the timing differences can be deducted. Deferred tax assets and liabilities are not discounted.

##### **Turnover**

Turnover represents rental and service charge income net of value added tax.

#### **3. ANALYSIS OF RENTAL INCOME**

There has been no rental income for the past three years.

**OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

<b>4. ADMINISTRATION EXPENSES</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Administration expenses - general	2,881	7645
	<u>2,881</u>	<u>7,645</u>
 <b>5. INVESTMENT INCOME</b>	 <b>2005</b>	 <b>2004</b>
	<b>£</b>	<b>£</b>
Income from current asset investments	252	75
Interest on short term monies loaned to parent	-	-
	<u>252</u>	<u>75</u>

# **OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

<b>6. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Loss on ordinary activities before taxation is stated after charging expenditure relating to:		
Auditors' remuneration for:		
Audit	900	900
Other Services	13	-
Reimbursement to OMBC in respect of all professional and staff costs, including related overheads.	1,981	6528
	<hr/>	<hr/>
<b>7. TAX ON PROFIT ON ORDINARY ACTIVITIES</b>		
The taxation charge for the year is Nil (2004: Nil)		
<b>8. TANGIBLE FIXED ASSETS</b>		
	<b>£</b>	<b>£</b>
<b>VALUATION</b>		
At 31 March 2004 & 31 March 2005	429,000	429,000
<b>DEPRECIATION</b>		
At 31 March 2004 & 31 March 2005	-	-
<b>NET BOOK VALUE</b>		
AT 31 March 2004 & 31 March 2005	<hr/> <hr/> 429,000	<hr/> <hr/> 429,000

The last external valuation of the land was performed by Lambert Smith Hampton in March 2000 and supported a carrying value of £545,000. An internal valuation was performed in December 2002, which indicated that the value of the land had fallen to £429,000 and hence the carrying value was reduced.

The internal valuation has been prepared by John R Mitchell (MRICS) on the Open Market Value basis, which is defined in the Appraisal and Valuation Manual published by the Royal Institute of Chartered Surveyors.

# **OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED**

## **9. 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. This has been fully written down in the books of The Company.

<b>10. DEBTORS</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Amounts falling due within one year :		
Amounts owed by Subsidiary Undertaking	2,746	1,708
Amounts owed by Parent Company	365,000	365,000
Other Debtors	158.00	
	<u>367,904</u>	<u>366,708</u>

The figure in 'Amounts owed by Parent Company' represents £365,000 as the balance owed on the purchase price of land and property at Southlink Business Park.

## **11. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Accruals and other creditors	31,607	36,508
	<u>31,607</u>	<u>36,508</u>

## **12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Loss on ordinary activities after taxation	(2,642)	(7,583)
Opening shareholders' funds	773,971	781,554
Closing shareholders' funds	<u>771,329</u>	<u>773,971</u>

## **13. MOVEMENT OF CAPITAL AND RESERVES**

	<b>CAPITAL FUND</b>	<b>PROFIT and LOSS</b>
	<b>£</b>	<b>£</b>
At 1 April 2004	1,215,000	(441,029)
Loss for the year	-	(2,642)
At 31 March 2005	<u>1,215,000</u>	<u>(443,671)</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.

## **14. 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.