

MILLENNIUM POINT TRUST
(A company limited by guarantee)

Registered No 3227575
Charity No 1059451

REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2003



Clement Keys

CHARTERED ACCOUNTANTS



A07 *AMQAP87K* 0818
COMPANIES HOUSE 31/01/04

MILLENNIUM POINT TRUST
(A company limited by guarantee)

CONTENTS

| | Page |
|---|-------------|
| Officers and professional advisers | 1 |
| Directors' Report | 2 |
| Independent Auditors' Report | 7 |
| Consolidated Statement of Financial Activities | 8 |
| Consolidated Balance Sheet | 9 |
| Company Balance Sheet | 10 |
| Consolidated Cash Flow Statement | 11 |
| Notes to the accounts | 12 |

MILLENNIUM POINT TRUST
(A company limited by guarantee)

OFFICERS AND PROFESSIONAL ADVISERS

TRUSTEES

Peter Knight
David H Tidmarsh
Robert Jordan
John Adcock
Herbert Campion
Carl Rice
Anthony Ward
Ian Ward
Sir Bernard Zissman
Bill Culshaw

SECRETARY

Hammonds Secretarial Services Limited

REGISTERED OFFICE

Hammonds
Solicitors
Rutland House
8 Edmund Street
Birmingham
B3 2JR

BANKERS

Barclays Bank plc
15 Colmore Row
Birmingham
B3 2EP

SOLICITORS

Hammonds
Solicitors
Rutland House
8 Edmund Street
Birmingham
B3 2JR

AUDITORS

Clement Keys
39/40 Calthorpe Road
Edgbaston
Birmingham
B15 1TS

MILLENNIUM POINT TRUST
(A company limited by guarantee)

DIRECTORS' REPORT

for the year ended 31 March 2003

The Directors, who are the trustees, present their annual report and the audited accounts for the year ended 31 March 2003.

Name of charity

The full name of the charity is Millennium Point Trust. It is exempt from using the title "Limited" under section 30 of the Companies Act 1985.

Constitution

The charity was incorporated as a private company limited by guarantee on 16 July 1996. The company registration number is 3227575. The company is registered with the Charity Commission - registration number 1059451.

The Memorandum and Articles of Association are the governing documents of the charity.

Trustees (Directors)

The following trustees, who are also directors, served throughout the year.

Peter Knight
David H Tidmarsh*
Robert Jordan
John Adcock*
Herbert Campion
Carl Rice
Bill Culshaw

Peter Rigby (resigned on 12 May 2003)
Andrew Howell (resigned 9 June 2003)*
John Alden (resigned 9 June 2003)
Anthony Ward (appointed 9 June 2003)
Ian Ward (appointed 9 June 2003)*
Sir Bernard Zissman (appointed 21 October 2003)

No trustee had any interest in the charity or any of the group companies. The trustees received no remuneration for their services.

* denotes the trustees who are members of the Finance Committee.

Method of appointment of trustees

The Articles of Association provide that the number of trustees shall not be less than three but (unless otherwise determined by ordinary resolution) shall not be subject to a maximum. The body of trustees consists of three nominated trustees and the ordinary trustees. The one nominated trustee may be appointed by each of the members, namely Birmingham City Council, University of Central England and Birmingham Chamber of Industry and Commerce. The trustees may appoint a person who is willing to act to be an ordinary trustee.

Objects

The objects of the charity, as set out in the Memorandum and Articles of Association, are to advance education for the public benefit in particular but not exclusively in the industrial and technological processes which have shaped the modern world and will shape the future world.

MILLENNIUM POINT TRUST
(A company limited by guarantee)

DIRECTORS' REPORT continued

Organisation

The charity currently operates from Millennium Point in Curzon Street. Millennium Point Trust has a wholly owned subsidiary company - Millennium Point Property Limited. Millennium Point Property Limited is charged with delivering the Millennium Point development and thus aiding the Trust in meeting its charitable objects.

A further subsidiary, MPT Environmental is an approved body within the meaning of the Landfill Tax Regulations 1998, and it is intended that it will be able to reclaim Landfill Tax under those regulations to provide funding for its activities.

The powers of MPT Environmental can be applied only in furtherance of the objects of Millennium Point Trust.

The Board of Trustees meets in formal sessions approximately 4 times a year to determine overall policy and overview the furtherance of the charity's objects.

A Finance Committee has been established to advise the Board on financial policies, strategies and procedures and to take certain decisions in accordance with the delegated powers.

Review of the developments, activities and achievements during the period

Since opening to the public in September 2001, Millennium Point has continued to operate the successful Millennium Point building and develop the main business of the Trust.

Lettings in the building are progressing well, with some 90% of space let to prestigious tenants. The remaining space is being reviewed against the continuing need for good quality office space in or near the centre of the city and the level of interest continuing to be seen from potential clients.

Footfall in the building has grown on the previous year and is now comfortably over 1m per annum.

Current and future plans revolve around continuing the success of the past and growing the tenant base and synergy of the components within the building. To this end, the management team of Millennium Point have joined with Thinktank Trust to form Millennium Point Joint Services Company Limited, a jointly owned company with Thinktank Trust for the provision of management services to the two organisations. This allows a holistic approach to managing the building and its relationship with the public as well as allowing a more efficient management structure.

Future developments within the project are expected to include further lettings and developments within the hub area, further collaboration between the components in the project and joint initiatives with major external bodies to provide the best in science and science education.

As at the balance sheet date, the company was in technical breach of its arrangement with Barclays Bank plc. This position arose due to the delay in a land sale undertaken by the Trust, which was not completed until 4 April 2003. Consequently at the balance sheet date the financial position of the Trust was not adequately reflected by the accounts. As of 4 April 2003, the land sale to Advantage West Midlands was completed resulting in substantial funds being available to the Trust. At all times in this process, Barclays Bank were aware of the process and the technicalities of the position. The Board formally thanks Barclays Bank for their help during this time and their continued support of the project.

The proceeds of the land sale were such as to underwrite the forward financial plans of the project for the foreseeable future and as a consequence, the trustees are able to produce these accounts on a going concern basis.

MILLENNIUM POINT TRUST
(A company limited by guarantee)

DIRECTORS' REPORT continued

Future plans and subsequent events

The trustees are grateful to all agencies and individuals who worked so hard to produce a successful Landmark Millennium Project for the Region.

Risk management

The trustees have reviewed their procedures in the light of Corporate governance guidance contained within the Statement of Recommended Practice – Accounting and Reporting by Charities - issued 12 October 2000.

The Trust received a Risk Assessment report undertaken by the Executive in conjunction with its professional advisers which identified key risks across the project's complete life cycle with particular emphasis on commitments at June 2002. Defined risk management strategies were formalised to deal with those key risks.

Reserves policy

The Memorandum and Articles of Association do not permit the payment of a dividend.

It is the intention of the trustees that surplus funds will be retained in accordance with business plans drawn up and revised from time to time to provide for the fulfillment of the objects of the charity.

Availability and adequacy of assets of the fund

In the opinion of the trustees the assets of each fund are available and adequate to fulfil their obligations. There are no contingent liabilities or guarantees.

Investments

The investments held by the Trust have been acquired in accordance with the powers available to the trustees.

Fixed assets

Movements in fixed assets are shown in note 10 to the financial statements.

European currency software modification costs

No detailed review of the impact of a single European Currency has been carried out. However, given that the company is a non trading charity no significant expenditure is anticipated.

Auditors

Clement Keys have expressed their willingness to continue in office. A resolution for their reappointment as auditors is to be proposed at the forthcoming Ordinary General Meeting.

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

Robert Jordan
Chairman and Trustee



22 December 2003

MILLENNIUM POINT TRUST
(A company limited by guarantee)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law and the law applicable to Charities in England and Wales require the directors of a charity (namely the trustees) to prepare financial statements each financial year which give a true and fair view of the state of affairs of the charity and the group and the incoming resources and application of resources 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 and statements or recommended practice have been followed, subject to any departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in operation.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the charity and the group and which enables them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

39/40 Calthorpe Road, Edgbaston
Birmingham B15 1TS

Tel: 0121 456 4456 Fax: 0121 456 4510

www.clementkeys.co.uk

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MILLENNIUM POINT TRUST
(A company limited by guarantee)**

We have audited the financial statements for the year ended 31 March 2003 which comprise the Consolidated Statement of Financial Activities, the charity and group Balance Sheet, Consolidated Cashflow Statement and related notes set out on pages 8 to 21. These financial statements have been prepared under the historical cost conventions and the accounting policies set out therein.

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 director and auditors

The trustees' (who are also the directors of Millennium Point Trust for the purposes of company law) responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' 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.

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.

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 1995. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charity and group 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 trustees' remuneration and transactions with the charity and group is not disclosed.

We read other information contained in the Directors' Annual Report, and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes an 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 charity and group'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 misstatements, 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.

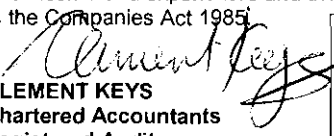
Uncertainty – going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 2 of the financial statements on page 13 concerning the uncertainty as to the company obtaining sufficient funding for future activities. In view of the significance of this uncertainty we consider that it should be drawn to your attention, but 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 the charitable company and group's affairs as at 31 March 2003 and of the incoming resources and application of resources, including its income and expenditure and the cashflows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


39/40 Calthorpe Road
Edgbaston
Birmingham
B15 1TS


CLEMENT KEYS
Chartered Accountants
Registered Auditors



2003
BWMSCA
Accountancy Firm of the Year
- up to 10 partners

22 December 2003
Roger J Parsons, Michael T Meakin, Alan T Robertson, Ian S Burke,
Joseph R Bates, Philip T Cook, Gavin C Whitehouse, Duncan A McNab, Ross A Cocker

Worldwide representation through  International

MILLENNIUM POINT TRUST
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(incorporating an Income and Expenditure Account)

for the year ended 31 March 2003

| | Note | 2003 Unrestricted funds £'000 | 2002 Total funds £'000 |
|--|------|--|---------------------------------|
| Incoming resources | | | |
| Activities in furtherance of charity's objects | | | |
| Grants receivable | 3 | - | 400 |
| Activities for generating funds | | | |
| Trading income | 6 | 5,570 | 4,456 |
| Bank deposit interest | 4 | <u>6</u> | <u>82</u> |
| Total incoming resources | | 5,576 | 4,938 |
| Cost of generating funds | | | |
| Trading costs | 6 | 5,136 | 3,876 |
| Trading costs – exceptional | 7 | 152 | - |
| Interest payable | 5 | <u>1,134</u> | <u>584</u> |
| Net (outgoing)/incoming resources available for charitable application | | (846) | 478 |
| Charitable expenditure | | | |
| Costs of activities in furtherance of the objects of the charity | | | |
| Management and administering the charity | | <u>73</u> | <u>193</u> |
| Total charitable expenditure | | 73 | 193 |
| Total resources expended | | (6,495) | (4,653) |
| Net (outgoing)/incoming resources being net (expenditure)/income for the year | | (919) | 285 |
| Fund balances brought forward at 1 April 2002 | 16 | <u>1,581</u> | <u>1,296</u> |
| Fund balances carried forward at 31 March 2003 | 16 | <u>662</u> | <u>1,581</u> |

The statement of financial activities includes all gains and losses recognised in the year. All incoming resources and resources expended derive from continuing activities.

The notes on pages 12 to 21 form an integral part of these accounts.

MILLENNIUM POINT TRUST
(A company limited by guarantee)

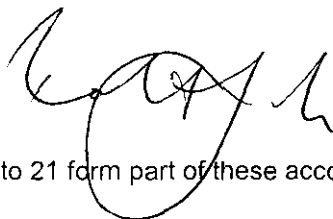
CONSOLIDATED BALANCE SHEET

for the year ended 31 March 2003

| | Note | 2003 | 2002 |
|--|------|-----------------|-----------------|
| | | £'000 | £'000 |
| Fixed assets | | | |
| Tangible fixed assets | 10 | 90,059 | 91,281 |
| Current assets | | | |
| Debtors | 12 | 603 | 1,261 |
| Stock | 13 | - | 8 |
| Cash at bank and in hand | | <u>83</u> | <u>932</u> |
| | | 686 | 2,201 |
| Creditors: amounts falling due within one year | 14 | <u>(3,490)</u> | <u>(3,439)</u> |
| Net current liabilities | | <u>(2,804)</u> | <u>(1,238)</u> |
| Total assets less current liabilities | | 87,255 | 90,043 |
| Creditors: amounts falling due after more than one year | 15 | <u>(86,593)</u> | <u>(88,462)</u> |
| Net assets | | <u>662</u> | <u>1,581</u> |
| Funds | | | |
| Unrestricted funds | | 1,433 | 1,506 |
| Non-charitable trading funds | | <u>(771)</u> | <u>75</u> |
| | 16 | <u>662</u> | <u>1,581</u> |

The consolidated financial statements were approved by the Board of Directors on 22 December 2003 and signed on its behalf by:

Robert Jordan
Chairman



The notes on pages 12 to 21 form part of these accounts.

MILLENNIUM POINT TRUST
(A company limited by guarantee)

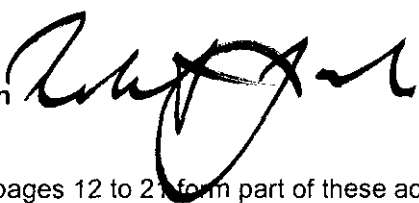
BALANCE SHEET

for the year ended 31 March 2003

| | Note | 2003 | 2002 |
|--|------|-------|-------|
| Company | | £'000 | £'000 |
| Fixed assets | | | |
| Tangible fixed assets | 10 | 1,580 | 1,588 |
| Current assets | | | |
| Debtors | 12 | 14 | 296 |
| Cash at bank and in hand | | - | 64 |
| | | 14 | 360 |
| Creditors: amounts falling due within one year | 14 | (70) | (351) |
| Net current assets | | (56) | 9 |
| Total assets less current liabilities | | 1,524 | 1,597 |
| Creditors: amounts falling due after more than one year | 15 | (987) | (987) |
| Net assets | | 537 | 610 |
| Funds | | | |
| Unrestricted funds | 16 | 537 | 610 |

The financial statements were approved by the Board of Directors on 22 December 2003 and signed on its behalf by:

Robert Jordan
Trustee



The notes on pages 12 to 21 form part of these accounts.

MILLENNIUM POINT TRUST
(A company limited by guarantee)

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2003

| Reconciliation of net incoming resources to net cash inflow from operating activities | Note | 2003 £'000 | 2002 £'000 |
|--|-------------|-----------------------|-----------------------|
| Net (outgoing)/incoming resources | | (919) | 285 |
| Depreciation and other write offs | | 1,627 | 790 |
| Grants amortised | | (2,004) | (3,132) |
| Grants receivable | | (229) | - |
| Interest receivable | | (6) | (82) |
| Interest payable | | 1,134 | 584 |
| Increase in stock | | 8 | (8) |
| Decrease in debtors | | 158 | 724 |
| Increase/(decrease) in creditors | | <u>276</u> | <u>(2,924)</u> |
| Net cash inflow/(outflow) from operating activities | | 45 | (3,763) |
| Cashflow statement | | | |
| | | 2003 £'000 | 2002 £'000 |
| Net cash inflow/(outflow) from operating activities | | 45 | (3,763) |
| Returns on investment and servicing of finance | 20(a) | (1,218) | (327) |
| Capital expenditure | 20(b) | (405) | (24,347) |
| Financing | 20(c) | <u>729</u> | <u>24,285</u> |
| (Decrease)/increase in cash in period | | (849) | (4,152) |
| Reconciliation of net cash flow to movement in net (debt)/funds | | | |
| | | 2003 £'000 | 2002 £'000 |
| Decrease in cash in the year | | (849) | (4,152) |
| Decrease/(increase) in lease financing | | - | 701 |
| Commencement of bank loan | | - | (13,300) |
| Repayment of other loans | | <u>-</u> | <u>278</u> |
| Movement in net funds and debt in the year | 20(d) | (849) | (16,473) |
| Net (debt)/funds at 1 April | 20(d) | <u>(13,355)</u> | <u>3,118</u> |
| Net debt at 31 March | 20(d) | <u>(14,204)</u> | <u>(13,355)</u> |

MILLENNIUM POINT TRUST
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

for the year ended 31 March 2003

1 Accounting policies

The financial statements are prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" issued October 2000 and applicable accounting standards. The particular accounting policies adopted by the trustees are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The charity has availed itself of paragraph 3(3) of Schedule 4 of the Companies Act 1985 and adapted the Companies Act formats to reflect the special nature of the charity's activities. No separate SOFA has been presented for the charity alone as permitted by Section 230 of the Companies Act 1985 and paragraph 304 of the SORP. The amount of the surplus or deficit for the year dealt within the financial statements of the charity is disclosed in Note 16.

Incoming resources

All income is recognised in the Statement of Financial Activities when the conditions for receipt have been met and there is reasonable assurance of receipt. The following accounting policies are applied to income.

Donations and gifts

Cash donations are included when received.

Grants receivable by the Trust

Grants receivable by the company are accounted for in the period in which the grant is received unless there is an agreement to make such grants and they are received prior to the date the financial statements are issued. In this case the appropriate debtor is included.

In respect of its subsidiary undertakings

Grants and sponsorship income

Recognition - grants, donations and sponsorship are included in the accounts once a legally binding commitment to provide has been entered into and an appropriate claim has been made.

From third parties - grants and sponsorship in respect of capital expenditure received from external third parties are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments. Revenue grants are released to profit over the life of the project to which they relate.

Sponsorship valuation

Sponsorship in kind includes provision of commercial services and assets valued at cost to the "provider".

Trading income

Trading income represents income from rents and service charges receivable together with car park charges and hoarding rights exclusive of VAT.

MILLENNIUM POINT TRUST
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

for the year ended 31 March 2003

1 Accounting policies continued

Finance leases

Where an asset is financed by an arrangement that gives rights approximating to ownership (finance lease) the asset is treated as if it had been purchased outright. The amount included within the tangible fixed assets is the present value of anticipated cash inflows due under the arrangement. The corresponding commitment is included under financial leases.

Operating leases

Rentals under operating leases are charged to the statement of financial activities on straight line basis over the term of the lease.

Foreign currency translation

Transactions in foreign currencies are translated into sterling at the rates of exchange current at the dates of the transactions. Foreign currency liabilities in the balance sheet are translated into sterling at the rates of exchange ruling at the year end except where hedged. Resulting exchange gains and losses are taken to the Statement of Financial Activities in the year in which they arise.

Pension costs

The company is a member of the West Midlands Metropolitan Authorities Pension Fund, a defined benefit scheme. Contributions are charged to the income and expenditure account in accordance with rates advised by the scheme actuary.

Other expenditure

Development expenditure

All expenditure incurred in respect of the committed project is capitalised and written off in accordance with the depreciation policies outlined below.

Fund accounting

The charity maintains two types of funds as follows:

Restricted funds

Restricted funds represent grants and donations received which are allocated by the donor for specific purposes.

Unrestricted funds

Unrestricted funds represent funds that are expendable at the discretion of the trustees in the furtherance of the objects of the charity. Such funds may be held in order to finance both working capital and capital investment.

Tangible fixed assets

Fixed assets comprise:

- (a) Project costs associated with the design and build of Millennium Point together with the costs of project management, the raising of finance and of presenting the project to the Millennium Commission and the other funding bodies;
- (b) Fixtures and fittings
- (c) IT and office equipment for use by the direct employees of the project team.

MILLENNIUM POINT TRUST
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

for the year ended 31 March 2003

1 Accounting policies continued

Depreciation is provided on cost less estimated residual value in equal annual instalments over the estimated useful lives of the asset.

The rates of depreciation are as follows:

| | |
|--------------------------------------|-------------|
| Assets in the course of construction | - Nil |
| IT Kit | - 3 years |
| Fixtures and fittings | - 5 years |
| IMAX projection systems | - 20 years |
| Exhibition Fit out | - 30 years |
| Building | - 150 years |

Stocks

Purchased stocks are valued at the lower of cost and net realisable value.

Related party transactions

Millennium Point Trust is the parent company within a group that prepares consolidated financial statements. The company has taken advantage of the exemption from disclosing transactions with group entities under the terms of Financial Reporting Standard No 8. All other related party transactions are disclosed in note 22.

Recognition of liabilities

Liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events.

2 Basis of preparation of the financial statements – going concern

At the year end the group was in breach of two of the covenants within its loan agreement with Barclays Bank plc. However, the directors still consider it appropriate to prepare accounts on a going concern basis following transactions which have taken place after the year end (see note 22) and the preparation of cashflow forecasts for the forthcoming year.

| 3 Analysis of incoming resources | 2003 £'000 | 2002 £'000 |
|---|-----------------------|-----------------------|
| Grants receivable | | |
| <i>Unrestricted funds</i> | | |
| Millennium Commission | - | 300 |
| Severn Trent Plc | - | 100 |
| | <hr/> | <hr/> |
| | - | 400 |
| | <hr/> | <hr/> |
| 4 Investment income | 2003 £'000 | 2002 £'000 |
| Bank interest | 6 | 82 |
| | <hr/> | <hr/> |

MILLENNIUM POINT TRUST
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

for the year ended 31 March 2003

| | | | |
|----------|-------------------------|-----------------------------|-----------------------------|
| 5 | Interest payable | 2003 £'000 | 2002 £'000 |
| | Bank loan interest | 1,134 | 584 |

6 Net income of non-charitable trading subsidiary

The charity has a wholly owned trading subsidiary, which is incorporated in the UK. Millennium Point Property Limited is charged with developing and operating the site of Millennium Point to enable Millennium Point Trust to fulfil its charitable objects. The company covenants its taxable profit to Millennium Point Trust. £Nil (2002 £Nil) is included in administrative expenses below in this regard. A summary of its trading result is shown below for the twelve months to 31 March 2003. Audited accounts will be filed with the Registrar of Companies.

| | Millennium Point Property Limited | |
|---|--|-----------------------------|
| | 2003 £'000 | 2002 £'000 |
| Profit and loss account | | |
| Income | 5,570 | 4,456 |
| Administrative expenses | (5,136) | (3,876) |
| Administrative expenses – exceptional | (152) | - |
| Operating profit | 282 | 580 |
| Interest receivable | 6 | 79 |
| Interest payable | (1,134) | (584) |
| Retained in subsidiary | (846) | 75 |
| | | |
| The aggregate of the subsidiary's assets and liabilities was: | 2003 £'000 | 2002 £'000 |
| Assets | 88,266 | 91,207 |
| Liabilities | (89,037) | (91,132) |
| Shareholders' (deficit)/funds | (771) | 75 |

7 Exceptional item

The exceptional item relates to costs incurred in the subsidiary in connection with the preparation of an enhancement bid application to the Millennium Commission which was unsuccessful.

| | | | |
|----------|---|--------------------------|--------------------------|
| 8 | Employee numbers and cost | 2003 No | 2002 No |
| | Average number of persons employed | | |
| | Permanent | | |
| | Directors (all of whom are trustees) | 9 | 9 |
| | Operations | 4 | 7 |
| | Administration | 5 | 9 |
| | | 18 | 25 |

The directors who are also the trustees received no remuneration or expenses in the period.

MILLENNIUM POINT TRUST
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

for the year ended 31 March 2003

8 Employee numbers and cost - continued

| Employees' costs during the year amounted to: | 2003 £'000 | 2002 £'000 |
|---|---------------|---------------|
| Wages and salaries | 455 | 467 |
| Social security costs | 39 | 40 |
| Pension costs | 24 | 29 |
| Other benefits | | - |
| | <u>518</u> | <u>536</u> |

Pension costs

Contributions to the West Midlands Authorities Pension Fund, which is a defined benefit scheme, are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the charity.

At the last valuation date of 31 March 2002, using the projected units method, the actuarial value of investments and future contributions was £4,940 million and the actuarial valuation of benefits was £5,172 million.

The scheme is a multi-employer scheme and the charity is unable to identify its share of the underlying assets and liabilities. Accordingly, in compliance with FRS17 – Retirement Benefits, it has been accounted for as a defined contribution scheme. Based on the recommendations of the actuary, employer contributions for the three years beginning 1 April 2003 are to be 10% of pensionable remuneration.

The table below shows details of the employees including permanent secondees from Birmingham City Council who on an annualised basis received remuneration including benefits in excess of £50,000.

| | 2003 No | 2002 No |
|-------------------|------------|------------|
| £80,000 - £89,999 | - | 1 |
| £70,000 - £79,999 | - | - |
| £60,000 - £69,999 | - | 1 |
| £50,000 - £59,999 | 1 | - |
| | <u></u> | <u></u> |

9 Net incoming resources and operating profit

Net incoming resources and operating profit are stated after charging the following:

| | 2003 £'000 | 2002 £'000 |
|---|---------------|---------------|
| Depreciation and other amounts written off fixed assets | | |
| - owned | 1,597 | 789 |
| - leased | 96 | - |
| Auditor's remuneration | | |
| - audit fees | 7 | 6 |
| - non-audit | 5 | 4 |
| | <u></u> | <u></u> |

The group paid £5,775 on 26 June 2002 in respect of Directors and Officers Liability insurance for the year to 29 June 2003.

MILLENNIUM POINT TRUST
(A company limited by guarantee)

NOTES TO THE ACCOUNTS
for the year ended 31 March 2003

10 Tangible fixed assets
GROUP

| | Long leasehold land and buildings £'000 | Exhibition fit out costs £'000 | Fixtures and fittings £'000 | IT equipment £'000 | Total £'000 |
|-----------------------|---|--------------------------------------|--------------------------------------|--------------------------|----------------|
| Cost | | | | | |
| At 1 April 2002 | 74,197 | 16,469 | 140 | 1,351 | 92,157 |
| Additions | 300 | 72 | 32 | 1 | 405 |
| Transfers | (96) | - | 51 | 45 | - |
| At 31 March 2003 | 74,401 | 16,541 | 223 | 1,397 | 92,562 |
| Depreciation | | | | | |
| At 1 April 2002 | 277 | 275 | 47 | 277 | 876 |
| Charge for the year | 553 | 577 | 31 | 466 | 1,627 |
| At 31 March 2003 | 830 | 852 | 78 | 743 | 2,503 |
| Net Book Value | | | | | |
| At 31 March 2003 | 73,571 | 15,689 | 145 | 654 | 90,059 |
| At 31 March 2002 | 73,920 | 16,194 | 93 | 1,074 | 91,281 |

Included within the above is a 3D Projection system held on finance lease between the IMAX Corporation and the charity's subsidiary Millennium Point Property Limited. The net book value is £1,610,240 (2002: £1,705,984) on which a depreciation charge for the year of £95,744 (2002: £34,816) has been made. All payments due under the lease had been made by the year end.

The majority of the land on which the project is constructed is currently owned by Birmingham City Council. A long lease has been granted to the trust at a peppercorn rent.

The group occupies a small part of the leasehold land and buildings. The majority of the buildings are held for letting under operating leases.

| COMPANY | Long leasehold land and buildings £'000 | Fixtures and fittings £'000 | Total £'000 |
|-----------------------|--|--------------------------------------|----------------|
| Cost | | | |
| At 1 April 2002 | 1,593 | 43 | 1,636 |
| Additions | - | - | - |
| Transfers | - | - | - |
| At 31 March 2003 | 1,593 | 43 | 1,636 |
| Depreciation | | | |
| At 1 April 2002 | 5 | 43 | 48 |
| Charge for period | 8 | - | 8 |
| At 31 March 2003 | 13 | 43 | 56 |
| Net book value | | | |
| At 31 March 2003 | 1,580 | - | 1,580 |
| At 31 March 2002 | 1,588 | - | 1,588 |

MILLENNIUM POINT TRUST
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

for the year ended 31 March 2003

11 Investments

| Subsidiary undertakings | Class of shares held | % held | Principal activities | Investment at cost £ |
|--|----------------------|--------|---|-------------------------|
| Millennium Point Property Limited | Ordinary | 100% | Development of Millennium Point | 2 |
| MPT Environmental (a company limited by guarantee) | - | - | Environmental aspects of development and wider issues | |

The directors consider that MPT Environmental is a subsidiary undertaking on the grounds that the company is a member and controls the activities of MPT Environmental by means of a control contract dated 14 June 1999.

12 Debtors

| | 2003 | | 2002 | |
|-------------------------------------|----------------|------------------|----------------|------------------|
| | Group £'000 | Company £'000 | Group £'000 | Company £'000 |
| Trade debtors | 475 | - | 518 | - |
| Amounts due from group undertaking | - | 12 | - | 289 |
| Grants receivable | - | - | 500 | - |
| Other debtors | 24 | 2 | 160 | 7 |
| Prepayments | 57 | - | 22 | - |
| Accrued income | 47 | - | 35 | - |
| | 603 | 14 | 1,235 | 296 |
| Due after more than one year | | | | |
| Accrued income | - | - | 26 | - |
| Total debtors | 603 | 14 | 1,261 | 296 |

13 Stock

| | 2003 | | 2002 | |
|---------------|----------------|------------------|----------------|------------------|
| | Group £'000 | Company £'000 | Group £'000 | Company £'000 |
| IMAX - spares | - | - | 8 | - |

14 Creditors: amounts due within one year

| | 2003 | | 2002 | |
|-------------------------------------|----------------|------------------|----------------|------------------|
| | Group £'000 | Company £'000 | Group £'000 | Company £'000 |
| Bank and other loans | 400 | - | - | - |
| Trade creditors | 767 | 33 | 942 | 3 |
| Amounts due from group undertakings | - | - | - | 280 |
| Accruals | 607 | 37 | 503 | 68 |
| Deferred grants | 1,356 | - | 1,891 | - |
| Other deferred income | 340 | - | 103 | - |
| Other creditors | 20 | - | - | - |
| | 3,490 | 70 | 3,439 | 351 |

MILLENNIUM POINT TRUST
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

for the year ended 31 March 2003

| 15 | Creditors: amounts due after more than one year | 2003 | | 2002 | |
|----|---|----------------|------------------|----------------|------------------|
| | | Group £'000 | Company £'000 | Group £'000 | Company £'000 |
| | Bank and other loans | 13,887 | 987 | 14,287 | 987 |
| | Deferred income | <u>72,706</u> | <u>-</u> | <u>74,175</u> | <u>-</u> |
| | | <u>86,593</u> | <u>987</u> | <u>88,462</u> | <u>987</u> |

Debenture :

The company has granted a debenture over its assets to the Millennium Commission to secure all monies owing to the Commission by the company and its parent under the terms of a grant agreement dated 30 June 1997.

The subsidiary has also granted a debenture to Barclays Bank Plc in respect of the bank loan. Under the debenture, the company has assigned its rights over future rental income and granted a fixed and floating charge over its entire undertaking. The Trust is guarantor to this agreement.

Total secured liabilities at 31 March 2003 are £56,959,223 (2002 : £57,636,400).

| Included within the above are amounts falling due for repayment as follows: | 2003 £'000 | 2002 £'000 |
|---|---------------|---------------|
| Less than 1 year | 400 | - |
| in 1 – 2 years | 500 | 400 |
| In 2 – 5 years | 2,100 | 1,800 |
| More than 5 years | <u>10,300</u> | <u>11,100</u> |
| | <u>13,300</u> | <u>13,300</u> |

At the year end, the subsidiary was in breach of two of the covenants within the bank loan agreement. However the directors still consider it appropriate to prepare accounts on a going concern basis due to events taking place after the year end (see note 22) and the forecasts for the following year.

Bank loan creditors falling due after more than five years are repayable by instalments from 2003. The loan will bear interest at a fixed rate of 8.03% as a result of the company entering into an interest rate swap to manage its interest rate exposure.

| 16 | Movement in funds | 2003 | | 2002 | |
|----|-----------------------------------|----------------|------------------|----------------|------------------|
| | | Group £'000 | Company £'000 | Group £'000 | Company £'000 |
| | Unrestricted funds | | | | |
| | Balance at 1 April | 1,581 | 610 | 1,296 | 399 |
| | Net (outgoing)/incoming resources | <u>(919)</u> | <u>(73)</u> | <u>285</u> | <u>211</u> |
| | Balance at 31 March | <u>662</u> | <u>537</u> | <u>1,581</u> | <u>610</u> |

MILLENNIUM POINT TRUST
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

for the year ended 31 March 2003

| 17 | Analysis of group net assets between funds | Unrestricted charitable funds £'000 | Non-charitable trading funds £'000 | Total £'000 |
|----|--|--|---|-------------------|
| | Fixed assets | 2,477 | 87,582 | 90,059 |
| | Net current assets/(liabilities) | (57) | (2,747) | (2,804) |
| | Long term liabilities | <u>(987)</u> | <u>(85,606)</u> | <u>(86,593)</u> |
| | | 1,433 | (771) | 662 |
| | | <u> </u> | <u> </u> | <u> </u> |

18 Taxation

The charity's activities are exempt from taxation under Section 505 of the Income and Corporation Taxes Act 1988.

19 Financial commitments

Company

Value Added Tax

As a result of group registration arrangements for value added tax, the company is jointly and severally liable together with other members of the group, for any value added tax due by the representative member of the group.

Group

Imax promotional expenditure

Under an agreement with the IMAX Corporation, the company is committed to the following expenditure in sterling to promote the IMAX 3D projection system.

With effect from the date of opening of the IMAX Theatre as Millennium Point the applicable rate is 12% of Theatre Admissions subject to a maximum of \$240,000 and a minimum of \$150,000.

In relation to the IMAX equipment the company is committed to an annual maintenance contract amounting to \$118,000 per annum.

Annual royalties are based upon seating with a minimum commitment of \$125,000 per annum adjusted annually for inflation with 31 December 2002 being the base date.

MILLENNIUM POINT TRUST
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

for the year ended 31 March 2003

20 Cashflow notes

| | | | | | |
|-----|---|-----------------------------|--------------------|---------------------------|------------------------------|
| (a) | Returns on investments and servicing of finance | 2003 £'000 | 2002 £'000 | | |
| | Interest received | 6 | 82 | | |
| | Interest paid | (1,224) | (409) | | |
| | | (1,218) | (327) | | |
| | | | | | |
| (b) | Capital expenditure | 2003 £'000 | 2002 £'000 | | |
| | Purchase of tangible fixed assets | (405) | (24,347) | | |
| | | | | | |
| (c) | Financing | 2003 £'000 | 2002 £'000 | | |
| | Receipt of grants | 729 | 11,263 | | |
| | Receipt of bank loan | - | 13,300 | | |
| | Repayment of loans | - | (278) | | |
| | | | | | |
| | | 729 | 24,285 | | |
| | | | | | |
| (d) | Analysis of changes in net debt | At 1 April 2002 £'000 | Cashflows £'000 | Other changes £'000 | At 31 March 2003 £'000 |
| | Cash at bank and in hand | 932 | (849) | - | 83 |
| | Debt due within one year | - | - | (400) | (400) |
| | Due after one year | (14,287) | - | 400 | (13,887) |
| | | (13,355) | (849) | - | (14,204) |

21 Transactions with related parties

A number of the directors of Millennium Point Trust and members of its subsidiary company Millennium Point Property Limited have interests in organisations which have provided services to the company in the period. The directors of Millennium Point Trust have considered the disclosure requirements of Financial Reporting Standard 8, Related Party Disclosures, and consider that the transactions requiring disclosure are as follows:

During the year Specialist Computer Holdings Limited, a company in which Peter Rigby, a director and Chairman of this company until 12 May 2003, is a majority shareholder, provided in kind sponsorship in the form of IT consultancy to the cost of £Nil (2002: £635,344.)

MILLENNIUM POINT TRUST
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

for the year ended 31 March 2003

21 Transactions with related parties - continued

During the year Birmingham City Council, which is a member of Millennium Point Trust has charged for the following items:

| | £ |
|--|--------|
| Provision of site supervisory services | 71,560 |
| Fees in relation to building regulations | 180 |

In addition Birmingham City Council has made a loan to the Trust of £737,148 (2002 : £737,148) which remains outstanding at the year end.

Technology Innovation Centre is a wholly owned subsidiary of the University of Central England, a member of Millennium Point Trust. During the year, charges totalling £695,158 were made by the company in respect of rent, service charges and other rechargeable costs on an arms length basis. At the year end an amount of £243,512 was due from Technology Innovation Centre.

The University of Central England has made a loan of £250,000 (2002 : £250,000) to the Trust which remains outstanding at the year end.

The Academy of Youth Limited (University of the First Age) is a charitable company influenced by Birmingham City Council within the meaning of the Local Government and Housing Act 1989. During the year the company charged £35,575 in respect of rent, service charges and other rechargeable costs.

Birmingham City Council and the University of Central England, are guarantors together with Millennium Point Trust, to the loan made by Barclays Bank plc to Millennium Point Property Limited.

22 Post balance sheet event

During the year, the company negotiated the sale of a proportion of the car park land on site which was deemed surplus to requirements. This will enable the continuing wider development of Eastside where Millennium Point plays a key role in the regeneration of the area. The sale, to Advantage West Midlands, was completed shortly after the balance sheet date. The proceeds of the sale of the right to occupy (of £3,000,000) will be reflected in the accounts to 31 March 2004.

At the same time an agreement was signed by the company to lease back from Advantage West Midlands part of the car park land for a duration of three years. The annual rent payable will be 17.5% of the turnover rent (being gross turnover less operating expenses).

22 Members

The charity is incorporated as a company limited by guarantee having no share capital and, in accordance with the Memorandum of Association, every member is liable to contribute a sum of £1 in the event of the company being wound up. At 31 March 2003, there were 3 members.