

EMCCI (limited by guarantee)
REGISTERED NUMBER 36148
ACCOUNTS
31 JULY 2004

BDO
BDO Stoy Hayward
Chartered Accountants



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EMCCI (limited by guarantee)

COMPANY INFORMATION

REGISTERED OFFICE

16 Broadway North
Walsall
West Midlands
WS1 2AN

AUDITORS

BDO Stoy Hayward LLP
Chartered Accountants
Mander House
Wolverhampton
WV1 3NF

BANKERS

HSBC Bank plc
The Bridge
Walsall
WS1 1LN

SOLICITORS

Oldham Rust Jobson
Queensville House
Stafford
ST17 4NL

EMCCI (limited by guarantee)

REPORT OF THE COUNCIL

The Council submits its report and accounts for the year ended 31 July 2004.

COUNCIL'S RESPONSIBILITIES

The Council is required by UK company law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the surplus or deficiency for that year.

In preparing those financial statements the council is required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

RESULTS

The deficit for the year, after taxation, amounted to £369,924 which has been deducted from reserves.

REVIEW OF OPERATIONS

The company's principal activities during the period to 31 July 2003 were to give advice on matters affecting trade and commerce, to disseminate information on export matters, to act as an issuing authority for certificates of origin and other export documents and to organise trade promotion activities, training and consultancy services, following the transfer of the company's Performance Through People trade from 1 August 2003 the company remains a property holding company.

SHARE CAPITAL

The Chamber is a company limited by guarantee and does not have a share capital.

DIRECTORS

The members and nominated directors of the Council were:

J D Baker
R F Crundwell
B F Lowe
J Murray
J N Punch (appointed 9 March 2004)

Southern Staffordshire Chamber of Commerce and Industry Limited (the Southern Staffordshire Member) retired from membership on 19 January 2004 which prior to retirement comprised:

M Adcock (resigned 30 October 2003)
Mrs S P Arnold (resigned 9 September 2003)
J Black (resigned 9 September 2003)
D I Lindsay (resigned 4 November 2003)

REPORT OF THE COUNCIL (Continued)

AUDITORS

A resolution to re-appoint BDO Stoy Hayward LLP as its auditors will be proposed at the next annual general meeting.

On behalf of the Council



J D BAKER

Secretary

20 May 2005

REPORT OF THE INDEPENDENT AUDITORS
TO THE SHAREHOLDERS OF EMCCI (limited by guarantee)

We have audited the financial statements of EMCCI for the year ended 31 July 2004 on pages 6 to 13 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of Council and auditors

The Council's responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Council's Responsibilities.

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

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 Council's Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Council's remuneration and transactions with the company is not disclosed.

We read the Council's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


BDO STOY HAYWARD LLP

Chartered Accountants
Registered Auditors

WOLVERHAMPTON

26 May 2005

INCOME AND EXPENDITURE ACCOUNT
Year ended 31 July 2004

| | Notes | 12 months Ended 31.7.2004 £ | 16 months ended 31.7.2003 £ |
|--------------------------------------------------|--------|--------------------------------------|--------------------------------------|
| INCOME | 2 | - | 2,760,098 |
| Operating expenses | | (148,551) | (3,454,685) |
| OPERATING DEFICIT | 3 & 3a | (148,551) | (694,587) |
| Profit on disposal of fixed assets | | 36,892 | 88,983 |
| Rental income | | 58,927 | 108,643 |
| Interest receivable | | 475 | 6,245 |
| Donation paid | 4 | (324,400) | - |
| (DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION | | (376,657) | (490,716) |
| TAXATION ON (DEFICIT) ON ORDINARY ACTIVITIES | | 6,733 | 4,132 |
| (DEFICIT) ON ORDINARY ACTIVITIES AFTER TAXATION | | (369,924) | (486,584) |
| RETAINED SURPLUS BROUGHT FORWARD | | 530,356 | 1,016,940 |
| RETAINED SURPLUS CARRIED FORWARD | | 160,432 | 530,356 |

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

| | 12 months Ended 31.7.2004 £ | 16 months ended 31.7.2003 £ |
|----------------------------------------------------------|--------------------------------------|--------------------------------------|
| (Deficit) for the financial period | (369,924) | (486,584) |
| Unrealised surplus on revaluation of properties | - | 287,501 |
| Total recognised gains and losses relating to the period | (369,924) | (199,083) |

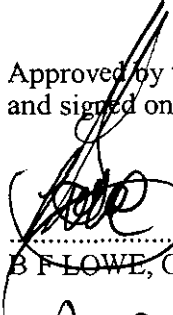
The notes on pages 8 to 13 form part of these accounts.

BALANCE SHEET
31 July 2004

| | Notes | £ | 2004 £ | £ | 2003 £ |
|-------------------------------------------------|--------|------------------|------------------|------------------|------------------|
| TANGIBLE FIXED ASSETS | 7 | | <u>650,000</u> | | <u>979,246</u> |
| CURRENT ASSETS | | | | | |
| Debtors – amounts falling due within one year | 8 | 185,963 | | 500,392 | |
| Cash at bank and in hand | | <u>1,855</u> | | <u>2,505</u> | |
| | | 187,818 | | 502,897 | |
| CREDITORS – amounts falling due within one year | 9 | <u>(389,885)</u> | | <u>(664,286)</u> | |
| NET CURRENT (LIABILITIES) | | | <u>(202,067)</u> | | <u>(161,389)</u> |
| TOTAL NET ASSETS | | | <u>447,933</u> | | <u>817,857</u> |
| CAPITAL AND RESERVES | | | | | |
| Revaluation reserve | 7 & 14 | | 287,501 | | 287,501 |
| Accumulated surplus | | | <u>160,432</u> | | <u>530,356</u> |
| MEMBERS' FUNDS | 13 | | <u>447,933</u> | | <u>817,857</u> |

The notes on pages 8 to 13 form part of these accounts.

Approved by the Council on *20 May 2005*
and signed on their behalf by:


.....
B F LOWE, Chairman


.....
J D BAKER, Director

NOTES TO THE ACCOUNTS

Year ended 31 July 2004

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention as modified by the revaluation of land and buildings are in accordance with applicable accounting standards.

Accounting period

The financial statements are for the twelve months ended 31 July 2004. The comparatives are for the sixteen months ended 31 July 2003.

The following principal accounting policies have been applied:

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less amounts provided to write off assets over their useful economic lives.

Investment properties

In accordance with SSAP 19 investment properties are revalued annually to open market value, and at least every five years by an external valuer. No depreciation is provided.

Pensions

The company contributes to a defined contribution pension scheme. Contributions payable are charged in the income and expenditure account in the period in which they are incurred.

Leases

Rentals payable under operating leases are charged to the income and expenditure account on the straight line basis over the lease term.

Where assets are leased to a third party but do not give rights approximating to ownership, the leases are treated as operating leases. Their annual rentals are credited to the profit and loss account on a straight line basis over the term of the lease.

Grants received

Grants of a revenue nature are credited to the income and expenditure account in the period to which they relate.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

2. INCOME

Turnover arises solely within the United Kingdom and is wholly attributable to the principal activity of the company.

NOTES TO THE ACCOUNTS (Continued)

Year ended 31 July 2004

3 DISCONTINUED OPERATIONS

| | Continuing in 2004 £ | Discontinued in 2004 £ | Total in 2004 £ | Discontinued in 2003 £ | Total in 2003 £ |
|-----------------------------------------------------|----------------------------|------------------------------|-----------------------|------------------------------|-----------------------|
| Income | - | - | - | 2,760,098 | 2,760,098 |
| Operating expenses | (83,334) | (65,217) | (148,551) | (3,454,685) | (3,454,685) |
| Rental income | 58,927 | - | 58,927 | - | 108,643 |
| Interest receivable | - | 475 | 475 | - | 6,245 |
| Profit on disposal of fixed assets | - | 36,892 | 36,892 | - | 88,983 |
| Donation paid | - | (324,400) | (324,400) | - | - |
| | <u>(24,407)</u> | <u>(352,250)</u> | <u>(376,657)</u> | <u>(694,587)</u> | <u>(490,716)</u> |
| (Deficit) on ordinary activities before taxation | | | | | |

| 3a. OPERATING DEFICIT | 2004 £ | 2003 £ |
|-------------------------------------|-----------------------------|-----------------------------|
| This is arrived at after charging : | | |
| Depreciation | - | 107,349 |
| Auditors' remuneration | 4,400 | 4,400 |
| Pension costs | 3,043 | 22,275 |
| Operating lease rentals: | | |
| Land and buildings | - | 170,069 |
| Other | - | 23,359 |
| | <u> </u> | <u> </u> |

4. DONATION PAID
Following the company restructure a donation of £324,400 was paid for future use to Southern Staffordshire Chamber of Commerce and Industry.

| 5. STAFF COSTS | 2004 £ | 2003 £ |
|---------------------------------------------|---------------|------------------|
| Wages and salaries | 26,947 | 1,857,058 |
| Employer's national insurance contributions | - | 136,688 |
| Other pension costs | 3,043 | 22,275 |
| | <u>29,990</u> | <u>2,016,021</u> |

The average number of employees, excluding directors, during the period was made up as follows

| | Number | Number |
|----------|----------|-----------|
| Training | <u>1</u> | <u>94</u> |

No Council member received any emoluments or pension benefits during the period.

NOTES TO THE ACCOUNTS (Continued)
Year ended 31 July 2004

| | | | | | |
|------|--------------------------------------------------------------------|-------------------------------------------|-----------------------------------------------|-------------------|-------------------|
| 6. | PENSION COSTS | | 2004 | 2003 | |
| | | | £ | £ | |
| | The Chamber operates a funded defined contribution pension scheme. | | | | |
| | Pension cost charged to deficit on ordinary activities | | 3,043 | 22,275 | |
| | | | <u> </u> | <u> </u> | |
| | | | | | |
| 7. | TANGIBLE FIXED ASSETS | Freehold and leasehold land and buildings | Motor vehicles, computer and office equipment | Total | |
| | | Investment property | | | |
| | | £ | £ | £ | |
| | COST or VALUATION | | | | |
| | At 31 July 2003 | - | 923,143 | 226,803 | 1,149,946 |
| | Additions | - | - | - | - |
| | Disposals | - | (146,811) | - | (146,811) |
| | Transfer to P.T.P. Training Limited | - | (126,332) | (226,803) | (353,135) |
| | Reclassification | 650,000 | (650,000) | - | - |
| | | <u>650,000</u> | <u> </u> | <u> </u> | <u> </u> |
| | At 31 July 2004 | 650,000 | - | - | 650,000 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | DEPRECIATION | | | | |
| | At 31 July 2003 | - | 22,805 | 147,895 | 170,700 |
| | Provided for the year | - | - | - | - |
| | Disposals | - | (13,704) | - | (13,704) |
| | Transfer to P.T.P. Training Limited | - | (9,101) | (147,895) | (156,996) |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | At 31 July 2004 | - | - | - | - |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | NET BOOK VALUE | | | | |
| | At 31 July 2004 | 650,000 | - | - | 650,000 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | At 31 July 2003 | - | 900,338 | 78,908 | 979,246 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

The company's freehold investment land and buildings at Ward Street were subject to a full valuation on 3 February 2003 by Dovebid-Bache Valuation Services, independent valuers, at market value. The amount of the valuation of £650,000 gave rise to a surplus of £287,501 which has been credited to the revaluation reserve. The other two remaining freehold properties with a net book value of £250,338 were disposed of in the year ended 31 July 2004.

The directors consider this valuation still reflects the market value.

The historical cost of freehold and leasehold land and buildings is:-

| | | | |
|----------------------------------------|--|-------------------|-------------------|
| | | 2004 | 2003 |
| | | £ | £ |
| Cost | | 524,796 | 797,939 |
| Accumulated depreciation based on cost | | (162,297) | (185,102) |
| | | <u> </u> | <u> </u> |
| Historical cost net book value | | 362,499 | 612,837 |
| | | <u> </u> | <u> </u> |

Freehold land and buildings with a carrying value of £650,000 are let to third parties under operating leases.

NOTES TO THE ACCOUNTS (Continued)
Year ended 31 July 2004

| 8. DEBTORS | 2004 | 2003 |
|-------------------------------------------------------------------------|----------------|----------------|
| | £ | £ |
| Amounts falling due within one year | | |
| Trade debtors | 17,339 | 396,487 |
| Other debtors | 9,369 | 33,200 |
| Prepayments and accrued income | 12,751 | 70,705 |
| Amounts owing by P.T.P. Training Limited | 146,504 | - |
| | <u>185,963</u> | <u>500,392</u> |
| 9. CREDITORS – amounts falling due within one year | | |
| Bank overdraft | 218,175 | 301,800 |
| Trade creditors | 92,543 | 278,795 |
| Other taxes and social security costs | - | 59,051 |
| Accruals and deferred income | 11,650 | 16,016 |
| Subsidiary undertaking | - | 8,624 |
| Amounts owed to Southern Staffordshire Chamber of Commerce and Industry | 67,517 | - |
| | <u>389,885</u> | <u>664,286</u> |

HSBC Bank plc has a mortgage on the freehold property at Ward Street, Walsall as security for any bank indebtedness.

10. CALLED UP SHARE CAPITAL

The company is limited by guarantee and does not have a share capital. The members have a liability to contribute to the assets a maximum of £1 each in the event of the company being wound up.

| 11. OPERATING LEASE COMMITMENTS | 2004 | 2003 |
|----------------------------------------------------------------------------------------------------------|----------|---------------|
| | £ | £ |
| At 31 July 2004 the company was committed to the following annual payments relating to operating leases: | | |
| Land and buildings: | | |
| Expiry within one year | - | 16,310 |
| Expiry between one and two years | - | 39,000 |
| Expiry between two and five years | - | 15,500 |
| | <u>-</u> | <u>70,810</u> |
| Office equipment and motor vehicles: | | |
| Expiry within one year | - | 11,171 |
| Expiry within two and five years | - | 18,977 |
| | <u>-</u> | <u>30,148</u> |

NOTES TO THE ACCOUNTS (Continued)
Year ended 31 July 2004

12. CONTINGENT LIABILITIES

The company assigned the following operating leases to P.T.P. Training Limited during the year as follows, should P.T.P. Training Limited default on the leases a contingent liability arises.

| Land and buildings | 2004 £ | 2003 £ |
|----------------------------------|---------------|-----------|
| Expiry within two and five years | 14,000 | - |
| After five years | 52,630 | - |
| | <u>66,630</u> | <u>-</u> |

13. RECONCILIATION OF MOVEMENTS IN MEMBERS' FUNDS

| | | |
|--------------------------|----------------|----------------|
| (Deficit) for the period | (369,924) | (486,584) |
| Revaluation in year | - | 287,501 |
| Opening members' funds | 817,857 | 1,016,940 |
| | <u>447,933</u> | <u>817,857</u> |
| Closing members' funds | | |

14. REVALUATION RESERVE

| | | |
|---------------------|----------------|----------------|
| At 31 August 2003 | 287,501 | - |
| Revaluation surplus | - | 287,501 |
| | <u>287,501</u> | <u>287,501</u> |
| At 31 July 2004 | | |

15. RELATED PARTY TRANSACTIONS

The following transactions have taken place:

During the year J D Baker, B F Lowe, J Murray, J N Punch and R F Crundell were directors of Walsall Chamber of Commerce Engineering Centre Limited, previously a subsidiary undertaking of EMCCI (limited by guarantee) by virtue of the control and influence exerted over the company until the company ceased trading on 31 July 2003, from which the company purchased £nil (2003 - £393,181) worth of services. The company recharged costs of £nil (2003 - £286,692) as well as charging rentals of £nil (2003 - £58,000) and a management charge of £nil (2003 - £160,000). At 31 July 2004 there was an outstanding balance payable of £nil (2003 - £8,624).

During the year R F Crundell and B F Lowe were directors of British Business Parks Limited, a company limited by guarantee. The company recharged costs of £nil (2003 - £104,686) and sold fixed assets for £nil (2003 - £5,103) to British Business Parks Limited. At 31 July 2004 there were outstanding balances receivable of £nil (2003 - £13,954) with British Business Parks Limited.

During the year the company recharged costs of £82,533 (2003 - £252,663), received loans of £nil (2003 - £355,000) and paid management charges of £nil (2003 - £50,000) to Southern Staffordshire Chamber of Commerce and Industry Limited, a member of the company until retirement on 19 January 2004.

NOTES TO THE ACCOUNTS (Continued)

Year ended 31 July 2004

15. RELATED PARTY TRANSACTIONS (Continued)

At 31 July 2004 the company was owed £nil (2003 - £33,200) and owed £67,517 (2003 - £nil) by and to Southern Staffordshire Chamber of Commerce and Industry Limited. These are included in other debtors note 8 and other creditors note 9.

On 1 August 2003 the company's Performance Through People trade and certain associated assets were transferred to P.T.P. Training Limited, a related undertaking owned by Chamber Member Services, a company jointly owned by Southern Staffordshire Chamber of Commerce and Industry and the Walsall Member Trustees.

At 31 July 2004 the company was owed £146,504 by P.T.P. Training Limited.

16. CONTROLLING PARTY

There is no single ultimate controlling party.