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THE ARMY CADET FORCE ASSOCIATION

FINANCIAL STATEMENTS

31 MARCH 1996



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THE ARMY CADET FORCE ASSOCIATION

REPORT AND FINANCIAL STATEMENTS

31 MARCH 1996

**WHEAWILL & SUDWORTH
CHARTERED ACCOUNTANTS
MOUNTBARROW HOUSE
12 ELIZABETH STREET
LONDON SW1W 9RB**

THE ARMY CADET FORCE ASSOCIATION

(A Company Limited by Guarantee
and not having a Share Capital)

MEMBERS OF THE COUNCIL OF THE ARMY CADET FORCE ASSOCIATION

DURING THE YEAR ENDED 31 MARCH 1996

General Sir Peter de la Billiere, KCB, KBE, DSO, MC, MSC, DL (President)
Lieutenant General Sir David Scott-Barrett, KBE, MC (Chairman)
Major General P.I. Chiswell, CB, CBE (Vice Chairman) D.L.
The Rt. Hon. Lord Trefgarne, PC (Vice Chairman)
Mr. A.C. Chambers (Vice Chairman)
Captain R.C. Barnes, ERD, FFA, ACIB (Hon. Treasurer)
Lieutenant General Sir David Young, KBE, CB, DFC (President ACFA Scotland)
Brigadier I.S. Taylor, OBE, TD (Vice President ACFA Scotland))
Brigadier J. Brown, OBE, MM, TD, DL (Vice-President ACFA Scotland)
Brigadier H.A.J. Jordan, MBE (Chairman ACFA Scotland)
Lieutenant Colonel G.R. Cameron (Hon. Treasurer ACFA Scotland)
Colonel W.R.H. Charley, OBE, JP, DL (President ACFA Northern Ireland)
Colonel J.A.B. Gibson, MBE, JP (Chairman ACFA Northern Ireland)
Sir David Mansel Lewis, KCVO, KStJ, BA, JP (President ACFA Wales)
Colonel W.P. Howells, CBE, OStJ, TD, DL (Chairman ACFA Wales)
Colonel J.K. Evans, MBE (Chairman Sports Board & Regimental Affairs Committee)
Major D.L.S. Langley, MC, DL (Chairman Shooting Committee)
Lieutenant Colonel M.H. Gerrish (Chairman Duke of Edinburgh's Award Panel) M.B.E.
Colonel D.E. Travers (Chairman First Aid Panel)
The Revd Dr. V. Dobbin, MBE, QHC (Chaplain General) (Chairman Religious Advisory Panel)

District Representative Commandants

Wales and Western

Colonel R.A. Melvin.
Colonel F.E. Hewitt, TD, MEd
Colonel K.R. Smith, OBE, TD

Eastern

Colonel P. Newton MBE, TD.
Colonel P.J. Mortimer, TD, MA

Southern

Brigadier G.E. Bartlett, MBE
Colonel G.P. Arnold, TD

London

Colonel R.G. Selby-Boothroyd, TD

Council of TAVRAs Representatives

Major General W.A. Evans, CB (Secretary Council of TAVRAs)
Brigadier T.S. Sneyd, OBE (Deputy Secretary & alternate to Secretary)
Colonel G.H. Baird, OBE, TD (Chairman Northern Ireland TAVRA)
Colonel K.D. Brown, OBE, TD (Chairman Western Wessex TAVRA)
Brigadier C.M.J. Barnes, OBE (Secretary West Midlands TAVRA)
Brigadier R.G. Long, CBE, MC, DL (Secretary Eastern Wessex TAVRA)

THE ARMY CADET FORCE ASSOCIATION

**(A Company Limited by Guarantee
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MEMBERS OF THE COUNCIL OF THE ARMY CADET FORCE ASSOCIATION

DURING THE YEAR ENDED 31 MARCH 1996 (Continued)

Representatives of Kindred Bodies

Mr. J.A. de Havilland (National Rifle Association)

Mr. W.G. Doe (National Small Bore Rifle Association)

Lieutenant General Sir James Wilson, KBE, MC (National Association of Boys' Clubs)

Major General M.F. Hobbs, CBE (Duke of Edinburgh's Award Scheme)

Colonel R.H. MacKeith, MB, BS (Council for Cadet Rifle Shooting)

Individual Members

Colonel T.U. Buckthought TD, DL

Colonel Mary Creagh, OBE, TD, BA, JP, DL

Colonel I.D. Graham, TD, DL, LLB

Colonel I.E.W. Mulholland, TD, DL

Colonel M.J.F. Sheffield, OBE, TD, LLB

Colonel J.M.K. Weir, OBE, TD, DL

Commonwealth Observer

Colonel T.P.S. Brar, YSM

THE ARMY CADET FORCE ASSOCIATION

(A Company Limited by Guarantee
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REPORT OF THE COUNCIL

The Council presents its annual report and the audited financial statements for the year ended 31 March 1996.

The Army Cadet Force Association is a company limited by guarantee and not having a share capital, and is a registered Charity.

Members, unlimited in number, comprise Representative and Ordinary members. In addition, the Council of the Association may appoint Honorary members.

OBJECTIVES

The responsibilities exercised by the Army Cadet Force Association, with the approval of the Minister of Defence and other Authorities concerned, are as follows:

- (a) To act as advisors to the Ministry of Defence and other Authorities on ACF matters in general.
- (b) To assist in the development of training suitable for cadets.
- (c) To foster the welfare and recreational life of the ACF.
- (d) To represent the ACF in matters not within the province of the Ministry of Defence, such as dealing with the Department of Education on Youth Services Affairs and representing the ACF on the National Council for Voluntary Youth Services.
- (e) To advise on the religious aspects of ACF training with the assistance of the Religious Advisory Panel.
- (f) To frame the policy on training in citizenship to be carried on by the ACF.
- (g) To organise and administer sport for the ACF through the Sports Board.
- (h) To be an Operating Authority for the Duke of Edinburgh's Award Scheme in the ACF.
- (i) To co-ordinate First Aid training and to serve as a St. John Ambulance Special Centre to enable First Aid Training to be carried out in accordance with the Army Proficiency Certificate training syllabus.
- (j) To foster association with Cadet Forces of the Commonwealth Countries.
- (k) To publish the Cadet Journal, Annual Report and such other non-official publications as may be in the interest of the ACF.
- (l) To provide "regimental" services to the ACF in the manner of all corps and regimental associations.
- (m) To operate an Insurance Scheme covering the needs of the Force outside the MOD liability.
- (n) To meet the needs of the ACF in uniform and equipment, (over and above the MOD provision,) by the operation of the Cadet Supply Department.

THE ARMY CADET FORCE ASSOCIATION

(A Company Limited by Guarantee
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REPORT OF THE COUNCIL (Continued)

BUSINESS REVIEW

The results of ACFA Scotland, ACFA Northern Ireland, ACFA Wales, and of the Cadet Supply Department are incorporated.

The surplus of income over expenditure for the year, after appropriations was £8,690 which has been added to the accumulated fund.

The proposed appropriations to designated fund and contributions for charitable purposes are as disclosed in the income and expenditure account on page 7 of the financial statements.

FUTURE DEVELOPMENTS

The Council is continually seeking to improve the financial viability of the Association.

DIRECTORS

The Directors who served during the year were:-

General Sir Peter de la Billiere, KCB, KBE, DSO, MC, MSC, DL
Lieutenant General Sir David Scott-Barrett, KBE, MC

MEMBERS OF THE COUNCIL

Members of the Council are as listed on pages 1 and 2.

STATEMENT OF DIRECTORS' AND COUNCIL'S RESPONSIBILITIES

Company law requires the directors and Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus/deficit of the Association for that period. In preparing those financial statements, the directors and Council are required to

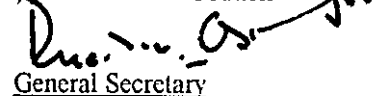
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

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

AUDITORS

A resolution to re-appoint Messrs. Wheawill & Sudworth as auditors will be proposed at the forthcoming Annual General Meeting.

By Order of the Council


General Secretary

Date: 16 July 1996.
Company Number: 293432

REPORT OF THE AUDITORS TO THE MEMBERS OF**THE ARMY CADET FORCE ASSOCIATION**

**(A Company Limited by Guarantee
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We have audited the financial statements on pages 6 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective responsibilities of directors and Council and auditors

As described on page 4 the directors and Council 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 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 Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Association'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 Association's affairs as at 31 March 1996 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



12 Elizabeth Street

London SW1W 9RB

Date: 25 July 1996

Wheawill & Sudworth

Chartered Accountants and Registered Auditors

THE ARMY CADET FORCE ASSOCIATION

**(A Company Limited by Guarantee
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**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1996**

INCOME	Note	£	1996 £	1995 £
Administration grants	4		89,000	87,000
Affiliation fees			19,571	19,987
Special subscriptions levied (Scotland, Northern Ireland and Wales)			4,746	6,227
Members subscriptions			39,936	16,242
Donations received - Youth & Community Initiative Fund			48,141	-
- Other			6,452	10,038
Listed investment income (gross)			29,778	26,826
Bank deposit interest (gross)			5,928	4,145
Collective insurance scheme			5,454	10,712
Gain/(loss) on transfer of investments			(7,884)	12,241
Miscellaneous income				-
Organised visits overseas:	5			
Income		10,221		40,912
<u>Less: Cost of travel</u>		6,350		35,487
			3,871	5,425
Cadet Supply Department:				
Sales	2	465,434		238,538
<u>Less: Cost of sales</u>		370,827		161,598
Gross surplus		94,607		76,940
<u>Less: Selling and distribution expenses</u>		80,498		75,115
			14,109	1,825
TOTAL NET INCOME CARRIED FORWARD			259,102	205,006

THE ARMY CADET FORCE ASSOCIATION

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INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 1996 (Continued)

	Note	£	1996 £	1995 £
TOTAL NET INCOME BROUGHT FORWARD			259,102	205,006
LESS: EXPENDITURE				
Accommodation charges	6	6,945		4,233
Operating, administrative and support expenses	3 & 7	144,397		160,437
Net cost of publications	8	11,624		2,178
Cost of sports events		23,085		17,129
Contributions to Council for Cadet Rifle Shooting		3,900		3,900
Meetings and Conferences		965		829
Canadian visits to UK		480		250
Himalayan Kush and Royal Tournament		-		2,183
Duke of Edinburgh's award scheme		319		152
Subscriptions to youth movements		298		1,195
Depreciation of fixtures, fittings and computer equipment		6,945		804
Audit fees and expenses		2,600		2,490
Accountancy services		1,825		1,184
Grants to Battalions and donations		3,193		5,191
Publicity and fund raising		8,387		2,502
			214,963	204,657
EXCESS OF INCOME OVER EXPENDITURE FOR THE YEAR			44,139	349
APPROPRIATIONS FROM/(TO)				
Cadet Grants Fund	17		1,000	1,800
Colonel S. Carden Memorial Fund	18		(2,690)	(4,338)
Youth & Community Initiative Fund	19		(40,366)	-
Grants Received Deferred Income Fund	20		6,607	-
			<u>£8,690</u>	<u>£ (2,189)</u>
BALANCE being surplus/(deficiency) of income over expenditure and appropriations carried to Accumulated Fund in respect of:				
Ordinary activities			<u>£8,690</u>	<u>£ (2,189)</u>

THE ARMY CADET FORCE ASSOCIATION

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BALANCE SHEET 31 MARCH 1996

	Note	£	1996 £	1995 £
FIXED ASSETS				
Tangible assets	9		25,750	4,814
Investments (Market value £731,217 1995 - £613,713)	10		551,956	583,427
			<hr/>	<hr/>
			577,706	588,241
CURRENT ASSETS				
Stocks		81,555		62,499
Debtors	11	51,076		26,698
Cash at bank and in hand:				
G. Cadet Company (Queen's Regiment)				
Trust Fund	15	19,741		19,741
Colonel S. Carden Memorial Fund	18	12,596		8,350
Community & Youth Initiative Fund	19	40,366		-
General fund		156,342		184,031
		<hr/>	<hr/>	<hr/>
		361,676		301,319
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR				
	12	96,734		117,477
		<hr/>	<hr/>	<hr/>
NET CURRENT ASSETS			264,942	183,842
			<hr/>	<hr/>
NET ASSETS			<u>£842,648</u>	<u>£774,234</u>
RESERVES				
	13		570,457	561,767
SPECIAL FUNDS				
	14		272,191	210,316
			<hr/>	<hr/>
			<u>£842,648</u>	<u>£772,083</u>

Approved by the Executive Committee on 16 July, 1996

D. S. M. Barnes

Chairman

R. b. Barnes

Hon. Treasurer

THE ARMY CADET FORCE ASSOCIATION

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NOTES TO THE ACCOUNTS 31 MARCH 1996

1. ACCOUNTING POLICIES

The following principal accounting policies have been consistently used by the Association in the preparation of its financial statements.

(a) Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with Statement of Recommended Practice No.2.

(b) Depreciation

Provision for depreciation has been made in respect of fixtures and fittings and computer equipment according to their anticipated lives and is calculated at the rate of 10% and 25% respectively per annum on cost.

(c) Grants received in respect of fixed assets acquired

Grants received to finance specific purchases of fixed assets are credited to a Grants Received Deferred Income Fund. Depreciation charged in respect of such assets is funded by transfers of an equivalent amount to income thus depleting the fund completely over the life of the assets.

(d) Stocks

Stocks, being finished goods for resale, are valued at the lower of cost, on a "first in, first out" basis, and net realisable value.

(e) Membership subscriptions

Membership subscriptions are included gross of tax recoverable on covenanted subscriptions. Amounts received in excess of the minimum subscriptions are treated as subscription income and non-covenanted receipts below the minimum subscription are treated as donations.

Membership subscriptions are accounted for on a cash received basis other than tax recoverable which is on an accruals basis.

(f) Special Subscriptions Levied (Scotland, Northern Ireland and Wales) donations and bank interest

Special subscriptions levied (Scotland, Northern Ireland and Wales) donations and bank deposit interest are accounted for on a cash received basis.

(g) Cash flow statement

As permitted by Financial Reporting Standard 1 the association has not prepared a cash flow statement on the grounds that it qualifies as a small company.

THE ARMY CADET FORCE ASSOCIATION

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NOTES TO THE ACCOUNTS 31 MARCH 1996 (Continued)

2. SALES

Turnover represents the invoiced value of goods sold during the year by the Cadet Supply Department, excluding value added tax, and can be analysed as follows:

	1996 £	1995 £
United Kingdom	451,409	229,003
Overseas (including Channel Islands)	14,025	9,535
	<u>£465,434</u>	<u>£238,538</u>

3. STAFF COSTS

In arriving at the net result for the year the staff costs mentioned below have been charged. Included in these costs are those relating to staff employed in the Cadet Supply Department amounting to £57,226 (1995 - £49,891).

	1996 £	1995 £
Salaries	161,182	159,662
Social security costs	16,561	15,608
Other pension costs	13,772	11,639
	<u>£191,515</u>	<u>£186,909</u>

The average number of persons employed by the Association during the year was as follows:

	No.	No.
Office and management (of which 1 is part time)	9	9
Sales and distribution (of which 1 is part time)	3	3
	<u>12</u>	<u>12</u>

Neither the President, the Chairman nor any other member of the Council received any fees or other emoluments from the association. The Council comprised 46 (1995 - 47) members.

4. ADMINISTRATION GRANTS

	1996 £	1995 £
Ministry of Defence	<u>£89,000</u>	<u>£87,000</u>

5. ORGANISED VISITS OVERSEAS

During the year, visits were organised to Germany and Canada involving over 225 cadets (1995 - 270 cadets).

6. ACCOMMODATION CHARGES

Accommodation charges include lighting, heating, repairs, cleaning and insurance.

THE ARMY CADET FORCE ASSOCIATION

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NOTES TO THE ACCOUNTS 31 MARCH 1996 (Continued)

7. OPERATING, ADMINISTRATIVE AND SUPPORT EXPENSES

	1996 £	1995 £
Salaries and social security costs	124,422	128,269
Pension costs	9,867	8,749
Officials travelling expenses	14,444	19,123
Printing and stationery	6,632	8,442
Postage, telephone and carriage	7,876	8,494
First aid training - St. Johns	1,204	-
Sundries	2,792	1,150
Fund management	588	588
Medals and prizes	2,916	2,492
Contributions from:		
Combined Cadet Force Association	(14,957)	(13,870)
Cadet Supply Department	(3,000)	(3,000)
Youth & Community Initiative	(8,387)	-
	<u>£144,397</u>	<u>£160,437</u>

8. NET COST OF PUBLICATIONS

	£	£
Cost of Cadet Journal	18,707	9,952
Less: Subscription income and advertising revenue and grant	7,083	7,774
	<u>£11,624</u>	<u>£2,178</u>

9. FIXED ASSETS - TANGIBLE

	Fixtures, fittings and equipment £
Cost	
At 1 April 1995	7,052
Additions	28,440
	<u>£35,492</u>
At 31 March 1996	
Accumulated Depreciation	
At 1 April 1995	2,238
Charge for year	7,504
	<u>£9,742</u>
At 31 March 1996	
Net Book Value	
At 31 March 1996	<u>£25,750</u>
At 31 March 1995	<u>£4,814</u>

THE ARMY CADET FORCE ASSOCIATION

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NOTES TO THE ACCOUNTS 31 MARCH 1996 (Continued)

10. FIXED ASSETS - INVESTMENTS

	1996		1995	
	Cost	Market value	Cost	Market value
	£	£	£	£
LISTED				
General Fund	446,761	620,836	453,089	495,638
G.Cadet Company (Queen's Regiment) Trust Fund - (Note 15)	3,172	4,573	3,172	4,465
Colonel S. Carden Memorial Fund (Note 18).	99,444	103,229	101,000	87,444
	<hr/>	<hr/>	<hr/>	<hr/>
	549,377	728,638	557,261	587,547
Cash held by brokers pending reinvestment	2,579	2,579	26,166	26,166
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>£551,956</u>	<u>£731,217</u>	<u>£583,427</u>	<u>£613,713</u>

11. DEBTORS

	1996	1995
	£	£
Due within one year:		
Trade debtors	13,703	11,661
Other debtors	6,053	7,418
Income tax recoverable	1,222	1,155
Prepayments and accrued income	30,098	6,464
	<hr/>	<hr/>
	<u>£51,076</u>	<u>£26,698</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£	£
Bank overdraft	-	148
Trade creditors	18,993	15,483
Other taxes and social security costs	-	2,748
Amounts received in advance:		
Overseas travel - Cadets	10,997	33,600
Affiliation fees	8,919	8,620
Accruals and other amounts received in advance	57,259	56,312
Amounts owed to CCFA	566	566
	<hr/>	<hr/>
	<u>£96,734</u>	<u>£117,477</u>

THE ARMY CADET FORCE ASSOCIATION

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NOTES TO THE ACCOUNTS 31 MARCH 1996 (Continued)

13. RESERVES

	1996 £	1995 £
ACCUMULATED FUND		
Balance at 1 April 1995	561,767	563,956
Surplus/(Deficiency) for the year per income and expenditure account in respect of: Ordinary activities	8,690	(2,189)
	<hr/>	<hr/>
Balance at 31 March 1996	<u>£570,457</u>	<u>£561,767</u>

14. SPECIAL FUNDS

	Note	£	£
Restricted Funds:			
G. Cadet Company (Queen's Regiment) Trust Fund	15	22,913	22,913
Designated Funds:			
ACF Emergency Fund	16	5,000	5,000
Staff Provident Fund		9,230	9,230
Cadet Grants Fund	17	62,823	63,823
Col. S. Carden Memorial Fund	18	112,040	109,350
Youth & Community Initiative Fund	19	40,366	
Grants Received Deferred Income Fund	20	19,819	-
		<hr/>	<hr/>
		<u>£272,191</u>	<u>£210,278</u>

Designated funds represent general funds which have been allocated by the Association for specific purposes.

15. G. CADET COMPANY (QUEEN'S REGIMENT) TRUST FUND

	1996 £	1995 £
Listed investments at cost (Note 11 - market value £4,573 1995 - £4,465)	3,172	3,172
Cash on deposit	19,741	19,741
	<hr/>	<hr/>
	<u>£22,913</u>	<u>£22,913</u>

The Association became the sole Trustee of this Fund on 1 April 1981, the capital of the Fund is held in trust for the benefit of G. Cadet Company (Queen's Regiment).

16. ACF EMERGENCY FUND

	1996 £	1995 £
Balance at 1 April 1995 and 31 March 1996	<u>£5,000</u>	<u>£5,000</u>

THE ARMY CADET FORCE ASSOCIATION

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NOTES TO THE ACCOUNTS 31 MARCH 1996 (Continued)

	1996 £	1995 £
17. CADET GRANTS FUND		
Balance at 1 April 1995	63,823	65,623
Transfer to income and expenditure account in respect of: Grants made during the year	(1,000)	(1,800)
Balance at 31 March 1996	<u>£62,823</u>	<u>£63,823</u>
18. COLONEL S. CARDEN MEMORIAL FUND		
Balance at 1 April 1995	109,350	105,012
Transfer from income and expenditure account in respect of: Investment income	4,246	4,338
Loss on disposal of investment	(1,556)	-
Balance at 31 March 1996	<u>£112,040</u>	<u>£109,350</u>
Represented by:		
Listed investments at cost (Note 10 - market value £103,229 1995 - £87,444).	90,444	101,000
Cash on deposit	12,596	8,350
	<u>£112,040</u>	<u>£109,350</u>

The Association was left a bequest by Colonel S. Carden (former Vice Chairman of the ACFA) in 1993. The fund is to be used for the benefit of cadets.

	1996 £
19. YOUTH & COMMUNITY INITIATIVE FUND	
Transfer from income and expenditure account in respect of: Sponsorship donations received	48,141
Investment income	612
Contribution to ACFA re staff salaries and expenses	(8,387)
Balance at 31 March 1996	<u>£40,366</u>
Represented by:	
Cash on deposit	40,366
	<u>£40,366</u>

The Association commenced the sponsorship appeal in mid 1995. The fund is to be used mainly for the benefit of disadvantaged youth.

THE ARMY CADET FORCE ASSOCIATION

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NOTES TO THE ACCOUNTS 31 MARCH 1996 (Continued)

20. GRANTS RECEIVED DEFERRED INCOME FUND

	1996 £
Grants received during the year and expended on fixed assets	26,426
Less: Transfer to income and expenditure account in respect of depreciation charged	6,607
	<hr/>
Balance at 31 March 1996	<u>£19,819</u>

21. PENSION SCHEME

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £13,772 (1995 - £11,639). Contributions totalling £6,253 (1995 - £5,335) were payable to the fund at the year end and are included in creditors.