

CAREERS DEVELOPMENT GROUP
(Limited by guarantee)

REGISTERED NUMBER: 1647371

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1997**

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CAREERS DEVELOPMENT GROUP
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CHAIRMAN AND ADVISORS

Incorporated on 29th June 1982 under the Companies Act 1948 to 1980 and governed through a Memorandum and Articles of Association.

Chairman	Councilor MAS Heaster
Members of Council	Councilor V Thompson
Company Secretary	J.S. Bakewell
Registered Office	Jessica House Red Lion Square 191 Wandsworth High Street Wandsworth London. SW18 4LS
Registered Charity Number	285251
Auditors	Menzies Chartered Accountants 116 Richmond Road Kingston Upon Thames Surrey. KT2 5EP
Bankers	National Westminster Bank Plc 98 Wandsworth High Street Wandsworth London. SW18 4JZ
Solicitors	Bells Eagle Chambers 16-18 Eden Street Kingston Upon Thames Surrey. KT1 1RD

CAREERS DEVELOPMENT GROUP
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REPORT OF THE COUNCIL OF MANAGEMENT

PRINCIPAL ACTIVITY

The principal activity of the Charity is the achievement of education and provision of training facilities to persons who, through their social or economic circumstances, are in need or unable to gain employment.

FINANCIAL STATEMENTS

The Council of Management submit their report and the audited financial statements for the year ended 31 December 1997.

The accounts comply with current statutory requirements and the charitable company's governing documents.

REVIEW OF ACTIVITIES

Management Structure

At the start of the year it was agreed by the Board of Directors to re-organise the Administration and Management structure of the company. This was mainly due to potential financial shortfalls and even greater uncertainty over business levels due to changes within an existing customer policy. Several staff changes took place in March 1997 with the loss of key posts such as the Chief Executive and Company Secretary leaving the Group to be managed by the Operational Directors reporting to the Board of Directors. This was in line with planning strategy indicated in last years reports.

Significant changes in principal customer policy

Whilst setting out with a positive budget the year proved to be the most difficult Careers Development Group have faced to date. The major contributor to the financial loss incurred was a significant change in policy by our principal customer, The Employment Service. From April to June cuts were announced on most ES contracts held and late in September several contracts were cancelled. As a result the Company was denied access to revenue. These changes incurred extra expenditure in terms of redundancy and property dilapidations. In addition monies had to be found to cover contracted obligations regarding staffing due to holidays and sickness through this period of change.

Other factors and developments

Other parts of the business performed well despite intensive competition and punitive changes to funding policies in April. Our Adult Tec programme at AZTEC met all its targets with additional contracts on offer for the start of the forthcoming financial year. Likewise our performance for Wandsworth Borough Council stood up well against budget through its Flexi Computer and Job Preparation contracts. Results with the new central TEC FOCUS were disappointing due to increasing reliance on third parties to deliver NVQ qualifications for young people on our behalf.

As the unemployment situation eased, Careers Development Group, were also faced with a naturally declining market for its services and charitable aims. Careers Development Group found itself in severe competition with some of its customers for trainees as well as other local providers in the charitable sector. It is anticipated this trend will become worse and place the company in continued financial uncertainty during 1998.

Whilst looking to new markets the applaudable decision to continue to fund its charitable operations from reserves has meant in reality no monies being available for new activities.

Work has to be done on developing new products including construction pilots with a commercial partner, creating job preparation courses and creating a flexible Programme Centre built on individual needs. These are expected to become new contracts in the forthcoming year. Also Business Link are working with ourselves to explore marketing and business aims.

Bottom Line

The result as published is the worst to date in the company's history. A decision to revalue assets adding to the deficit. However reserves still exist and will be applied as necessary in the future months ahead.

CAREERS DEVELOPMENT GROUP
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REPORT OF THE COUNCIL OF MANAGEMENT

FUTURE DEVELOPMENTS

Careers Development Group need to access other sources of funding including ESF and Urban Generation Monies. Also look to use to IT applications on a more commercial basis.

Careers Development Group will vigorously review its customer mix and contracts and if necessary decline contracts where the margins are not favourable. Likewise staffing policies and terms of conditions need to be brought in line with contract monies available. A pilot exercise was undertaken earlier this year on profit/performance related pay and these principals will need to be revisited for the future.

Clearly Careers Development Group has demonstrated the ability to survive, also at the same time prepared to commit reserves to ensure its charitable aims are met. Results and quality of our work is well documented over many years. However with our potential market shrinking all the time and our customer funding equally demising we must look to a radical overhaul of our future operations. These will involve setting up working partnerships with other organisations, increasing our commercial acumen and demonstrate on a regular basis the ability to run a tight ship.

Unless these objectives are met and the Group will certainly find difficulty in navigating the choppy if somewhat murky waters that lie ahead. Above all we must build a bridge to safeguard the company from external factors beyond its control. I am confident this will happen be it over the next twelve to eighteen months.

Reserves at the Balance Sheet date stood at £74,364 which represents approximately one months expenditure.

MEMBERS OF THE COUNCIL OF MANAGEMENT

The Council of Management constitute directors for the purpose of the Companies Act 1985 and as required by the constitution, are members of the Association.

RESPONSIBILITIES OF THE MEMBERS OF THE COUNCIL OF MANAGEMENT

Charity and Company Law requires the Members to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the charitable company, and of the surplus or deficit for that period. In preparing those financial statements the Members are required to:-

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgments and estimates that are reasonable and prudent;
- (c) state whether applicable Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements;
- (d) prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charitable company will continue in business.

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

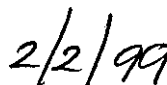
AUDITORS

Menzies have expressed their willingness to continue in office as auditors and in accordance with section 385(2) of the Companies Act 1985, a resolution proposing their re-appointment will be submitted to the Annual General Meeting.

On behalf of the Council of Management



Councilor MAS Heaster



Date

CAREERS DEVELOPMENT GROUP
(Limited by guarantee)

**REPORT OF THE AUDITORS
TO THE MEMBERS OF CAREERS DEVELOPMENT GROUP**

We have audited the financial statements for the year ended 31 December 1997 set out on pages 5 to 14 which have been prepared under the Historical Cost Convention and the accounting policies set out on page 8.

Respective responsibilities of the Council of Management and the Auditors

As described on page 3 the Council of Management is responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion on those statements, based on our audit, and to report our opinion to you.

Basis of opinion

We conducted our audit under s43 of the Charities Act 1993 and in accordance with regulations made under s44 of that Act, and in accordance with 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 judgments made in the preparation of the financial statements, and an assessment of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit in order to obtain all the information and explanations which we considered necessary 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.

Opinion

In our opinion the financial statements give a true and fair view of the charitable company's state of affairs as at 31 December 1997 and of its results for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

2nd February 1999

116 Richmond Road
Kingston Upon Thames
Surrey. KT2 5EP

Menzies

Menzies
Chartered Accountants and
Registered Auditors

CAREERS DEVELOPMENT GROUP
(Limited by guarantee)
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 1997

		Unrestricted Funds		Total	Total
		General	Contingency	1997	1996
	Note	Fund	Fund		
		£	£	£	£
Incoming Resources					
Trade in furtherance of charitable objects					.
Gross income	1	1,326,950		1,326,950	1,074,991
Investment income - bank deposit interest		1,167	-	1,167	2,403
Donations		-	-	-	-
Total Incoming Resources		<u>1,328,117</u>	<u>-</u>	<u>1,328,117</u>	<u>1,077,394</u>
Resources Expended					
Direct charitable expenditure		1,065,291		1,065,291	906,312
Management and administration		334,133	-	334,133	201,203
Total Resources Expended	2	<u>1,399,424</u>	<u>-</u>	<u>1,399,424</u>	<u>1,107,515</u>
Net Movement in Funds		(71,307)	-	(71,307)	(30,121)
Balances brought forward at 1 January 1997		20,671	125,000	145,671	175,792
Balances carried forward at 31 December 1997		<u>(50,636)</u>	<u>125,000</u>	<u>74,364</u>	<u>145,671</u>

CAREERS DEVELOPMENT GROUP
(Limited by guarantee)
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 DECEMBER 1997

1 TRADE IN FURTHERANCE OF CHARITABLE OBJECTS

	31 December 1997 12 months	31 December 1996 9 Months
	£	£
Income		
Grants	139,301	113,267
Fees	1,097,522	960,839
Other	90,127	885
	<u>1,326,950</u>	<u>1,074,991</u>
Expenditure		
Agency fee	-	16,356
Staff costs	599,005	509,437
Depreciation	22,126	20,419
Other operating costs	444,160	360,100
	<u>1,065,291</u>	<u>906,312</u>
Net income	<u>261,659</u>	<u>168,679</u>

2 ANALYSIS OF RESOURCES EXPENDED

	Staff costs	Other	Depreciation	Total
	£	£	£	£
Management and administration	<u>101,034</u>	<u>209,194</u>	<u>23,905</u>	<u>334,133</u>

CAREERS DEVELOPMENT GROUP
(Limited by guarantee)

BALANCE SHEET

AS AT 31 DECEMBER 1997

	Note	1997		1996	
		£	£	£	£
FIXED ASSETS					
Tangible assets	10		52,147		103,663
CURRENT ASSETS					
Debtors	12	134,533		272,940	
Cash at bank and in hand		<u>70,497</u>		<u>43,229</u>	
		205,030		316,169	
CREDITORS: Amounts					
falling due within one year	13	<u>109,869</u>		<u>(269,848)</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>95,161</u>		<u>46,321</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			147,308		149,984
CREDITORS: Amounts					
falling due after more than one year	14		<u>(72,944)</u>		<u>(4,313)</u>
			<u>74,364</u>		<u>145,671</u>
RESERVES					
Income and Expenditure Account	16		(50,636)		20,671
Contingency Reserve Account	17		<u>125,000</u>		<u>125,000</u>
			<u>74,364</u>		<u>145,671</u>

The financial statements were approved on behalf of the Council of Management on



Councillor MAS Heaster

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997

1 STATUS

The Association is limited by guarantee and has no share capital. The liability of each member is determined by the constitution of the Association and shall not exceed the sum of £1.

2 ACCOUNTING POLICIES

The principal accounting policies of the charitable company have remained unchanged from the previous year and are set out below:

(a) Accounting Convention

The financial statements have been prepared under the Historical Cost Convention and in accordance with applicable accounting standards.

(b) Depreciation

Depreciation has been provided for on all tangible assets, at rates calculated to write off the cost less estimated residual value of each asset, evenly over their anticipated useful economic life as follows:-

Refurbishment of premises	- 20% per annum straight line over lease term
Machinery and equipment	- 30% per annum reducing balance
Furniture and fittings	- 30% per annum reducing balance
Motor vehicle	- 25% per annum reducing balance
Computer hardware	- 40% per annum reducing balance
Computer software	- 33% per annum reducing balance

(c) Grants

All grants are included on a receivable basis.

(d) Lease and Hire Purchase Commitments

Payments under operating leases are charged to the profit and loss account as incurred.

Assets financed under hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their estimated useful economic lives.

Assets financed under finance leases are capitalised in the Balance Sheet at their fair value and are depreciated over the short of the term of the lease, and their estimated useful economic lives.

Finance charges and interest, in conjunction with the finance leases and hire purchase contracts, are charged to the Profit and Loss account on a straight line basis.

(e) Income

Charitable donations and covenanted income are included in the accounts when received.

(f) Pensions

Certain employees are in pensionable employment within the Local Government Superannuation Scheme. The Government Actuary sets the defined contribution rate and this is reviewed every five years.

In addition the charitable company operated a separate defined contribution scheme with Equitable Life.

(g) Consolidation

The charitable company has taken advantage of the statutory exemption not to prepare group accounts by virtue of its size as permitted by section 248 of the Companies Act 1985.

CAREERS DEVELOPMENT GROUP

(Limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1997

3 COMPANIES ACT 1985

The prescribed profit and loss account formats, required by Schedule 4 Part 1 of the Companies Act 1985, have not been adhered to in disclosing the financial results of the Association for the twelve months ended 31 December 1997. It is the opinion of the Members of the Council of Management that strict adherence to these formats would be misleading to the membership of the Association and prevent the financial statements from showing a membership true and fair view as required by section 226(5) of the Companies Act 1985.

In all other respects the financial statements comply with the requirements of the Companies Act 1985.

	Unrestricted Funds £	Restricted Funds £	Total 1997 £	Total 1996 £
4 DIRECT CHARITABLE EXPENDITURE				
Agency fee	-	-	-	16,356
Staff costs	599,005	-	599,005	509,437
Depreciation	22,126	-	22,126	20,419
Other operating costs	444,160	-	444,160	360,100
	<u>1,065,291</u>	<u>-</u>	<u>1,065,291</u>	<u>906,312</u>

5 MANAGEMENT AND ADMINISTRATION OF THE CHARITABLE COMPANY

Salaries and office costs	129,211	-	129,211	152,727
Legal and professional fees	16,859	-	16,859	7,729
Audit and accountancy	26,336	-	26,336	8,165
Depreciation	23,905	-	23,905	9,255
Publicity	4,275	-	4,275	12,936
Other	133,547	-	133,547	10,391
	<u>334,133</u>	<u>-</u>	<u>334,133</u>	<u>201,203</u>

6 TOTAL RESOURCES EXPENDED

	Staff costs £	Other £	Depreciation £	Total £
Direct charitable expenditure	599,005	444,160	22,126	1,065,291
Management and administration	129,211	181,017	23,905	334,133
	<u>728,216</u>	<u>625,177</u>	<u>46,031</u>	<u>1,399,424</u>

CAREERS DEVELOPMENT GROUP
(Limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997**

7 OPERATING SURPLUS

The operating deficit for the year ended 31 December 1997, may be attributed to the principal activity of training.

	1997 £	1996 £
The operating deficit is stated after charging:		
Payments under operating leases	196,255	91,711
Auditor's remuneration	9,500	5,250
Depreciation		
- owned assets	23,811	19,184
- assets held under Lease Purchase contracts	6,830	10,490
Interest payable under Lease Purchase contracts	<u>1,847</u>	<u>2,842</u>

8 STAFF COSTS

	1997 £	1996 £
Wages and salaries	626,313	587,829
Social security costs	57,442	54,290
Other pension costs	7,958	14,548
Staff recruitment costs	1,989	1,606
Redundancy costs	<u>34,514</u>	<u>4,869</u>
	<u>728,216</u>	<u>663,142</u>

The members of the Council of Management received no remuneration nor expenses for their services to the Association during the period (1996 - nil).

The average number of employees during the year was made up as follows:-

Office and management	3
Instructors	<u>29</u>
	<u>32</u>

No employee received remuneration above £40,000 during the period under review.

9 PENSION COMMITMENTS

During the year the charitable company contributed £4,854 to the Local Government Superannuation Scheme (1996 - £13,260).

The charitable company also contributed £3,104 to Equitable Life (1996 - £1,288).

CAREERS DEVELOPMENT GROUP
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997

10	TANGIBLE FIXED ASSETS	Motor Vehicle £	Machinery & Equipment £	Furniture & Fittings £	Total £
	COST				
	At 1 January 1997	33,166	194,615	72,675	300,456
	Additions	-	2,525	5,337	7,862
	Write down	-	(6,719)	(8,676)	(15,390)
	Disposals	(21,891)	-	-	(21,891)
	At 31 December 1997	<u>11,275</u>	<u>190,426</u>	<u>69,336</u>	<u>271,037</u>
	DEPRECIATION				
	At 1 January 1997	15,382	143,904	37,507	196,793
	Charge for the year	2,729	18,029	9,883	30,641
	Released on disposals	(8,544)	-	-	(8,544)
	At 31 December 1997	<u>9,567</u>	<u>161,933</u>	<u>47,390</u>	<u>218,890</u>
	NET BOOK VALUE				
	At 31 December 1996	<u>17,784</u>	<u>50,711</u>	<u>35,168</u>	<u>103,663</u>
	At 31 December 1997	<u>1,708</u>	<u>28,493</u>	<u>21,946</u>	<u>52,147</u>

All of the above fixed assets are used in the direct furtherance of the charitable company's objectives.

Included above are assets held under Lease Purchase Agreements as follows:-

	Machinery Equipment £
Net book value at 31 December 1997	6,413
Depreciation provided for year	4,101
Accumulated depreciation to 31 December 1997	<u>8,373</u>

11 TANGIBLE ASSET INVESTMENT

The results of the subsidiary undertakings have not been consolidated with those of this charitable company, because the Members consider the charitable company is entitled to the exemption of preparing group financial statements as conferred by section 248(4) of the Companies Act 1985.

The subsidiary remained dormant throughout the year under review.

Details of the subsidiary audited financial statements for the year ended 31 December 1997 are as follows:-

Step Ahead Limited (incorporated in Great Britain and limited by guarantee)

	1997 £	1996 £
Aggregate of Capital and Reserves	-	(1,064)
Profit/(loss) for the year	-	(3,987)

The Members consider the market value of the company to be £nil.

CAREERS DEVELOPMENT GROUP
(Limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997**

12 DEBTORS

	1997 £	1996 £
Trade debtors	84,340	209,504
Other debtors	16,070	12,685
Prepayments and accrued income	34,123	47,036
Amounts owed by group undertakings	-	3,715
	<u>134,533</u>	<u>272,940</u>

All amounts are considered receivable within one year of the balance sheet date.

13 CREDITORS: Amounts falling due within one year

	1997 £	1996 £
Installments due in respect of Lease Purchase	5,293	15,200
Trade creditors	29,413	174,248
Other creditors	3,542	12,179
Accruals and deferred income	30,254	9,930
Social security and taxes	41,367	58,291
	<u>109,869</u>	<u>269,848</u>

14 CREDITORS: Amounts falling after more than one year

	1997 £	1996 £
Other creditors	72,066	-
Installments due in respect of Lease Purchase	878	4,313
	<u>72,944</u>	<u>4,313</u>

15 LEASE AND HIRE PURCHASE COMMITMENTS

The future payments to which the charitable company is committed at 31 December 1997 under lease purchase are as follows:-

	1997 £	1996 £
Gross obligations due between two and five years	5,293	15,200
Gross obligations due within one year	878	4,313
	<u>6,171</u>	<u>19,513</u>
Less: Interest and Finance Charges	(1,080)	(2,842)
	<u>5,091</u>	<u>16,671</u>

16 INCOME AND EXPENDITURE ACCOUNT

	1997 £	1996 £
At 1 January	220,638	50,792
Retained loss for the financial year	(71,307)	169,846
At 31 December	<u>149,331</u>	<u>220,638</u>

CAREERS DEVELOPMENT GROUP
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997

17 CONTINGENCY RESERVE ACCOUNT

	1997 £	1996 £
At 1 January and 31 December	<u>125,000</u>	<u>125,000</u>

18 GRANTS AND FEES RECEIVABLE

YT Projects

All YT Projects receive grants towards their salaries and other operating, from FOCUS TEC and Government Office of London.

Training for Work Projects

Grants from AZTEC under Training for Work operation were received, towards salaries also operating costs.

A summary of the fees receivable for the year ended 31 December 1997 is as follows:-

	£
Employment Services	934,474
Wandsworth Borough Council	149,059
Placement	(13,990)
Total	<u>1,069,543</u>

19 COMMITMENTS UNDER OPERATING LEASES

The charitable company is committed to making the following payments under operating leases over the next twelve months:

	Land and Buildings £
Contracts to expire within one year	<u>53,760</u>
Contracts to expire between two and five years	<u>114,000</u>

20 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible Fixed Assets £	Investments £	Net Current Assets £	Long-term Liabilities £	Total £
Restricted Funds					
Contingency Reserve Fund	-	-	125,000	-	125,000
					-
Unrestricted Funds	52,147		(29,839)	(72,944)	(50,636)
	<u>52,147</u>	<u>-</u>	<u>95,161</u>	<u>(72,944)</u>	<u>74,364</u>

CAREERS DEVELOPMENT GROUP
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997

21 COST OF AUDIT AND OTHER FINANCIAL SERVICES

	1997 £	1996 £
Audit	9,500	5,250
Other services	<u>15,711</u>	<u>2,915</u>
	<u><u>25,211</u></u>	<u><u>8,165</u></u>

22 RELATED PARTY TRANSACTIONS

The charitable company had the following transactions with its subsidiary company, Step Ahead Limited (SAL):-

- (a) No agency fees were charged by SAL to the charitable company, for staff and other overheads (1996 - £16,356).
- (b) A continuing current account between the charitable company and SAL existed throughout the year, with an opening balance £3,715 due to the charitable company, and a closing balance of £88 due to SAL.
- (c) SAL used the offices and facilities of the charitable company throughout the year.