

INSTANT MUSCLE LIMITED

(Limited by Guarantee)

REPORT OF THE BOARD OF GOVERNORS

AND

STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 1995

COMPANY REGISTRATION NUMBER 1789716

REGISTERED CHARITY NO: 288777



COULTHARDS MACKENZIE
Chartered Accountants
Five Kings House
1 Queen Street Place
London
EC4R 1QS

INSTANT MUSCLE LIMITED
(Limited by Guarantee)

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INSTANT MUSCLE LIMITED

(Limited by Guarantee)

Registered Charity No: 288777

Company Registration No: 1789716

GOVERNORS

R WELCHMAN TD
R AMIS CBE
J A CLOUGH CBE MC
B G ELLIS
P G S LEES
D C RANDALL VRD
THE VERY REVEREND DR D SHAW JP, Ph D, Th Dr, Dr hc;
THE REVEREND PETER TIMMS OBE

SECRETARY

A B MACNAB

PRINCIPAL OFFICE

Springside House
84 North End Road
London
W14 9ES

BANKERS

National Westminster Bank plc
Chelsea, Town Hall branch
224 King's Road
CHELSEA
London
SW3 5UB

AUDITORS

Coulthards Mackenzie
Five Kings House
1 Queen Street Place
London
EC4R 1QS

REGISTERED OFFICE

17 Park Street
CAMBERLEY
Surrey
GU15 3PQ

INSTANT MUSCLE LIMITED

Registered Charity No: 288777

A Company Limited by Guarantee and not having a Share Capital

REPORT OF THE BOARD OF GOVERNORS

The governors present their report and the audited financial statements for the year ended 31 March 1995:-

1. RESULTS

The group net surplus for the year was	165,305
Balance brought forward	88,387
	<hr/>
<u>Balance carried forward</u>	<u>£253,692</u>

2. REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company continued to expand during the year, resulting in additional locations being opened. However, the rate of growth was lower than that recorded in 93/94. Most of the expansion throughout the company was related to additional contract work, with Employment Service, our major contract partner. A welcome development within the contract work portfolio was the introduction of increased local authority contract funding. This particular increase was for business counselling for self-employment and small businesses within the Hammersmith and Fulham area. There was a further reduction in the company's contract relationship with Training and Enterprise Councils (TECs), which reflected the TECs' move away from new business starts and their concentration on supporting existing businesses to expand.

In the second half of the year, the company reorganised and restructured its operational base, which at that time comprised five regions of differing sizes and three operational locations, outside of the regional structure. The reorganisation has resulted in the creation of three larger regions covering: Wales and the West, London and South East, and a Northern Region. Only one location is now outside of the regional structure and continues to be administered from Head Office. At the close of the year, the company had 40 locations within England and Wales.

During the final quarter of the financial year, the Chairman and the Board together with the Chief Executive and the Management team, started a process of reviewing the company's objectives and operational strategies. These reviews have recommitted the company to its objectives and refocused its desire to assist disadvantaged people work for themselves, or gain full-time employment. The operational strategies being developed are intended to provide greater economies of scale and lessen the vulnerability that follows from a high dependency on one particular type of contracted income.

INSTANT MUSCLE LIMITED

Registered Charity No: 288777

A Company Limited by Guarantee and not having a Share Capital

REPORT OF THE BOARD OF GOVERNORS

(CONTINUED)

2. REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS (CONTINUED)

The non-contract work within the company, now refocused towards a doubly disadvantaged client group, continues to be the main objective, but not the largest of the company's operations. The reorganisation and restructuring has brought this part of the activity into higher profile, and will continue to do so. During the year, 281 people, who were previously unemployed, were encouraged to train, work toward and launch a small enterprise of their own. While most will remain as sole traders, some will go on to be employers themselves. Business Advisers, largely supported by corporate and charitable trust donations, are based at a number of the company's locations.

The Job Club, Community Action, Job Search and mandatory employment training programmes provided by the company, on behalf of the Employment Service and the Training and Enterprise Councils, account for the greater part of the company's activity. During the year, over 17,000 people, who are unemployed and seeking work, attended the various Instant Muscle centres. Of that number, 8,654 were positively helped (as measured under Employment Service performance criteria). Over 2,000 gained employment and 683 enrolled in full-time training or adult education. This 50% positive outcome rate is high and reflects the company commitment to quality programmes. We have been able to assist job seekers within our programmes achieve positive outcomes at the rate of one every 15 minutes, throughout the working year.

The Board, Management team and staff are looking forward to the challenge of 95/96. We plan to increase the resource available to people who are unemployed and wish to work for themselves. We intend to target our future growth on employment programmes delivered to a high standard, through multi-functional centres within our current regional structure.

3. THE BOARD OF GOVERNORS

The governors who served during the period were:-

Robert Welchman TD	(Chairman from 26 May 1994)
Richard Amis CBE	(Vice Chairman)
J Alan Clough CBE, MC	(Chairman up to 26 May 1994)
The Very Reverend Dr Duncan Shaw, JP, PhD, Th Dr, Dr hc;	
David Randall VRD	
Nicolette Pawson	(Resigned 23 May 1995)
Dr John Richie MBE, CBIM, FRSA	(Resigned 28 September 1994)
The Reverend Peter Timms OBE	
Peter C S Lees	(Appointed 21 February 1995)
Bryan G Ellis	(Appointed 21 February 1995)

INSTANT MUSCLE LIMITED

Registered Charity No: 288777

A Company Limited by Guarantee and not having a Share Capital

REPORT OF THE BOARD OF GOVERNORS

(CONTINUED)

4. RESPONSIBILITIES OF THE GOVERNORS

Company law requires the governors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the governors are required to:

- 1) Select suitable accounting policies and then apply them consistently;
- 2) Make judgements and estimates that are reasonable and prudent;
- 3) Follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- 4) Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

5. STAFF

The Board recognises the commitment of staff working within Instant Muscle and understands that the high level of client satisfaction and success is due to that commitment. During the periods of rapid growth and reorganisation, much was asked of the people within the company and much was given by them.

The Board wish to take this opportunity to record their thanks and appreciation to all members of staff at all levels within Instant Muscle for their hard work and dedication in what is a challenging task and a demanding environment.

INSTANT MUSCLE LIMITED

Registered Charity No: 288777

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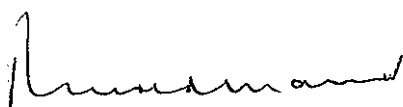
REPORT OF THE BOARD OF GOVERNORS

(CONTINUED)

6. AUDITORS

A resolution in accordance with Section 385, Companies Act 1985, for the re-appointment of Coulthards Mackenzie, Chartered Accountants, as auditors of the company is to be proposed at the Annual General Meeting.

Signed on behalf of the board of governors



A B MACNAB
COMPANY SECRETARY

Approved by the board: 14 August 1995

REPORT OF THE AUDITORS TO THE MEMBERS OF

INSTANT MUSCLE LIMITED

We have audited the accounts on pages (8) to (16) which have been prepared under the historical cost convention, and the accounting policies set out on page (12).

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

As described on page (5), the company's governors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

BASIS OF OPINION

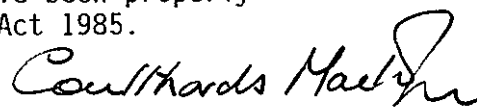
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the governors in the preparation of the accounts, and of whether the accounting policies are appropriate to the 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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group as at 31 March 1995 and of the surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Five Kings House
1 Queen Street Place
LONDON EC4R 1QS


COULTHARDS MACKENZIE
Chartered Accountants
and Registered Auditors

25 August 1995

INSTANT MUSCLE LIMITED

(Limited by Guarantee)

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 1995

	<u>NOTE</u>	<u>1995</u> £	<u>1994</u> £
<u>INCOME</u>			
Donations Received	2(d)	154,100	149,317
Government Contracts	3	3,025,892	2,392,748
Interest Receivable		2,436	635
		<hr/>	<hr/>
		3,182,428	2,542,700
		<hr/>	<hr/>
<u>EXPENDITURE</u>			
Salaries, Fees and National Insurance	5	1,763,145	1,597,782
Office Accommodation Expenses		464,682	387,405
Support and Administration Costs		752,867	604,119
Fixed Asset Purchases		38,879	99,431
Interest Payable	6	1,167	3,524
		<hr/>	<hr/>
		3,020,740	2,692,261
		<hr/>	<hr/>
<u>SURPLUS/(DEFICIT) FOR THE YEAR</u>	7	161,688	(149,561)
Decrease in Earmarked Funds	14	3,617	13,383
		<hr/>	<hr/>
<u>NET SURPLUS/(DEFICIT) ADDED TO/ (DEDUCTED FROM) RESERVES</u>	15	<u>165,305</u>	<u>(136,178)</u>

CONTINUING OPERATIONS

None of the group activities were acquired or discontinued during the above two financial years.

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the surplus or deficit for the above two financial years.

INSTANT MUSCLE LIMITED

(Limited by Guarantee)

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 1995

	<u>NOTE</u>	<u>1995</u> £	<u>1994</u> £
<u>CURRENT ASSETS</u>			
Debtors	12	326,652	249,378
Building Society Deposit		849	800
Bank and Cash Balances		<u>105,172</u>	<u>31,817</u>
		432,673	281,995
<u>CREDITORS</u>			
Amounts Falling Due Within One Year	13	<u>(136,481)</u>	<u>(147,491)</u>
		296,192	134,504
<u>NET CURRENT ASSETS</u>			
<u>PROVISIONS FOR LIABILITIES AND CHARGES</u>			
Earmarked Funds	14	<u>(42,500)</u>	<u>(46,117)</u>
		£253,692	£88,387
<u>NET ASSETS</u>			
<u>RESERVES</u>			
Working Capital Fund	15	<u>£253,692</u>	<u>£88,387</u>

Approved by the Board of Governors on 14 August 1995

R WELCHMAN:

R AMIS:

GOVERNORS

INSTANT MUSCLE LIMITED

(Limited by Guarantee)

COMPANY BALANCE SHEET AS AT 31 MARCH 1995

	<u>NOTE</u>	<u>1995</u> £	<u>1994</u> £
<u>FIXED ASSETS</u>			
Investment in Subsidiaries	11	300	300
<u>CURRENT ASSETS</u>			
Debtors	12	326,652	249,378
Building Society Deposit		849	800
Bank and Cash Balances		105,170	31,815
		432,671	281,993
<u>CREDITORS</u>			
Amounts Falling Due Within One Year	13	(184,053)	(195,063)
<u>NET CURRENT ASSETS</u>			
		248,618	86,930
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			
		248,918	87,230
<u>PROVISIONS FOR LIABILITIES AND CHARGES</u>			
Earmarked Funds	14	(42,500)	(46,117)
<u>NET ASSETS</u>			
		£206,418	£41,113
<u>RESERVES</u>			
Working Capital Fund	15	£206,418	£41,113

Approved by the Board of Governors on 14 August 1995

R WELCHMAN: 

R AMIS: 

GOVERNORS

INSTANT MUSCLE LIMITED

(Limited by Guarantee)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 1995

	£	<u>1994</u> £
<u>NET CASH FLOW FROM OPERATING ACTIVITIES</u>		
Group Surplus/(Deficit) for the Year	161,688	(149,561)
Adjust for: Interest Receivable	(2,436)	(635)
Interest Payable	1,167	3,524
Corporation Tax Provision	-	(292)
	<u>160,419</u>	<u>(146,964)</u>
(Increase) in Debtors	(77,274)	(12,431)
(Decrease)/Increase in Creditors	<u>(11,010)</u>	<u>73,542</u>
	72,135	(85,853)
<u>RETURN ON INVESTMENTS AND SERVICING OF FINANCE</u>		
Interest Received	2,436	635
Interest Paid	(1,167)	(3,524)
	-	<u>(1,283)</u>
<u>CORPORATION TAX PAID</u>		
	73,404	<u>(90,025)</u>
<u>INCREASE/(DECREASE) IN CASH OR CASH EQUIVALENT</u>		
<u>REPRESENTED BY:-</u>		
Increase/(Decrease) in Building Society Balances	49	(89,200)
Increase/(Decrease) in Cash Balances	<u>73,355</u>	<u>(825)</u>
	<u>73,404</u>	<u>(90,025)</u>

INSTANT MUSCLE LIMITED

(Limited by Guarantee)

NOTES TO THE ACCOUNTS AS AT 31 MARCH 1995

1. COMPANY STATUS

The company is Limited by Guarantee, not having a share capital and having charitable status.

2. ACCOUNTING POLICIES

(a) Accounting Convention

The accounts are prepared under the historical cost convention.

(b) Basis of Consolidation

The consolidated accounts include the accounts of Instant Muscle Limited and its subsidiary undertakings. No separate income and expenditure account is presented for Instant Muscle Limited as permitted by Section 230 of the Companies Act 1985. The subsidiaries were dormant throughout the year.

(c) Depreciation

Office furniture and equipment and mobile training units are not capitalised in the group accounts and are written off to the income and expenditure account when the expenditure is incurred.

(d) Donations

Donations are credited to the income account when received. Any unexpended part of specific donations are carried forward to future years as earmarked funds.

(e) Operating Leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against income as incurred.

3. GOVERNMENT CONTRACTS

Income from government contracts represents monies receivable for the administration of various government-backed schemes exclusive of Value Added Tax.

4. INCOME AND EXPENDITURE ACCOUNT

In order to give a clearer picture of the activities of the group the consolidated income and expenditure account departs from the statutory profit and loss account format laid down by the 1985 Companies Act. In particular, the headings of Turnover, Cost of Sales, Gross Profit and the analysis of turnover and profitability by class of activity and geographical area are not appropriate to the circumstances of the group.

INSTANT MUSCLE LIMITED

(Limited by Guarantee)

NOTES TO THE ACCOUNTS AS AT 31 MARCH 1995

(CONTINUED)

5. PARTICULARS OF EMPLOYEES

The average number of persons employed by the Group (excluding governors) during the year was as follows:-

	<u>1995</u>	<u>1994</u>
Administration - Head Office	8	8
Others	123	107
	<u>131</u>	<u>115</u>

The aggregate payroll costs of these persons were as follows:-

	<u>1995</u> £	<u>1994</u> £
Wages, Salaries and Fees	1,628,323	1,473,556
Social Security Costs	134,822	124,226
	<u>1,763,145</u>	<u>1,597,782</u>

6. INTEREST PAYABLE

	<u>1995</u> £	<u>1994</u> £
On Lease Purchase	727	2,068
On Bank Overdraft	440	1,456
	<u>1,167</u>	<u>3,524</u>

7. SURPLUS/(DEFICIT) FOR YEAR

The Group Surplus/(Deficit) for the year is stated after charging the following:-

	<u>1995</u> £	<u>1994</u> £
Depreciation	Nil	Nil
Directors Remuneration (Note 8)	Nil	Nil
Auditors Remuneration	6,600	6,600
Tangible Fixed Assets Purchased	38,879	99,431
Hire of Equipment	15,229	9,131
	<u>60,708</u>	<u>115,162</u>

INSTANT MUSCLE LIMITED

(Limited by Guarantee)

NOTES TO THE ACCOUNTS AS AT 31 MARCH 1995

(CONTINUED)

8. DIRECTORS EMOLUMENTS

The directors of the company are the Members of the Board of Governors, none of whom receive any emoluments for duties performed.

9. TAXATION

The company is a charitable organisation and as such is not liable to corporation tax.

10. TANGIBLE FIXED ASSETS

Tangible fixed assets are not capitalised. There are significant amounts of office furniture and equipment and mobile training units not reflected in the Balance Sheet, and these have a value for insurance purposes of £421,420.

11. FIXED ASSETS - INVESTMENTS

	<u>1995</u>	<u>1994</u>
Shares in Subsidiary Undertakings	£	£
Ordinary Shares at Cost		
Instant Muscle Enterprises Limited	100	100
Instant Muscle Enterprises (London) Limited	100	100
Instant Muscle Enterprises (Wales) Limited	100	100
	<u>300</u>	<u>300</u>

All the subsidiary undertakings are incorporated in England and are wholly owned by Instant Muscle Limited. All of the subsidiary undertakings were dormant throughout the year.

Instant Muscle Enterprises (Wales) Limited owns the whole of the issued share capital of Instant Muscle Enterprise Rehearsal (Wales) Limited, a company incorporated in England. The company was dormant throughout the year.

12. DEBTORS

	<u>Group and Company</u>	<u>1994</u>
	<u>1995</u>	£
	£	
Government Contract Debtors	239,600	201,956
Prepayments	87,052	47,422
	<u>326,652</u>	<u>249,378</u>

INSTANT MUSCLE LIMITED

(Limited by Guarantee)

NOTES TO THE ACCOUNTS AS AT 31 MARCH 1995

(CONTINUED)

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1995</u> £	<u>1994</u> £
Payroll Taxes	42,272	37,491
Accruals and Expense Creditors	75,584	86,702
Lease Purchase	-	8,888
Value Added Tax	18,625	14,410
	<u> </u>	<u> </u>
Per Consolidated Balance Sheet	136,481	147,491
Amount Owing to Subsidiary Undertakings	47,572	47,572
	<u> </u>	<u> </u>
Per Company Balance Sheet	<u>184,053</u>	<u>195,063</u>

14. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>1995</u> £	<u>1994</u> £
Funds received from donors earmarked for specific purposes yet to be expended		
Balance at 1 April 1994	46,117	59,500
Decrease in Earmarked Funds	(3,617)	(13,383)
	<u> </u>	<u> </u>
Balance at 31 March 1995	<u>42,500</u>	<u>46,117</u>

15. WORKING CAPITAL RESERVE

	<u>1995</u>		<u>1994</u>	
	<u>Group</u> £	<u>Company</u> £	<u>Group</u> £	<u>Company</u> £
Balance at 1 April 1994	88,387	41,113	224,565	177,291
Net Surplus/(Deficit) for the year	<u>165,305</u>	<u>165,305</u>	<u>(136,178)</u>	<u>(136,178)</u>
Balance at 31 March 1995	<u>253,692</u>	<u>206,418</u>	<u>88,387</u>	<u>41,113</u>

The Reserve is maintained to cover the working capital requirements needed to adequately service the government contracts.

INSTANT MUSCLE LIMITED

(Limited by Guarantee)

NOTES TO THE ACCOUNTS AS AT 31 MARCH 1995

(CONTINUED)

16. OPERATING LEASE COMMITMENTS

At 31 March 1995, the group and the company had commitments for payments in the following year under non-cancellable operating leases as set out below:-

	<u>Group and Parent Company</u>	
	<u>1995</u>	<u>1994</u>
	£	£
<u>Land and Buildings</u>		
Operating leases which expire		
- within one year	97,755	49,195
- in second to fifth year		
inclusive	176,050	160,994
- over five years	5,351	-
<u>Other Assets</u>		
Operating leases which expire		
- within one year	467	295
- in second to fifth year		
inclusive	17,440	10,388
<u>Total annual commitment</u>	<u>297,063</u>	<u>220,872</u>