

2055002

CARIOCCA ENTERPRISES (MANCHESTER) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED NOVEMBER 30 1997



CARIOCCA ENTERPRISES (MANCHESTER) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30 1997

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CARIOCCA ENTERPRISES (MANCHESTER) LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED NOVEMBER 30 1997

DIRECTORS

F D J Frederick	Chairperson
A Bell	DWSR - Finance
N H Mahon	DWSR - Estate
A Thompson	DWSR - Marketing
P Sturrock	
C Malabre	
L A Da-Cocodia	
S Mohindra	
J Gibson	(appointed 19/12/96)
	DWSR - Human Resources
R De	(appointed 17/9/97)
S Avery	(appointed 17/9/97)
A Durrant	(appointed 17/12/97)
B A Luckham	(resigned 17/12/97)
N Fountain	(resigned 10/1/97)

DWSR - Director With Special Responsibility

SECRETARY

C Malabre

REGISTERED OFFICE AND
PRINCIPAL PLACE OF BUSINESS

Cariocca Enterprise Park
2 Hellidon Close
Ardwick
Manchester
M12 4AH

AUDITORS

Chittenden Horley
Registered Auditors
Charlotte House
30 Dudley Road
Manchester
M16 8DT

BANKERS

National Westminster Bank Plc
280 Claremont Road
Moss Side
Manchester
M14 4EP

Citibank International Plc
Global Consumer Banking
PO Box 5350
Hammersmith Grove
London W6 0WT

COMPANY NUMBER

02055002

CARIOCCA ENTERPRISES (MANCHESTER) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED NOVEMBER 30 1997

The Directors' present their annual report and the accounts for the year ended November 30 1997.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements we 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 a going concern basis unless it is inappropriate to presume that the company will continue in business.

We 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 financial statements comply with the Companies Act 1985. We 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.

PRINCIPAL ACTIVITY

The company's principal activity is to undertake programmes, projects and schemes for the benefit of the community of inner city areas of Manchester. It achieves its principal activity through the operation of managed workspace at the Cariocca Enterprise Park and the provision of office services to its tenants.

DIRECTORS AND THEIR INTERESTS

The Directors who served during the year are listed below:-

F D J Frederick	
A Bell	
N H Mahon	A Thompson
L A Da-Cocodia	P Sturrock
S Mohindra	C Malabre
J Gibson	(appointed 19/12/96)
R De	(appointed 17/9/97)
S Avery	(appointed 17/9/97)
A Durrant	(appointed 17/12/97)
B A Luckham	(resigned 17/12/97)
N Fountain	(resigned 10/1/97)

The company is limited by guarantee and does not have a share capital. The Directors are all volunteers and do not receive any remuneration for their services.

CARIOCCA ENTERPRISES (MANCHESTER) LIMITED

REPORT OF THE DIRECTORS (Continued)

AUDITORS

The auditors, Chittenden Horley, have indicated their willingness to accept re-appointment under section 385(2) of the Companies Act 1985.

This report has been prepared taking advantage of the special provisions of Part VII of the Companies Act 1985 applicable to small companies.

By order of the Board

A handwritten signature in black ink, appearing to read 'C. Malabre', is written over the text 'By order of the Board'.

C Malabre
Secretary

Date:- March 18 1998

CARIOCCA ENTERPRISES (MANCHESTER) LIMITED**REPORT OF THE AUDITORS TO THE MEMBERS**

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on note 1.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors 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.

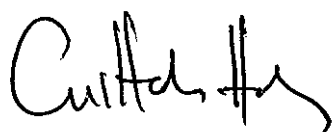
Basis of opinion

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 directors 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 at November 30 1997, and of its results for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



Chittenden Horley
Registered Auditors
Charlotte House
30 Dudley Road
Manchester M16 8DT
Manchester
M16 8DT

Date:-March 18 1998

CARIOCCA ENTERPRISES (MANCHESTER) LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED NOVEMBER 30 1997**

	Note	£	1997	£	£	1996	£
TURNOVER	2		263,268			248,157	
Less: Cost of Sales			21,985			23,991	
GROSS PROFIT			241,283			224,166	
Administration Expenses			237,804			233,681	
OPERATING PROFIT/(LOSS)	3		3,479			(9,515)	
Other Income	4		28,355			28,978	
Proceeds on sale of fixed assets			-			(763)	
			31,834			18,700	
Interest Payable & Similar Charges	5		1,298			10	
PROFIT ON ORDINARY ACTIVITIES			30,536			18,690	
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	6		(1,236)			8,670	
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			31,772			10,020	
RETAINED PROFIT BROUGHT FORWARD			40,389			30,369	
RETAINED PROFIT CARRIED FORWARD			72,161			40,389	

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the above two financial years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 7 to 11 form part of these financial statements.

CARIOCCA ENTERPRISES (MANCHESTER) LIMITED

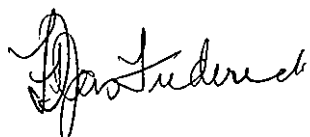
BALANCE SHEET AT NOVEMBER 30 1997

	Note	£	1997	£	£	1996	£
FIXED ASSETS							
Tangible assets	7		1,801,246			1,821,074	
CURRENT ASSETS							
Debtors	8	10,955			18,221		
Cash at bank and in hand		143,360			256,584		
		<u>154,315</u>			<u>274,805</u>		
CREDITORS							
Amounts falling due within one year	9	95,290			247,913		
NET CURRENT ASSETS			59,025			26,892	
TOTAL ASSETS LESS CURRENT LIABILITIES			1,860,271			1,847,966	
PROVISION FOR LIABILITIES AND CHARGES							
Deferred taxation	10		1,120			1,240	
ACCRUALS & DEFERRED INCOME							
Grants	11		1,786,990			1,806,337	
NET ASSETS			<u>72,161</u>			<u>40,389</u>	
CAPITAL AND RESERVES							
Profit and loss account			72,161			40,389	
MEMBERS' FUNDS	12		<u>72,161</u>			<u>40,389</u>	

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies.

Approved by the Board of Directors on:- March 18 1998

And signed on their behalf by:-



F D J Frederick - Director

The notes on pages 7 to 11 form part of these financial statements.

CARIOCCA ENTERPRISES (MANCHESTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED NOVEMBER 30 1997

1 Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and have also been consistently applied within the same accounts.

Basis of accounting

The accounts have been prepared in accordance with the historical cost convention as modified by the revaluation of certain fixed assets.

The effect of events relating to the year ended November 30 1997 before the date of approval of the financial statements by the Board of Directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at November 30 1997 and of the results for the year ended on that date.

Depreciation

Depreciation has been computed to write off the cost of tangible fixed assets over their expected useful lives using the following rates:-

Leasehold Land & Buildings	1% straight line
Fixtures & fittings	20% reducing balance
Security equipment	20% straight line

Deferred Taxation

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect that it is considered that a net liability may crystallise.

Grants

Government grants on capital expenditure are credited to a deferred account and are released to revenue over the expected useful life of the relevant asset in proportion to the depreciation charged.

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

2 TURNOVER

Turnover represents the net amounts, exclusive of Value Added Tax, invoiced during the year by the company, in respect of its principal activities.

CARIOCCA ENTERPRISES (MANCHESTER) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED NOVEMBER 30 1997

3 Operating profit (loss)

This is stated after charging

	1997	1996
	£	£
Auditors' remuneration	1,200	1,150
Depreciation of tangible fixed assets	21,387	24,886
Hire of office equipment	1,035	1,035
Operating lease payments - rent	<u>56,155</u>	<u>48,409</u>

4 Other income

	1997	1996
	£	£
Bank deposit interest	9,008	8,562
Capital grant released	<u>19,347</u>	<u>20,416</u>
	<u>28,355</u>	<u>28,978</u>

5 Interest payable and similar charges

	1997	1996
	£	£
Interest & penalties on tax paid late	806	-
Interest on profit rent	466	-
Bank interest	26	10
	<u>1,298</u>	<u>10</u>

6 Tax on profit (loss) on ordinary activities

	1997	1996
	£	£
Corporation tax at 23% (1996 24%)	7,400	7,430
Deferred taxation	<u>(120)</u>	<u>1,240</u>
	7,280	8,670
Prior year adjustments - over provision	<u>(8,516)</u>	<u>-</u>
	<u>(1,236)</u>	<u>8,670</u>

CARIOCCA ENTERPRISES (MANCHESTER) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED NOVEMBER 30 1997

7 Tangible fixed assets

	Leasehold Land & Buildings £	Security Equipment £	Fixtures & Fittings £	Total £
Cost				
At December 1 1996	1,941,631	22,546	26,238	1,990,415
Additions	-	330	1,229	1,559
At November 30 1997	<u>1,941,631</u>	<u>22,876</u>	<u>27,467</u>	<u>1,991,974</u>
Depreciation				
At December 1 1996	135,294	12,698	21,349	169,341
Charge for the year	18,162	2,166	1,059	21,387
At November 30 1997	<u>153,456</u>	<u>14,864</u>	<u>22,408</u>	<u>190,728</u>
Net book amount				
At November 30 1997	<u>1,788,175</u>	<u>8,012</u>	<u>5,059</u>	<u>1,801,246</u>
At December 1 1996	<u>1,806,337</u>	<u>9,848</u>	<u>4,889</u>	<u>1,821,074</u>

8 Debtors

	1997 £	1996 £
All receivable within one year		
Trade debtors	6,957	14,102
Prepayments	3,998	4,119
	<u>10,955</u>	<u>18,221</u>

9 Creditors - amounts falling due within one year

	1997 £	1996 £
Trade creditors	862	2,543
Corporation tax	7,400	17,430
Other taxation and social security	8,318	8,429
Accruals	20,848	31,305
Manchester City Council - rent	22,830	158,006
Maintenance fund accrual	7,000	3,500
Tenants' deposits	28,032	26,700
	<u>95,290</u>	<u>247,913</u>

CARIOCCA ENTERPRISES (MANCHESTER) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED NOVEMBER 30 1997

10 Deferred taxation

The movement on deferred taxation in the year was as follows:-

	<u>1997</u>	<u>1996</u>
	£	£
Balance at December 1 1996	1,240	-
Accelerated capital allowances	(120)	1,240
Balance at November 30 1997	<u>1,120</u>	<u>1,240</u>

The amount provided and the potential liability for deferred taxation are as follows:-

	<u>1997</u>		<u>1996</u>	
	Amount Provided	Potential Liability	Amount Provided	Potential Liability
	£	£	£	£
Accelerated capital allowances	1,120	1,120	1,240	1,240
	<u>1,120</u>	<u>1,120</u>	<u>1,240</u>	<u>1,240</u>

11 Grants

	<u>1997</u>	<u>1996</u>
	£	£
Grants brought forward	1,806,337	1,826,753
Grants released	(19,347)	(20,416)
Grants carried forward	<u>1,786,990</u>	<u>1,806,337</u>

12 Reconciliation of movements in members' funds

	<u>1997</u>	<u>1996</u>
	£	£
Profit for the financial year	31,772	10,020
Net addition to members' funds	31,772	10,020
Opening members' funds	40,389	30,369
Closing members' funds	<u>72,161</u>	<u>40,389</u>

CARIOCCA ENTERPRISES (MANCHESTER) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED NOVEMBER 30 1997

13 Leasing commitments

The company has the following annual commitments under operating leases:-

	<u>1997</u>		<u>1996</u>	
	<u>Land and Buildings</u>	<u>Others</u>	<u>Land and Buildings</u>	<u>Others</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Operating leases which expire:-				
After more than five years	42,500	1,035	42,500	1,035
	<u>42,500</u>	<u>1,035</u>	<u>42,500</u>	<u>1,035</u>

In addition to the basic rent of £42,500 the company is committed to paying an additional variable rent depending on the level of its profits. The variable rent is calculated using the profit before basic rent and corporation tax and after adjusting for certain expenses and income. The rate of variable rent is set at 50% of the profit, as adjusted above, over £50,000.

The basic rent is subject to review every five years.

14 Constitution

The company is limited by guarantee and does not have a share capital. In the event of winding up the members are committed to contributing one pound each. At the year end there were 12 members (1996 11).

15 Maintenance fund

Under the terms of its lease the Company is obliged to carry out quinquennial inspections of the building and effect any necessary repairs. The lease requires that the Company sets aside £3,500 per annum towards these major repairs and that the funds are transferred to a separate bank account under the joint control of the Company and the landlord, Manchester City Council.

These funds had not been transferred at the year end and a provision of £7,000 is included in creditors.

16 Transactions with directors

One of the Company's tenants is Mrs Zippy, a firm run by Mrs Frederick whose husband is a director of the company.

The unit is let on normal commercial terms at arms length at a monthly rent of £128 (including VAT). Mr Frederick takes no part in decisions relating to the rent price level in this unit.

A number of the directors are also directors of Cariocca Training Limited, a charity, which also rents offices from the Company. The directors do not receive any personal benefit from this transaction, which is on normal commercial terms at arms length.