

Registered Number: 2088545

NORTH EAST CHAMBER (TRAINING) LIMITED

**ABBREVIATED
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 DECEMBER 1997**

JENNINGS JOHNSON
Chartered Accountants
19 Borough Road
Sunderland
SR1 1LA



NORTH EAST CHAMBER (TRAINING) LIMITED

**ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997**

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NORTH EAST CHAMBER (TRAINING) LIMITED

**COMPANY INFORMATION
AS AT 31 DECEMBER 1997**

DIRECTORS

M. Bird
S. Markley
L.M. Aviss

SECRETARY

I.S. Robertson

REGISTERED OFFICE

Aykley Heads Business Centre
Aykley Heads
Durham
DH1 5TS

REGISTERED NUMBER

2088545

BUSINESS ADDRESS

Aykley Heads Business Centre
Aykley Heads
Durham
DH1 5TS

AUDITORS

Jennings Johnson
Chartered Accountants
19 Borough Road
Sunderland
SR1 1LA

NORTH EAST CHAMBER (TRAINING) LIMITED

COMPANY INFORMATION
AS AT 31 DECEMBER 1997

PRINCIPAL BANKERS

Barclays Bank plc
Market Place Business Centre
P.O. Box No. 3
6 Market Place
Durham
DH1 3ND

NORTH EAST CHAMBER (TRAINING) LIMITED

DIRECTORS' REPORT

The directors present their annual report with the financial statements of the company for the year ended 31 December 1997.

PRINCIPAL ACTIVITIES

The principal activity of the company is the provision of training in particular youth and adult training which is funded by Training and Enterprise Councils and employers' contributions. The company also provide the training courses for businesses and individuals.

The directors consider the results for the year to be satisfactory.

REVIEW OF THE BUSINESS

The net profit after providing for taxation amounted to £463,026.

DIVIDENDS

The directors do not recommend payment of a dividend.

POST BALANCE SHEET EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in financial years subsequent to the financial year ended 31 December 1997.

DIRECTORS AND THEIR INTERESTS

The directors at the balance sheet date and the beginning of the year were as follows:

M. Bird
S. Markley
L.M. Aviss

No director had any interest in the ordinary shares of the company.

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 affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors 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 company will continue in business.

The directors are responsible for maintaining 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. 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.


NORTH EAST CHAMBER (TRAINING) LIMITED

DIRECTORS' REPORT

AUDITORS

The auditors, Jennings Johnson, are willing to be re-appointed in accordance with Section 385 of the Companies Act 1985.

On behalf of the board:

A handwritten signature in black ink, appearing to read 'M. Bird', with a long horizontal stroke extending to the right.

M. Bird
Director

Approved by the board: 20 April 1998

NORTH EAST CHAMBER (TRAINING) LIMITED

**AUDITORS' REPORT TO NORTH EAST CHAMBER (TRAINING) LIMITED UNDER
SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated financial statements on pages 6 to 17 together with the full financial statements of North East Chamber (Training) Limited prepared under section 226 of the Companies Act 1985 for the year ended 31 December 1997.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated financial statements in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Companies Act 1985 to the Registrar of Companies and whether the abbreviated financial statements to be delivered have been properly prepared in accordance with those provisions and to report our opinion to you.

BASIS OF OPINION

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

OPINION

In our opinion, the company is entitled to deliver financial statements prepared in accordance with section 246A(3) of the Companies Act 1985 and the abbreviated financial statements on pages 6 to 17 have been properly prepared in accordance with that provision.



.....
JENNINGS JOHNSON
Chartered Accountants
Registered Auditors

19 Borough Road
Sunderland
SR1 1LA

20 April 1998

NORTH EAST CHAMBER (TRAINING) LIMITED**ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1997**

	Notes	1997 £	1996 £
GROSS PROFIT		1,520,609	1,671,237
Administrative expenses		1,071,941	1,304,625
OPERATING PROFIT	2	448,668	366,612
Investment income and interest receivable	3	69,088	36,194
Interest payable and similar charges	4	(83)	(1,404)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		517,673	401,402
Tax on profit on ordinary activities	7	(54,647)	(94,573)
PROFIT FOR THE FINANCIAL YEAR		463,026	306,829
Transfers to and from reserves		(366,456)	-
RETAINED PROFIT FOR THE FINANCIAL YEAR	13	96,570	306,829

Continuing operations

During the year the company acquired the assets and trade of Jobwise (Tynedale) Limited and Tynedale Training for Skills Limited.

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 9 to 17 form part of these financial statements.

NORTH EAST CHAMBER (TRAINING) LIMITED


ABBREVIATED BALANCE SHEET AT 31 DECEMBER 1997

	Notes	£	1997 £	£	1996 £
FIXED ASSETS					
Tangible assets	8		573,148		180,314
CURRENT ASSETS					
Debtors	10	600,663		682,995	
Cash at bank and in hand		791,885		1,122,877	
		<u>1,392,548</u>		<u>1,805,872</u>	
CREDITORS: amounts falling due within one year	11	<u>(554,423)</u>		<u>(671,483)</u>	
NET CURRENT ASSETS			838,125		1,134,389
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,411,273</u>		<u>1,314,703</u>
CAPITAL AND RESERVES					
Called up share capital	12		2		2
Profit and loss account	13		<u>1,411,271</u>		<u>1,314,701</u>
TOTAL SHAREHOLDERS' FUNDS	14		<u>1,411,273</u>		<u>1,314,703</u>

The abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The financial statements were approved by the board of directors on 20 April 1998 and signed on its behalf by:


M. Bird)


S. Markley) Directors

The notes on pages 9 to 17 form part of these financial statements.

NORTH EAST CHAMBER (TRAINING) LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 1997**

	Notes	1997 £	1996 £
CASH FLOW FROM OPERATING ACTIVITIES	2	445,501	439,986
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	15	69,005	34,790
TAXATION	15	(98,050)	227,436
CAPITAL EXPENDITURE	15	(746,518)	(11,814)
Cash outflow before use of liquid resources and financing		(330,062)	690,398
MANAGEMENT OF LIQUID RESOURCES	15	215,092	(750,000)
FINANCING	15	(930)	(7,014)
DECREASE IN CASH IN THE YEAR		<u>(115,900)</u>	<u>(66,616)</u>

**RECONCILIATION OF NET CASH FLOW TO
MOVEMENT IN NET FUNDS**

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DECREASE IN CASH IN THE YEAR	(115,900)	(66,616)
Cash outflow from decrease in debt and lease financing	930	7,014
Cash inflow from decrease in liquid resources	(215,092)	750,000
Change in net debt resulting from cash flows	(330,062)	690,398
Movement in net debt in the year	(330,062)	690,398
Net funds at 1 January 1997	1,121,947	431,549
Net funds at 31 December 1997	<u>791,885</u>	<u>1,121,947</u>

The notes on pages 9 to 17 form part of these financial statements.

NORTH EAST CHAMBER (TRAINING) LIMITED

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

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention.

Turnover

Income is derived from the provision of training courses and contracts. Training contracts are accounted for in the financial statements when funding is approved.

Goodwill

Purchased goodwill is set off directly against reserves.

Depreciation of tangible fixed assets

Depreciation is provided at the following annual rates to reduce by annual instalments the cost, less estimated residual value of each asset over its estimated useful life:

Freehold buildings	Straight line over fifty years
Leased assets	Over the term of the lease
Motor vehicles	25% Straight line
Fixtures and fittings	20% - 33.3% Straight line

Grants

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

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account in constant proportion to the remaining balance of capital repayments or net obligation outstanding.

Rentals payable under operating leases are taken to the Profit and Loss Account on a straight line basis over the lease term.

Pension costs

The company operates a defined contribution pension scheme. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

NORTH EAST CHAMBER (TRAINING) LIMITED

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

2. OPERATING PROFIT

Operating profit is stated:	1997	1996
	£	£
After charging:		
Depreciation of fixed assets	19,953	17,357
Auditors' remuneration	4,000	3,775
Hire of equipment	24,426	31,366
Operating lease rentals		
Land and buildings	68,454	66,758
Plant and machinery	26,730	23,103

Reconciliation of operating profit to net cash inflow from operating activities

	1997	1996
	£	£
Operating profit	448,668	366,612
Depreciation	19,953	17,357
Decrease in debtors	82,332	(85,543)
Decrease in creditors	(105,452)	141,560
Net cash inflow from operating activities	445,501	439,986

3. INVESTMENT INCOME AND INTEREST RECEIVABLE

	1997	1996
	£	£
Interest received and receivable		
Bank interest	69,088	35,176
Other interest	-	1,018
	69,088	36,194

NORTH EAST CHAMBER (TRAINING) LIMITED

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

4. INTEREST PAYABLE AND SIMILAR CHARGES

	1997	1996
	£	£
On overdue tax	83	-
Lease finance charges and hire purchase interest	-	558
Other interest	-	846
	<u>83</u>	<u>1,404</u>

5. INFORMATION ON DIRECTORS AND EMPLOYEES

	1997	1996
	£	£
Staff costs		
Wages and salaries	1,097,681	1,018,693
Social security costs	91,954	91,849
Other pension costs	50,218	45,558
	<u>1,239,853</u>	<u>1,156,100</u>

	1997	1996
	No.	No.
The average number of employees during the year was made up as follows:		
Training services	<u>92</u>	<u>85</u>

	1997	1996
	£	£
Directors' emoluments		
Remuneration	37,116	38,244
Pension contributions to money purchase schemes	3,094	3,126
	<u>40,210</u>	<u>41,370</u>
Remuneration	<u>40,210</u>	<u>41,370</u>

M. Bird was paid remuneration by the parent undertaking and the other director received £nil remuneration during the year.

NORTH EAST CHAMBER (TRAINING) LIMITED

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

6. PENSION COSTS

Defined contribution scheme

The company operates a defined contribution pension 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 £50,218 (1996: £45,558).

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
UK Corporation tax	79,550	122,953
Adjustment in respect of prior years	(24,903)	(28,380)
	<u>54,647</u>	<u>94,573</u>

8. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Fixtures and fittings £	Motor vehicles £	Total £
Cost:				
At 1 January 1997	261,231	206,836	-	468,067
Additions	359,788	50,725	2,274	412,787
At 31 December 1997	<u>621,019</u>	<u>257,561</u>	<u>2,274</u>	<u>880,854</u>
Depreciation:				
At 1 January 1997	101,829	185,924	-	287,753
Charge for year	3,969	15,984	-	19,953
At 31 December 1997	<u>105,798</u>	<u>201,908</u>	<u>-</u>	<u>307,706</u>
Net book value:				
At 31 December 1997	<u>515,221</u>	<u>55,653</u>	<u>2,274</u>	<u>573,148</u>
At 31 December 1996	<u>159,402</u>	<u>20,912</u>	<u>-</u>	<u>180,314</u>

NORTH EAST CHAMBER (TRAINING) LIMITED

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

8. TANGIBLE FIXED ASSETS - (continued)

	1997	1996
	£	£
Analysis of net book value of land and buildings:		
Freehold	476,197	159,402
Short leasehold	39,024	-
	<u>515,221</u>	<u>159,402</u>

Included above are assets held under finance leases or hire purchase contracts as follows:-

	1997	1996
	£	£
Net book values:		
Fixtures and fittings	-	2,560
	<u>-</u>	<u>2,560</u>
Depreciation charge for the year:		
Fixtures and fittings	-	4,513
	<u>-</u>	<u>4,513</u>

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

9. ACQUISITIONS

On 1 December 1997 the group acquired the assets and trade of Jobwise (Tynedale) Limited and Tynedale Training for skills Limited. Goodwill arising on acquisitions during the year has been written off against reserves.

Analysis of the acquisition of the assets and trade of Jobwise (Tynedale) Limited and Tynedale Training for Skills Limited are:

	Fair value
	£
Tangible assets	70,780
Stocks	2,764
Goodwill arising on acquisition	<u>366,456</u>
	<u>440,000</u>

NORTH EAST CHAMBER (TRAINING) LIMITED

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

10. DEBTORS

	1997	1996
	£	£
Trade debtors	251,410	253,142
Amounts owed by other group undertakings	184,240	303,540
Prepayments and accrued income	165,013	126,313
	<u>600,663</u>	<u>682,995</u>

11. CREDITORS: amounts falling due within one year

	1997	1996
	£	£
Net obligations under finance leases and hire purchase contracts	-	930
Trade creditors	111,760	123,423
Corporation tax	79,550	122,953
Other taxes and social security costs	89,720	77,188
Other creditors	-	55,890
Accruals and deferred income	273,393	291,099
	<u>554,423</u>	<u>671,483</u>

12. SHARE CAPITAL

	1997	1996
	£	£
Authorised:		
Equity interests:		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid:		
Equity interests:		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

NORTH EAST CHAMBER (TRAINING) LIMITED

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

13. PROFIT AND LOSS ACCOUNT

	1997	1996
	£	£
Retained profit at 1 January 1997	1,314,701	1,007,872
Profit for the year	463,026	306,829
Goodwill written off	(366,456)	-
Retained profit at 31 December 1997	<u>1,411,271</u>	<u>1,314,701</u>

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997	1996
	£	£
Profit for the financial year	463,026	306,829
Goodwill written off	(366,456)	-
Net addition to shareholders' funds	<u>96,570</u>	<u>306,829</u>
Opening shareholders' funds	1,314,703	1,007,874
Closing shareholders' funds	<u>1,411,273</u>	<u>1,314,703</u>
Represented by:-		
Equity interests	<u>1,411,273</u>	<u>1,314,703</u>

15. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	1997	1996
	£	£
Returns on investments and servicing of finance		
Interest received	69,088	88,405
Interest paid	(83)	(846)
Interest element of hire purchase contracts	-	(558)
Net cash inflow from returns on investments and servicing of finance	<u>69,005</u>	<u>87,001</u>

NORTH EAST CHAMBER (TRAINING) LIMITED

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

15. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT - (continued)

	1997 £	1996 £
Taxation		
Corporation tax paid	(98,050)	(53,235)
Corporation tax received	-	280,671
Net cash outflow from taxation	<u>(98,050)</u>	<u>227,436</u>
Capital expenditure		
Purchase of intangible fixed assets	(366,456)	-
Purchase of tangible fixed assets	(380,062)	(11,814)
Net cash outflow from capital expenditure	<u>(746,518)</u>	<u>(11,814)</u>
Management of liquid resources		
Short-term investments and bank deposits	215,092	(750,000)
Net cash inflow from management of liquid resources	<u>215,092</u>	<u>(750,000)</u>
Financing		
Repayments of capital element of hire purchase contracts	(930)	(7,014)
Net cash outflow from financing	<u>(930)</u>	<u>(7,014)</u>

16. ANALYSIS OF NET FUNDS

	1996 £	Cash flow £	1997 £
Cash at bank and in hand	372,877	(115,900)	256,977
Finance leases	(930)	930	-
Current asset investments	750,000	(215,092)	534,908
	<u>1,121,947</u>	<u>(330,062)</u>	<u>791,885</u>

NORTH EAST CHAMBER (TRAINING) LIMITED

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

17. MAJOR NON CASH TRANSACTIONS

During the year the company acquired tangible fixed assets from its ultimate parent company for a purchase consideration of £252,274. This amount was transferred via the intercompany account.

18. REVENUE COMMITMENTS

At the year end the company was committed to making the following payments during the next year in respect of operating leases with expiry dates as follows:

	Land and buildings		Other	
	1997	1996	1997	1996
	£	£	£	£
Within one year	-	-	-	1,118
More than one year and less than five years	52,110	51,427	26,293	15,727
More than five years	11,100	11,100	-	-
	<u>63,210</u>	<u>62,527</u>	<u>26,293</u>	<u>16,845</u>

19. ULTIMATE PARENT COMPANY

The ultimate parent company is North East Chamber of Commerce, Trade and Industry, a company limited by guarantee and incorporated in the UK.