

**NORTH EAST CHAMBER OF COMMERCE  
(TRAINING) LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2003**



**NORTH EAST CHAMBER OF COMMERCE  
(TRAINING) LIMITED**

**FINANCIAL STATEMENTS**

For the year ended 31 December 2003

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Company number: 2088545

Registered Office: Aykley Heads Business Centre  
Aykley Heads  
Durham  
DH1 5TS

Directors: S Markley  
G Cowcher  
A Ferguson

Secretary: I S Robertson

Bankers: Barclays Bank plc  
Market Place Business Centre  
6/7 Market Place  
Durham  
DH1 3ND

Solicitors: Eversheds  
Central Square South  
Orchard Street  
Newcastle upon Tyne  
NE1 3XX

Auditors: Baker Tilly  
Registered Auditor  
Chartered Accountants  
1 St James' Gate  
Newcastle upon Tyne  
NE1 4AD

**NORTH EAST CHAMBER OF COMMERCE  
(TRAINING) LIMITED**

**FINANCIAL STATEMENTS**

For the year ended 31 December 2003

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<b>INDEX</b>	<b>PAGE</b>
Report of the directors	1 - 2
Report of the independent auditors	3 - 4
Principal accounting policies	5 - 6
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9 - 16

# **NORTH EAST CHAMBER OF COMMERCE (TRAINING) LIMITED**

## **REPORT OF THE DIRECTORS**

For the year ended 31 December 2003

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The directors present their report and the audited financial statements for the year ended 31 December 2003.

### **Principal activities and business review**

The principal activity of the company is the provision of training, in particular youth and adult training which is funded by Learning Skills Councils, Jobcentre Plus and employers contributions. The company also provides training courses for businesses and individuals.

The company also has a joint venture agreement in Peat Rigg Training Centre Limited. The principal activity of this company is the provision of personal development services at its residential centre.

The company has provided for an exceptional tax charge of £205,900 which relates to prior years.

There was a profit for the year after taxation of £136,937 (2002: £443,655) which the directors consider to be satisfactory.

As in the prior year, the directors do not recommend payment of a dividend.

### **Directors and their interests**

The present membership of the Board is set out below. All directors served throughout the year except as stated below.

S Markley  
J Irwin (resigned 10 June 2003)  
G Cowcher  
A Ferguson (appointed 30 April 2003)

No director had any interest in the shares of the company at 31 December 2003 or 31 December 2002.

### **Directors' responsibilities for the financial statements**

United Kingdom 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 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 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. 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 OF COMMERCE  
(TRAINING) LIMITED**

**REPORT OF THE DIRECTORS**


For the year ended 31 December 2003

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**Auditors**

Baker Tilly offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



I S Robertson  
Secretary

19 April 2004

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
NORTH EAST CHAMBER OF COMMERCE  
(TRAINING) LIMITED**

We have audited the financial statements of North East Chamber of Commerce (Training) Limited for the year ended 31 December 2003 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the directors and auditors**

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the director's report, and consider whether it is consistent with the audited financial statements. This information comprises only the directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**Basis of opinion**

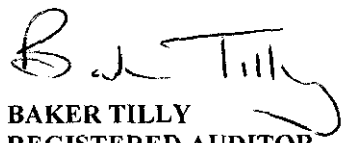
We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
NORTH EAST CHAMBER OF COMMERCE  
(TRAINING) LIMITED (CONTINUED)**

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**BAKER TILLY  
REGISTERED AUDITOR  
CHARTERED ACCOUNTANTS  
NEWCASTLE UPON TYNE**

4 June 2004

**NORTH EAST CHAMBER OF COMMERCE  
(TRAINING) LIMITED**

**PRINCIPAL ACCOUNTING POLICIES**

For the year ended 31 December 2003

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**BASIS OF PREPARATION**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

The directors have reviewed the accounting policies in accordance with Financial Reporting Standard No 18 - Accounting Policies, and consider them to be the most appropriate policies and estimation techniques.

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

**TURNOVER**

Turnover is the total amount receivable for services provided, excluding VAT. Training contracts are accounted for in the financial statements when training is delivered.

**DEPRECIATION**

Tangible fixed assets are stated at cost, net of depreciation. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land over their estimated useful economic lives. The rates generally applicable are:

Freehold land and buildings	Straight line over fifty years
Leasehold properties	Straight line over the life of the lease up to a maximum of 50 years
Fixtures and fittings	20-33.33% straight line
Motor vehicles	25% straight line

**JOINT VENTURES**

The company balance sheet shows the investment in the joint venture at cost less amounts written off.

**LEASED ASSETS**

Operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

**DEFERRED TAXATION**

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

**NORTH EAST CHAMBER OF COMMERCE  
(TRAINING) LIMITED**

**PRINCIPAL ACCOUNTING POLICIES**

For the year ended 31 December 2003

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**CONTRIBUTIONS TO DEFINED CONTRIBUTION PENSION SCHEMES**

The pension costs charged against profits represent the amount of the contributions payable to two schemes in respect of the accounting period.

**GRANTS**

Grants of a revenue nature are credited to the profit and loss account in the same period as the related expenditure.

**RELATED PARTY DISCLOSURE**

The company has taken advantage of the exemption under Financial Reporting Standard No 8 whereby subsidiary undertakings do not have to disclose inter-group transactions if 90% or more of their shares are controlled within the group.

**NORTH EAST CHAMBER OF COMMERCE  
(TRAINING) LIMITED**

**PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2003

	Note	2003 £	2002 £
<b>Turnover</b>	1	6,449,891	6,046,806
Cost of sales		<u>(3,701,256)</u>	<u>(3,578,657)</u>
<b>Gross profit</b>		2,748,635	2,468,149
Other operating income and charges		<u>(2,212,035)</u>	<u>(1,920,099)</u>
<b>Operating profit</b>		536,600	548,050
Net interest	2	<u>(16,707)</u>	<u>(33,754)</u>
<b>Profit on ordinary activities before taxation</b>	1	519,893	514,296
Tax on profit on ordinary activities:			
Current year tax	4	(177,056)	(70,641)
Exceptional tax relating to prior years	5	(205,900)	-
		<u>(382,956)</u>	<u>(70,641)</u>
<b>Profit for the year transferred to reserves</b>	14	<u>136,937</u>	<u>443,655</u>

There were no recognised gains or losses other than the profit for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

**NORTH EAST CHAMBER OF COMMERCE  
(TRAINING) LIMITED**

**BALANCE SHEET AT 31 DECEMBER 2003**

	Note	2003 £	2002 £
<b>Fixed assets</b>			
Tangible assets	6	2,230,243	2,269,602
Investments	7	18,000	18,000
		<u>2,248,243</u>	<u>2,287,602</u>
<b>Current assets</b>			
Debtors	8	3,149,215	2,795,725
Cash at bank and in hand		214,898	118,870
		<u>3,364,113</u>	<u>2,914,595</u>
<b>Creditors: Amounts falling due within one year</b>	9	<u>(1,737,901)</u>	<u>(1,246,567)</u>
<b>Net current assets</b>		<u>1,626,212</u>	<u>1,668,028</u>
<b>Total assets less current liabilities</b>		<u>3,874,455</u>	<u>3,955,630</u>
<b>Creditors: Amounts falling due after more than one year</b>	10	-	(218,112)
		<u>3,874,455</u>	<u>3,737,518</u>
<b>Reserves</b>			
Called up share capital	13	2	2
Profit and loss account	14	3,874,453	3,737,516
<b>Shareholders' funds</b>	15	<u>3,874,455</u>	<u>3,737,518</u>

The financial statements were approved by the Board of Directors on 19 April 2004.

A Ferguson  Director

S Markley  Director

The accompanying accounting policies and notes form an integral part of these financial statements.

**NORTH EAST CHAMBER OF COMMERCE  
(TRAINING) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2003

**1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

Turnover is attributable to the following classes of continuing business:	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Income from youth and adult training	<b>6,225,789</b>	5,804,780
Sale of courses and other activities	<b>224,102</b>	242,026
	<b><u>6,449,891</u></b>	<b><u>6,046,806</u></b>
The profit on ordinary activities is stated after:	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Auditors' remuneration:		
Audit	<b>3,225</b>	3,125
Depreciation – tangible fixed assets, owned	<b>136,248</b>	122,677
Operating lease rental:		
Land and buildings	<b>139,613</b>	117,687
Plant and machinery	<b>30,916</b>	39,698
Hire of equipment	<b>27,593</b>	27,693
Other operating income:		
Rent receivable	<b><u>64,417</u></b>	<b><u>22,708</u></b>

**2 NET INTEREST**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Interest payable on bank loan	<b>(18,672)</b>	(36,674)
Bank interest receivable	<b>1,965</b>	2,920
	<b><u>(16,707)</u></b>	<b><u>(33,754)</u></b>

**NORTH EAST CHAMBER OF COMMERCE  
(TRAINING) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2003

**3 DIRECTORS AND EMPLOYEES**

Staff costs during the year were as follows:

	2003 £	2002 £
Wages and salaries	2,192,547	2,010,980
Social security costs	197,610	166,983
Other pension costs	99,990	88,733
	<u>2,490,147</u>	<u>2,266,696</u>

The average number of employees of the company during the year was:

	2003 Number	2002 Number
Training services	<u>147</u>	<u>151</u>

Remuneration in respect of directors was as follows:

	2003 £	2002 £
Emoluments	59,256	60,287
Pension contributions	3,500	3,290
	<u>62,756</u>	<u>63,577</u>

During the year one director (2002: one director) participated in defined contribution pension schemes.

**4 TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2003 £	2002 £
The tax (credit)/charge represents:		
Corporation tax at 30% (2002: 26.39%)	177,056	80,906
Deferred tax (note 11)	-	(577)
	<u>177,056</u>	<u>80,329</u>
Adjustments in respect of prior year:		
Corporation tax	-	(9,688)
Exceptional tax relating to prior years (note 5)	205,900	-
	<u>382,956</u>	<u>70,641</u>

£98,154 of tax losses have been surrendered under group relief by the parent undertaking, North East Chamber of Commerce, Trade and Industry.

**NORTH EAST CHAMBER OF COMMERCE  
(TRAINING) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2003

**4 TAX ON PROFIT ON ORDINARY ACTIVITIES - CONTINUED**

The tax assessed for the period is higher than the standard rate of corporation tax in the UK 30% (2002: 26.39%). The differences are explained as follows:

	2003 £	2002 £
Profit on ordinary activities before tax	519,893	514,296
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)	155,968	154,289
Effect of:		
Expenses not deductible for tax purposes	25,440	(68,440)
Capital allowances for the period in excess of depreciation	(325)	1,791
Marginal rate relief	(6,726)	(11,084)
Group relief received without payment	2,699	
Short term timing differences	-	4,350
Current tax charge for period	<u>177,056</u>	<u>80,906</u>

**5 EXCEPTIONAL TAX RELATING TO PRIOR YEARS**

The exceptional item in the year of £205,900 represents a provision for tax on previously untaxed net income from grant aided training courses for the years ended 31 December 2000, 2001 and 2002. The Inland Revenue had previously agreed that the net income from grant aided training courses would not be taxable but, they are now seeking to review the tax status of the income.

**NORTH EAST CHAMBER OF COMMERCE  
(TRAINING) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2003

**6 TANGIBLE FIXED ASSETS**

	<b>Freehold land and buildings £</b>	<b>Leasehold land and buildings £</b>	<b>Fixtures and fittings £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost</b>					
As at 1 January 2003	250,915	2,083,769	594,410	30,179	2,959,273
Additions	4,845	54,595	37,449	-	96,889
As at 31 December 2003	<u>255,760</u>	<u>2,138,364</u>	<u>631,859</u>	<u>30,179</u>	<u>3,056,162</u>
<b>Depreciation</b>					
As at 1 January 2003	25,473	255,224	398,392	10,582	689,671
Charge for year	5,752	55,790	67,161	7,545	136,248
As at 31 December 2003	<u>31,225</u>	<u>311,014</u>	<u>465,553</u>	<u>18,127</u>	<u>825,919</u>
<b>Net book value</b>					
At 31 December 2003	<u>224,535</u>	<u>1,827,350</u>	<u>166,306</u>	<u>12,052</u>	<u>2,230,243</u>
At 31 December 2002	<u>225,442</u>	<u>1,828,545</u>	<u>196,018</u>	<u>19,597</u>	<u>2,269,602</u>

**NORTH EAST CHAMBER OF COMMERCE  
(TRAINING) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2003

**7 FIXED ASSET INVESTMENTS**

	Joint venture £
Cost	
At 1 January 2003 and 31 December 2003	<u>18,000</u>

At 31 December 2003 the company had interests in the following joint ventures:

	Country of incorporation	Class of share capital held	Proportion held	Aggregate of capital and reserves £	Loss for the financial year £	Nature of business
Peat Rigg Training Centre Limited	England	Ordinary	33.33%	59,925	(4,431)	Personal development services

**8 DEBTORS**

	2003 £	2002 £
Trade debtors	279,358	270,975
Amounts owed by parent undertaking	1,982,251	2,056,149
Amounts owed by joint venture	5,096	3,765
Prepayments and accrued income	882,510	464,836
	<u>3,149,215</u>	<u>2,795,725</u>

**9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2003 £	2002 £
Bank loan (note 10)	232,783	337,015
Trade creditors	204,012	206,087
Amounts owed to joint venture	1,739	1,739
Corporation tax	350,811	-
Other taxes and social security costs	76,551	67,673
Accruals and deferred income	872,005	634,053
	<u>1,737,901</u>	<u>1,246,567</u>

**NORTH EAST CHAMBER OF COMMERCE  
(TRAINING) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2003

**10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2003 £	2002 £
Bank loan	-	218,112

The bank loan is repayable as follows:

	2003 £	2002 £
Within one year	232,783	337,015
After one and within two years	-	218,112
	<u>232,783</u>	<u>555,127</u>

The bank loan is secured by a legal charge over a leasehold property at Westgate Road, Denton Chare, Newcastle upon Tyne.

**11 PROVISIONS FOR LIABILITIES AND CHARGES**

	£
At 1 January 2003 and 31 December 2003	-

No provision for deferred tax arises on the results of the company.

**12 DEFERRED TAXATION**

	Amount provided 2003 £	Amount provided 2002 £
Accelerated capital allowances	-	-

**NORTH EAST CHAMBER OF COMMERCE  
(TRAINING) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2003

**13 SHARE CAPITAL**

	2003 £	2002 £
Authorised:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid:		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

**14 RESERVES**

	Profit and loss account £
At 1 January 2003	3,737,516
Retained profit for the year	<u>136,937</u>
At 31 December 2003	<u>3,874,453</u>

**15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2003 £	2002 £
Profit for the financial year	136,937	443,655
Shareholders' funds at 1 January 2003	<u>3,737,518</u>	<u>3,293,863</u>
Shareholders' funds at 31 December 2003	<u>3,874,455</u>	<u>3,737,518</u>

**16 CAPITAL COMMITMENTS**

There were no capital commitments at 31 December 2003 or 31 December 2002.

**17 CONTINGENT LIABILITIES**

There were no contingent liabilities at 31 December 2003 or 31 December 2002.

**18 CONTRIBUTIONS TO DEFINED CONTRIBUTION PENSION SCHEMES**

The company operates two defined contribution pension schemes for the benefit of the employees. The assets of the schemes are held separately from those of the company in independently administered funds for the benefit of the employees. Contributions by the company amounted to £99,900 (2002: £88,733). All contributions were paid in the year.

**NORTH EAST CHAMBER OF COMMERCE  
(TRAINING) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2003

**19 LEASING COMMITMENTS**

Operating lease payments amounting to £175,698 (2002: £151,741) are due within one year. The leases to which these amounts relate expire as follows:

	2003		2002	
	Land and buildings £	Other £	Land and buildings £	Other £
In one year or less	7,210	7,729	13,800	3,539
Between one and five years	48,310	27,295	73,071	43,265
In five years or more	85,154	-	18,066	-
	<u>140,674</u>	<u>35,024</u>	<u>104,937</u>	<u>46,804</u>

**20 TRANSACTIONS INVOLVING DIRECTORS**

During the normal course of trade the company purchases goods and services and receives contributions from organisations in which directors have a material interest. All goods and services so provided are at arm's length and on normal commercial terms. In view of their number it would be inappropriate to disclose such transactions in these accounts. A register of transactions is available for inspection at the company's Registered Office. Any material transaction in the context of the accounts is approved by the Executive Board.

**21 ULTIMATE PARENT UNDERTAKING**

The directors consider that the ultimate parent undertaking of this company is its parent company North East Chamber of Commerce, Trade and Industry (Limited by Guarantee) by virtue of its 100% shareholding of the ordinary share capital in the company.