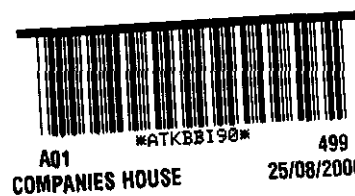


Registered number 2520785

REGISTRAR OF COMPANIES

**Sussex Chamber of Commerce and Enterprise
(Limited by guarantee)**

**Annual Report
For the year ended 31 March 2006**



Sussex Chamber of Commerce and Enterprise

Company Information:

Company Number: 2520785

Directors:

Mr N Askaroff	(Chairman)
Mr M Froud	(Chief Executive)
Mr M Bradshaw	
Mr T Cobb	
Mr P Evans	
Mr R Fryatt	(Appointed 16 January 2006)
Mr P Griffiths	
Mr N Handley	(Appointed 26 September 2005)
Mr J Leggett	
Mr C Monk	
Mr J Peel	
Ms K Silk	
Mr P Wood	

Secretary

Mr T Aspinall

Registered Office

Greenacre Court
Station Road
Burgess Hill
West Sussex
RH15 9DS

Auditors

Hartley Fowler LLP
44 Springfield Road
Horsham
West Sussex
RH12 2PD

Bankers

Barclays Bank PLC
PO Box 165
Crawley
West Sussex
RH10 1YX

Sussex Chamber of Commerce and Enterprise (Limited by guarantee)

Annual Report

<i>Contents</i>	<i>Page</i>
Directors' report and Statement of Directors' responsibilities	1-5
Independent Auditors' report	6
Income and expenditure account	7
Balance Sheet - Group	8
Balance sheet - Company	8
Cash flow statement - Group	9
Notes to the financial statements	11-19

Sussex Chamber of Commerce and Enterprise (Limited by guarantee)

Directors' report

The Directors present their report and the audited financial statements for the year ended 31 March 2006.

Principal Activities

The principal activities of Sussex Chamber of Commerce and Enterprise are to promote the competitiveness and growth of industry, commerce and enterprise in Sussex.

Business Review & Future Developments

Structure and main activities

Sussex Chamber of Commerce and Enterprise ("the Company") has four wholly owned trading subsidiary companies, namely Sussex Enterprise Services Limited, Sussex Enterprise Limited, Step Ahead Research Limited and Wired Sussex Limited and two dormant subsidiary companies, Business Link Sussex Ltd and A Taste of Sussex Limited (known collectively with the Company as 'the Group'). During the year it transferred ownership of Ten Sixty Six Limited and Capital Business Support Limited.

The main activities of Sussex Chamber of Commerce and Enterprise are to promote the growth of the Sussex economy, represent member businesses and deliver services to them to foster that growth.

Sussex Enterprise Services Limited also exists to promote the growth and enhance the competitiveness of businesses in Sussex, through the delivery of Business Link Services funded by South East England Development Agency (SEEDA).

Wired Sussex Limited exists to promote and grow the new media sector in Sussex and across the South East.

The principal activity of Sussex Enterprise Limited is to provide services to and represent the views and aspirations of the members of Sussex Enterprise, to deliver workforce development services to Sussex businesses, to manage the learndirect provision on behalf of Ufi Limited for Sussex, and to deliver commercial services for the benefit of the members of Sussex Enterprise.

Step Ahead Research Limited, which was purchased on 1 October 2004, provides commercial research services.

Ten Sixty Six Enterprise seeks to assist and promote business within the Boroughs of Hastings and Rother and to secure economic regeneration in the area. Its subsidiary, Capitalise Business Support Limited, which commenced trade on 1 April 2004, raise and manage funds to provide loans to businesses. Sussex Chamber of Commerce and Enterprise ceased to be the controlling member for these two companies on 28 November 2005.

From 1 April 2005, the group undertook a corporate restructuring. The effect of this was to make Sussex Chamber of Commerce and Enterprise a non trading holding company and to transfer trading activities within the group.

Sussex Chamber of Commerce and Enterprise

(Limited by guarantee)

Directors' report *(continued)*

Reserves

With the deficit for the year of £49,797 net reserves at 31 March 2006 stand at £2,353,203. The Board have reviewed the total level of reserves and consider them adequate to meet working capital requirements and future commitments. Reserves are described in detail in note 15 to the financial statements.

Share Capital

The Company is limited by guarantee. The extent of the members' liability does not exceed £1 per member.

Fixed Assets

Details of tangible fixed assets are given in note 10 to the financial statements.

Payment of Creditors

It is company policy to pay creditors within 28 days of receiving a correct invoice. These terms are included in all contracts and purchase orders. During the year, the average payment was made within 20 days of receiving a correct invoice (2005: 21 days).

Going Concern

The Directors have a reasonable expectation that the Group as a whole has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in the financial statements.

Directors

The following served as Directors during the year:

Nik Askaroff	Chairman	Colin Monk
Malcolm Bradshaw		John Peel
Tim Cobb		Karen Silk
Paul Evans		Philip Wood
Robert Fryatt	(Appointed 16.1.06)	
Mark Froud	Chief Executive	
Paul Griffiths		
Nick Handley	(Appointed 26.9.05)	
Jeremy Leggett		

The Company maintains insurance for the Directors in respect of their duties as Directors.

Directors' Interests

Details of Directors' interests are given in note 17 to the financial statements.

Sussex Chamber of Commerce and Enterprise

(Limited by guarantee)

Directors' report *(continued)*

CORPORATE GOVERNANCE REPORT

The Board is committed to maintaining high standards of Corporate Governance and this statement sets out how the principles of the Combined Code have been applied by the Company throughout the year.

The Board

The Board currently comprises the Chairman (non executive), the Chief Executive and 11 non-executive Directors. With the exception of the Chief Executive, all Board members are independent of management and have no business or other relationships that materially interfered with their independent judgement. Any business interests are declared on a regular basis and note 17 to the financial statements sets out a complete list of transactions with the Group in which individual Directors have an interest.

The Board has a programme of eight meetings during the year and also meets on an ad hoc basis as required. A formal schedule of matters referred to the Board for consideration and decision is maintained including such items as the approval of the annual budget and business plan, and approval of the annual financial statements. The Board receives detailed papers on the business to be conducted at each meeting in advance of such meeting and individual Board members have direct access to senior executives should they wish to receive additional information on any items for discussion.

The Board has also delegated certain matters to committees of the Board, the principal such committees being referred to below.

Remuneration Committee

The Remuneration Committee comprises 3 non-executive Directors: Paul Evans, Nik Askaroff and John Peel, and is chaired by Paul Evans. The Committee has delegated authority from the Board to set the Company's remuneration policy and determines the specific remuneration and terms and conditions of employment of senior executives.

Audit Committee

The Audit Committee comprises 3 non-executive Directors: Malcolm Bradshaw, Colin Monk and Phil Wood, and is chaired by Malcolm Bradshaw. Its terms of reference require that it meets at least 3 times a year. Its responsibilities include the monitoring and review of the system of financial and operational controls across the Group, the processes in place for risk management, and the review of:

- the effectiveness of both the external and internal audit functions;
- the review of all aspects of internal audit activity;
- the review of the annual financial statements.

Board Development Committee

The Board Development Committee comprises three non – executive Directors: Tim Cobb, John Peel and Phil Wood, and is chaired by Tim Cobb. The Committee is responsible for identifying potential Board members and assessing the performance of the non – executive Directors against criteria agreed by the Board.

Sussex Chamber of Commerce and Enterprise

(Limited by guarantee)

Directors' report *(continued)*

Internal Control

The Board is ultimately responsible for the Group system of internal control and, working with the Audit Committee, has reviewed the effectiveness of the system through the year. In line with the Turnbull Guidance on internal control, the Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. This process has been in place for the year under review and up to the date of approval of these annual financial statements, and is reviewed on an annual basis by the Board.

Management are responsible for the identification and evaluation of significant risks to their areas of the business, together with the establishment and operation of suitable internal controls. These risks are assessed on a continuing basis and are also reviewed by internal audit, which also reviews the operation and validity of the system of internal control. Planned corrective actions are independently monitored by internal audit for timely completion.

In addition, an annual risk management workshop, consisting of both management and non-executive directors, is held across the Group to identify major risks that might impact on the business. An action plan is then formulated to address the key risks identified and progress against that action plan is monitored on a regular basis by the Audit Committee, and progress reported to the Board. The Senior Management Team review risks on a regular basis, to ensure that any new significant risks are being addressed and are reported to the Board.

The Financial Manager provides the Board with monthly financial information, which includes key performance indicators.

Communication with Members

Board Minutes are publicly available and Members are communicated with on a regular basis through our publication "Business Edge". In addition to the Annual Financial Statements, an Annual Review is produced covering the Group's operations through the year. Finally all Members have the opportunity to put questions at the Company's Annual General Meeting, and a separate Annual Conference is held to brief Members on the activities of Sussex Enterprise and the issues facing business in Sussex, together with the actions the company is taking with business to address them.

Code Compliance

The Board considers that the Company was in full compliance with the Combined Code throughout the financial year.

Sussex Chamber of Commerce and Enterprise

(Limited by guarantee)

Directors' report *(continued)*

Statement of Directors' responsibilities

Company law in the United Kingdom 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 Group and of the surplus or deficit for that year. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Statement of disclosure to auditor

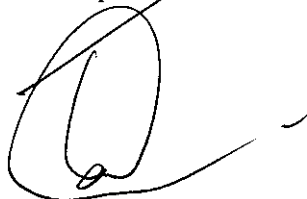
- (a) So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Hartley Fowler LLP were re-appointed as auditors at the Annual General Meeting on 26th September 2005. In accordance with section 385 of the Companies Act 1985, a resolution proposing that Hartley Fowler LLP be re-appointed as auditors of the company will be put to the Annual General Meeting.

Approval

The report of the Directors was approved by the Board on 10 July 2006 and signed on its behalf by:



Tim Aspinall
Secretary

Sussex Chamber of Commerce and Enterprise (Limited by guarantee)

Independent Auditors' Report to the Members of Sussex Chamber of Commerce and Enterprise

We have audited the financial statements of Sussex Chamber of Commerce and Enterprise on pages 7 to 19 for the year ended 31 March 2006. 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 directors and auditors

As described in the statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been 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 and other members of the Group is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report and the Corporate Governance Statement. 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 audit 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.

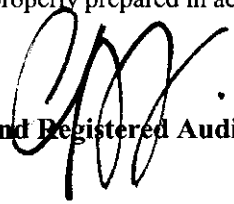
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs and the Group as at 31 March 2006 and of the Group's deficit and cash flows for the year then ended;
- the information given in the directors' report is consistent with the financial statements; and
- have been properly prepared in accordance with the Companies Act 1985.

Hartley Fowler LLP
Chartered Accountants and Registered Auditors
Horsham, England



Date 14th August 2006

**SUSSEX CHAMBER OF COMMERCE AND ENTERPRISE
(LIMITED BY GUARANTEE)**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2006**

	Notes	2006	2005
		£	£
Service income and subscriptions	1		
Continuing operations		12,878,057	12,856,000
Acquisitions		-	288,000
Discontinued activities		657,235	-
		13,535,292	13,144,000
Cost of sales			
Continuing operations		(10,950,052)	(9,619,000)
Acquisitions		-	(203,000)
Discontinued activities		(245,438)	-
		(11,195,490)	(9,822,000)
GROSS PROFIT		2,339,802	3,322,000
Administrative expenses			
Continuing operations		(1,861,931)	(3,542,000)
Acquisitions		-	(30,000)
Discontinued activities		(396,792)	-
		(2,258,723)	(3,572,000)
OPERATING SURPLUS /(DEFICIT)	2		
Continuing operations		66,074	(305,000)
Acquisitions		-	55,000
Discontinued activities		15,005	-
		81,079	(250,000)
Loss on de-merger of subsidiary	3	(148,839)	
Interest and investment income	4	103,012	104,000
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		35,252	(146,000)
Taxation charge	7	(85,049)	(39,000)
(DEFICIT) ON ORDINARY ACTIVITIES AFTER TAXATION	15	(49,797)	(185,000)

There were no recognised gains or losses other than those included in the income and expenditure account.

Continuing operations

Discontinued operations relate to Ten Sixty Six enterprise and its subsidiary, Capitalise Business Support Limited, which were released from the group on 28 November 2005.

All other operations are continuing operations.

**SUSSEX CHAMBER OF COMMERCE AND ENTERPRISE
(LIMITED BY GUARANTEE)**

**BALANCE SHEET
AS AT 31 MARCH 2006**

		GROUP				COMPANY			
	Notes	2006		2005		2006		2005	
		£	£	£	£	£	£	£	£
FIXED ASSETS									
Intangible assets	9		124,680		249,360		-		-
Tangible assets	10		164,132		284,879		-		93,571
Investments	11		-		-		542,242		542,242
			<u>288,812</u>		<u>534,239</u>		<u>542,242</u>		<u>635,813</u>
CURRENT ASSETS									
Debtors	12	2,388,865		2,297,000		870,431		861,000	
Cash at bank and in hand		<u>2,218,027</u>		<u>3,584,000</u>		<u>-</u>		<u>1,298,000</u>	
		4,606,892		5,881,000		870,431		2,159,000	
CREDITORS: amounts falling due within one year	13	<u>(2,210,609)</u>		<u>(3,370,509)</u>		<u>(100)</u>		<u>(1,412,813)</u>	
NET CURRENT ASSETS			<u>2,396,283</u>		<u>2,510,491</u>		<u>870,331</u>		<u>746,187</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,685,095		3,044,730		1,412,573		1,382,000
CREDITORS: amounts falling due in more than one year	13		-		(174,501)		-		-
PROVISIONS FOR LIABILITIES AND CHARGES	14		<u>(331,892)</u>		<u>(367,229)</u>		<u>-</u>		<u>-</u>
TOTAL NET ASSETS			<u>2,353,203</u>		<u>2,503,000</u>		<u>1,412,573</u>		<u>1,382,000</u>
CAPITAL AND RESERVES									
Continuity fund	15		1,798,369		1,768,000		1,393,573		1,363,000
Business Services reserve	15		491,536		594,000		-		-
Loan fund reserve	15		-		100,000		-		-
General reserve	15		63,298		41,000		19,000		19,000
			<u>2,353,203</u>		<u>2,503,000</u>		<u>1,412,573</u>		<u>1,382,000</u>
Shareholders' funds			<u>2,353,203</u>		<u>2,503,000</u>		<u>1,412,573</u>		<u>1,382,000</u>

Approved by the Board of directors on 10 July 2006 and signed on its behalf by:

Mr N Askaroff
Director

M. J. Jay
M. J. Jay
CHIEF EXECUTIVE
DIRECTOR

**SUSSEX CHAMBER OF COMMERCE AND ENTERPRISE
(LIMITED BY GUARANTEE)**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2006**

	2006		2005	
	£	£	£	£
Net cash inflow/(outflow) from operating activities		(830,338)		492,000
Returns on investments and servicing of finance				
Interest received	103,012		104,000	
Net cash inflow for returns on investments and servicing of finance		103,012		104,000
Taxation		(69,000)		(69,000)
Capital expenditure and financial investment				
Payments to acquire tangible assets	(146,307)		(165,000)	
Net cash (outflow)/inflow for capital expenditure		(146,307)		(165,000)
Net cash inflow before acquisitions, disposals and financing		(942,633)		362,000
Acquisitions and disposals				
Amount received on de-merger	30,369		-	
Net cash disposed of on de-merger	(453,709)		-	
Acquisition of subsidiary	-		(542,000)	
Cash acquired with subsidiary	-		129,000	
Net cash outflow from acquisitions and disposals		(423,340)		(413,000)
Increase/(decrease) in cash in the year		(1,365,973)		(51,000)

**SUSSEX CHAMBER OF COMMERCE AND ENTERPRISE
(LIMITED BY GUARANTEE)**

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2006**

1	Reconciliation of operating surplus to net cash flow from operating activities:	Continuing £	Discontinued £	Total £	2005 £
	Operating surplus	66,074	15,005	81,079	(250,000)
	Depreciation of tangible assets	262,742	4,312	267,054	235,000
	Amortisation of intangible assets	124,680	-	124,680	125,000
	Increase in provisions charged	-	-	-	58,000
	(Increase) / decrease in debtors	(165,833)	73,968	(91,865)	156,000
	Increase / (decrease) in creditors	(897,388)	(278,561)	(1,175,949)	168,000
	Provision for repayments under bid-funded programmes	(25,358)	(9,979)	(35,337)	
	Net cash outflow from continuing operating activities	(635,083)			
	Net cash outflow from discontinued operating activities		(195,255)		
	Net cash outflow from operating activities			(830,338)	492,000
2	Analysis of net funds	1 April 2005 £	Cash flow £		31 March 2006 £
	Net cash:				
	Cash at bank and in hand	3,584,000	(1,365,973)		2,218,027
3	Reconciliation of net cash flow to movement in net funds/(debt)		2006 £		2005 £
	Increase/(decrease) in cash in the year		(1,365,973)		(51,000)
	Movement in net funds in the year		(1,365,973)		(51,000)
	Opening net funds		3,584,000		3,635,000
	Closing net funds		2,218,027		3,584,000
4	De-merger of subsidiary				
	Net assets disposed of:-				£
	Fixed Assets				32,027
	Debtors				359,053
	Bank and cash				439,841
	Creditors : due less than one year				(74,408)
	due greater than one year				(444,055)
	Provisions				(133,250)
					179,208
	Loss on de-merger				(148,839)
	Cash				30,369

**SUSSEX CHAMBER OF COMMERCE AND ENTERPRISE
(LIMITED BY GUARANTEE)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

1 STATEMENT OF ACCOUNTING POLICIES

Accounting conventions

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

Basis of preparation of group financial statements

The Group financial statements consolidate the financial statements of Sussex Chamber of Commerce and Enterprise and all its subsidiaries made up to 31 March 2006. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Goodwill arising on consolidation, representing the excess of the fair value of consideration given over the fair value of separable net assets acquired, is written off against reserves over its estimated useful economic life.

Income

Service income, which excludes Value Added Tax, represents income earned from government contracts and income from private companies towards services supplied.

Subscription income

Membership subscriptions are recognised in the the income and expenditure account evenly over the membership year.

Commissions receivable

Commissions are accounted for on a debit note basis and are credited to the profit and loss account as the premiums fall due for payment by clients.

Pensions

The Company does not operate a pension scheme for employees but makes contributions up to 9% of salary directly to their personal pension plans or to the Group Pension Plan. These are operated on a defined contribution basis. The Company has life assurance cover for all its employees.

Taxation

The Inland Revenue does not regard income received from the Government as liable to tax provided that it is not used to fund trading activities. The tax charge in the financial statements is based on investment income and commercial income accruing in the year.

Goodwill

Acquired goodwill is written off in equal annual instalments over the estimated useful economic life of three years. Where there is evidence of impairment, goodwill will be written down to its recoverable amount.

Tangible fixed assets and depreciation

Depreciation is provided on a straight line basis on the cost of tangible fixed assets to write them down to their estimated residual values over their expected useful lives. Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write-down would be charged to administrative expenses. The principal rates used for this purpose are:

Motor vehicles	25%
Furniture and equipment	25%
Computer equipment	33%

Provision for liabilities

Provisions are provided for where the directors believe that a probable transfer of economic benefits will arise and are calculated on the basis of previous repayment history.

Leased assets

Rentals under operating leases are charged to the income and expenditure account on a straight line basis over the period of the leases.

**SUSSEX CHAMBER OF COMMERCE AND ENTERPRISE
(LIMITED BY GUARANTEE)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

2 (DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION

	2006	2005
	£	£
The operating surplus /(deficit) is stated after charging:		
Depreciation of fixed assets	250,174	235,000
Amortisation of intangible assets	124,680	125,000
Loss on disposal of discontinued operations	148,839	-
Directors' emoluments	199,460	110,000
Auditors' remuneration	17,000	15,000
Operating lease rentals		
Land and buildings	<u>187,548</u>	<u>197,000</u>

3 LOSS ON DE-MERGER OF SUBSIDIARY

	£	£
Amount received on de-merger		30,369
Less: Net assets of Ten Sixty Six Enterprise as at 28 November 2005	190,504	
Less: Net assets of Capitalise Business Support Ltd as at 28 November 2005	(11,296)	
Loss on de-merger of subsidiary		148,839
	<u>179,208</u>	<u>179,208</u>

The subsidiary undertaking Ten Sixty Six Enterprise and its subsidiary Capitalise Business Support Ltd, was disposed of on 28 November 2005. Ten Sixty Six Enterprise was owned 100% and Capitalise Business Support Ltd is a 100% subsidiary of Ten Sixty Six Enterprise.

4 INVESTMENT INCOME

	2006	2005
	£	£
Bank deposit interest	99,517	104,000
Other interest receivable	3,495	-
	<u>103,012</u>	<u>104,000</u>

**SUSSEX CHAMBER OF COMMERCE AND ENTERPRISE
(LIMITED BY GUARANTEE)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

5 EMPLOYEE INFORMATION

Staff costs:	2006 £	2005 £
Wages and salaries	2,685,686	3,518,000
Social security costs	388,449	374,000
Other pension costs	125,881	166,000
	<u>3,200,016</u>	<u>4,058,000</u>

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

	No.	No.
Directors	2	1
Senior management	4	4
Direct delivery staff	107	116
Administration staff	25	29
	<u>138</u>	<u>150</u>

6 Directors' emoluments:

	2006 £	2005 £
Emoluments	185,965	102,355
Contributions to money purchase pension schemes	13,495	7,200
	<u>199,460</u>	<u>109,555</u>

	No.	No.
Number of directors accruing benefits under money purchase pension schemes	<u>2</u>	<u>2</u>

The emoluments of directors' disclosed above include the following amounts paid to the highest paid director:

	2006 £	2005 £
Emoluments	102,156	102,355
Contributions to money purchase pension schemes	7,344	7,200
	<u>109,500</u>	<u>109,555</u>

**SUSSEX CHAMBER OF COMMERCE AND ENTERPRISE
(LIMITED BY GUARANTEE)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

7	TAX ON PROFIT ON ORDINARY ACTIVITIES	2006	2005
		£	£
	Domestic current year tax		
	U.K. corporation tax	85,049	39,000
	Current tax charge	<u>85,049</u>	<u>39,000</u>
	Factors affecting the tax charge for the year		
	Surplus /(deficit) on ordinary activities before taxation	<u>35,252</u>	<u>199,000</u>
	Surplus on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% (2005: 19%)	<u>10,576</u>	<u>38,000</u>
	Effects of:		
	Non deductible expenses	-	8,000
	Depreciation add back	32,493	2,000
	Capital allowances	(24,774)	(3,000)
	Tax losses utilised	(42,011)	-
	Loss on de-merger of subsidiary	44,651	-
	Other tax adjustments	<u>64,114</u>	<u>(6,000)</u>
	Current tax charge	<u>85,049</u>	<u>39,000</u>

The Company is not subject to Corporation Tax on delivery of government contracts.

8 PARENT COMPANY PROFIT

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's surplus for the financial year was £30,573 (2005 - £146,000).

**SUSSEX CHAMBER OF COMMERCE AND ENTERPRISE
(LIMITED BY GUARANTEE)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

9 INTANGIBLE FIXED ASSETS

GROUP

	Goodwill
Cost:	£
At 31 March 2005 and 31 March 2006	<u>374,040</u>
Amortisation:	
At 1 April 2005	124,680
Charge for year	<u>124,680</u>
At 31 March 2006	<u>249,360</u>
Net book value	
At 31 March 2006	<u>124,680</u>
At 31 March 2005	<u>249,360</u>

10 TANGIBLE FIXED ASSETS

GROUP

	Leasehold improvements £	Computer equipment £	Office equipment £	Motor vehicles £	Total £
Cost or valuation:					
At 1 April 2005	278,503	1,445,589	320,558	27,763	2,072,413
Additions	-	146,307	-	-	146,307
Disposals	-	-	(39,144)	-	(39,144)
At 31 March 2006	<u>278,503</u>	<u>1,591,896</u>	<u>281,414</u>	<u>27,763</u>	<u>2,179,576</u>
Depreciation:					
At 1 April 2005	278,503	1,192,309	297,090	19,632	1,787,534
Charge for year	-	240,017	2,275	3,570	245,862
Disposals	-	-	(17,952)	-	(17,952)
At 31 March 2006	<u>278,503</u>	<u>1,432,326</u>	<u>281,413</u>	<u>23,202</u>	<u>2,015,444</u>
Net book value					
At 31 March 2006	<u>-</u>	<u>159,570</u>	<u>1</u>	<u>4,561</u>	<u>164,132</u>
At 31 March 2005	<u>-</u>	<u>253,280</u>	<u>23,468</u>	<u>8,131</u>	<u>284,879</u>

COMPANY

	Leasehold improvements £	Computer equipment £	Office equipment £	Motor vehicles £	Total £
Cost or valuation:					
At 1 April 2005	278,503	1,005,040	275,539	27,763	1,586,845
Additions	-	-	-	-	-
Inter group transfer	(278,503)	(1,005,040)	(275,539)	(27,763)	(1,586,845)
At 31 March 2006	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation:					
At 1 April 2005	278,503	919,600	275,539	19,632	1,493,274
Charge for year	-	-	-	-	-
Inter group transfer	(278,503)	(919,600)	(275,539)	(19,632)	(1,493,274)
At 31 March 2006	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book value					
At 31 March 2006	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2005	<u>-</u>	<u>85,440</u>	<u>-</u>	<u>8,131</u>	<u>93,571</u>

**SUSSEX CHAMBER OF COMMERCE AND ENTERPRISE
(LIMITED BY GUARANTEE)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

11 FIXED ASSET INVESTMENTS - GROUP UNDERTAKINGS

	COMPANY	
	2006	2005
	£	£
Shares in group undertakings at cost		
- subsidiary undertakings	<u>542,242</u>	<u>542,242</u>

The above investments are unlisted.

NAME OF SUBSIDIARY	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	CLASS OF SHARES HELD	PERCENTAGE OF SHARES HELD:
Sussex Enterprise Limited	Commercial services and delivery of the Learn direct contract	England	Ordinary £1	100%
Sussex Enterprise Services Limited	Support business growth in Sussex	England	Ordinary £1	100%
Step Ahead Research Limited	Market research	England	Ordinary £1	100%
Business Link Limited	Dormant	England	Ordinary £1	100%
Taste of Sussex	Dormant	England	Ordinary £1	100%

No provision has been made for the liability to corporation tax on chargeable gains that would arise if the above investments were disposed of at market value. No material tax liability would arise for the company and group if the investments were disposed of at the above valuation.

**SUSSEX CHAMBER OF COMMERCE AND ENTERPRISE
(LIMITED BY GUARANTEE)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

12 DEBTORS

	GROUP		COMPANY	
	2006	2005	2006	2005
	£	£	£	£
Trade debtors	1,560,640	220,000	-	-
Related company balances	-	-	870,431	494,000
Other debtors	828,225	2,077,000	-	367,000
	<u>2,388,865</u>	<u>2,297,000</u>	<u>870,431</u>	<u>861,000</u>

13 CREDITORS: amounts falling due within one year

	GROUP		COMPANY	
	2006	2005	2006	2005
	£	£	£	£
Amounts owed to group undertakings	-	-	100	602,000
Trade creditors	783,131	1,204,509	-	55,813
Corporation tax	85,049	69,000	-	10,000
Other taxes and social security costs	169,556	135,000	-	112,000
Other creditors	1,172,873	1,962,000	-	633,000
	<u>2,210,609</u>	<u>3,370,509</u>	<u>100</u>	<u>1,412,813</u>

CREDITORS: amounts falling due in more than one year

	GROUP		COMPANY	
	2006	2005	2006	2005
	£	£	£	£
Government Loan Funds	-	174,501	-	-

14 PROVISION FOR LIABILITIES AND CHARGES

	GROUP		COMPANY	
	2006	2005	2006	2005
	£	£	£	£
Balance at beginning of year	367,229	309,000	-	70,000
Released in the year	(195,229)	(70,000)	-	(70,000)
Charge for the year	159,892	128,229	-	-
Balance at end of year	<u>331,892</u>	<u>367,229</u>	<u>-</u>	<u>-</u>

The provision covers the directors' best estimate of probable liabilities in respect of repayments under bid funded programmes.

**SUSSEX CHAMBER OF COMMERCE AND ENTERPRISE
(LIMITED BY GUARANTEE)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

15 ACCUMULATED FUNDS - GROUP

	Total £	Continuity Fund £	Business Services Reserve £	Loan Fund Reserve £	General Reserves £
Accumulated fund at 31 March 2005	2,503,000	1,768,000	594,000	100,000	41,000
Result in the year					
Demerger transfer	(100,000)	-	-	(100,000)	-
(Deficit)/Surplus for the year	<u>(49,797)</u>	<u>30,369</u>	<u>(102,464)</u>	<u>-</u>	<u>22,298</u>
Accumulated fund at 31 March 2006	<u>2,353,203</u>	<u>1,798,369</u>	<u>491,536</u>	<u>-</u>	<u>63,298</u>

ACCUMULATED FUNDS - COMPANY

	Total £	Continuity Fund £	General Reserves £
Accumulated fund at 31 March 2005	1,382,000	1,363,000	19,000
Result in the year			
Surplus for the year	<u>30,573</u>	<u>30,573</u>	<u>-</u>
Accumulated fund at 31 March 2006	<u>1,412,573</u>	<u>1,393,573</u>	<u>19,000</u>

The Accumulated funds represent the surplus of income over expenditure which will be carried forward and used for funding activities in future years.

The Company's Memorandum of Association specifies that the income and Surpluses of the Company must be applied solely towards the promotion of the objects of the Company and that no portion of this may be paid or transferred directly or indirectly by way of dividend, bonus or other distribution to members of the company.

The "Continuity Fund" exists to help provide adequate working capital and to enable the Group to manage ongoing commitments. The Board has a policy of maintaining the fund at 15% of planned annual budget expenditure.

The Business Services Reserve consists of surpluses earned from the delivery of the Business Link contract by the company's subsidiary, Sussex Enterprise Services Limited. These are held to help support working capital and investment requirements for activities in line with the broad objectives of the Small Business Service (SBS). The use of these resources is subject to the approval of the SBS.

The Loan Fund Reserver consists of grants received to enable Capital Business Support Limited to make loans in accordance with its principal activity and which have been on loaned to successful applicants.

General Reserves are those funds held in excess of the Group's working capital requirements. They are held on behalf of the members to cover unexpected contingencies that may arise and to be invested in activities to support achievement of Sussex Enterprise objectives.

16 FINANCIAL COMMITMENTS

At the year end the group 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	
	2006 £	2005 £	2006 £	2005 £
Within one year	7,425	13,000	-	-
Within 2-5 years	<u>184,673</u>	<u>202,000</u>	<u>-</u>	<u>2,000</u>
	<u>192,098</u>	<u>215,000</u>	<u>-</u>	<u>2,000</u>

SUSSEX CHAMBER OF COMMERCE AND ENTERPRISE (LIMITED BY GUARANTEE)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

17 DIRECTORS' INTERESTS

The business of Sussex Chamber of Commerce and Enterprise necessarily involves the Company in a close relationship with the local business community and other local organisation. As the Directors of the Company are drawn from within that local business community it may arise that, in the normal course of business, contracts may be established between Sussex Chamber of Commerce and Enterprise and other companies with which the directors are connected.

Any such contracts are entered into on an "arms length" basis. These contracts may be of three kinds:

- 1) Contracts that are available to any eligible Sussex company connected with business or workforce development activities.
- 2) Contracts for services to Sussex Chamber of Commerce and Enterprise. Any contract of this type valued at over £5,000 is subject to a competitive tendering process.
- 3) Contracts for services delivered by the Sussex Chamber of Commerce and Enterprise group of companies.

The following directors have interests which are material and as such, need to be disclosed.

John Peel is also a director of EEF South and SEEDA (of which Phil Wood is also a director). Sussex Enterprise Services Ltd made sales of £5,875 and £4,484,463 to the respective companies. As at 31 March 2006 £17,500 was outstanding from SEEDA and is included in trade debtors.

John Peel is also a director of West Sussex Economic Partnership Ltd. The company made purchases of £5,875 from West Sussex Economic Partnership Ltd during the year.

Phil Wood is also a director of Sussex Learning and Skills Council and SEEDA (as disclosed above). The company made sales of £2,927,465 to Sussex Learning and Skills Council and as at 31 March 2006 there was £121,642 outstanding which is included in trade debtors.

Mark Froud is also a director with West Sussex Economic Partnership Ltd. The Company made purchases from West Sussex Economic Partnership Ltd of £5,875 during the year.

Karen Silk is also a director with Capital International HR Solutions Ltd. The company made purchases of £1,900 from Capital International HR Solutions Ltd during the year.