

REGISTRAR OF COMPANIES COPY
COMPANY NUMBER 2647030
ENGLAND & WALES.

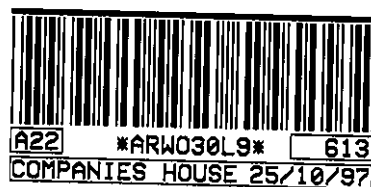
THE UNDERSTANDING INDUSTRY TRUST

(A COMPANY LIMITED BY GUARANTEE)

REGISTERED CHARITY NO: 1004426

FINANCIAL STATEMENTS

31ST AUGUST 1997



McCABE FORD WILLIAMS
CHARTERED ACCOUNTANTS
41-43 WILLIAM STREET
HERNE BAY
KENT
CT6 5NT

**THE UNDERSTANDING INDUSTRY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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**THE UNDERSTANDING INDUSTRY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

COMPANY INFORMATION

BOARD OF TRUSTEES:

CHAIRMAN: S A Woodward

Sir Christopher Lewinton
J Leigh Pemberton
The Viscount Chandos
W M Muirhead
C M H Shale
Sir Jeffery Bowman (Resigned 21.01.97)
R B Horton (Resigned 13.05.97)
Ms F Mactaggart (Appointed 16.10.96)
J D Harris (Appointed 01.06.97)

OTHER OFFICERS:

Chief Executive
Company Secretary

Stuart Bishell
J W C Wren

**PRINCIPAL ADDRESS AND
REGISTERED OFFICE:**

ENTERPRISE HOUSE
59-65 UPPER GROUND
LONDON
SE1 9PQ

REGISTERED IN ENGLAND NO:

2647030

REGISTERED CHARITY NO:

1004426 (Registered under
the Charities Act 1993)

AUDITORS:

McCABE FORD WILLIAMS
CHARTERED ACCOUNTANTS
41-43 WILLIAM STREET
HERNE BAY
KENT
CT6 5NT

**THE UNDERSTANDING INDUSTRY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

TRUSTEES' REPORT

The Trustees present their report and the audited financial statements for the year ended 31st August 1997.

COMPANY'S ACTIVITY

The company's sole activity is the advancement of education and training in its relation to industry.

Understanding Industry Trust was established on 29th July 1986 as a registered educational trust (number 327241). On 19th September 1991, the Trust transferred all of its activities, assets and liabilities to The Understanding Industry Trust, a company limited by guarantee and not having a share capital.

REVIEW OF THE BUSINESS

The results for the year are set out on page 6. The retained surplus for the year amounts to £1,936 (1996: £17,298) leaving the amount on Accumulated Fund at £105,552 (1996: £103,616).

The Trustees meet quarterly to review the programme of the organisation, to establish strategy and to advise the Chief Executive. The Chairman and other Trustees maintain regular contact with the Chief Executive. During 1996/97 the Trustees mounted a wide-ranging consultation exercise amongst UI's stakeholders. This led to the foundation of a new Strategy for the Trust for the years to 2001. Whilst this re-affirmed UI's previous direction in most aspects, it has led to a re-definition of the Understanding Industry Mission which now reads

Our mission is to increase knowledge of, and improve attitudes towards, industry and commerce through the delivery of high quality programmes designed to inform, involve and inspire 14-19 year old students and to enhance their key skills.

The key feature of this revision is the Trust's intention, over a period of time, to extend its educational services to 14 and 15 year old, as well as 16-19 year old, students.

1996/97 was a further year of success and growth for UI. Income increased by 5% and the number of students benefiting from the programmes within the year increased by about 15% to well over 30,000. In all, over 1,300 courses were delivered - a new record - and well over a quarter of a million student contact hours with people from companies.

Understanding Industry directly employs a Chief Executive and twelve other staff, mostly in its London office. All other members of the 85-strong UI team are self-employed consultants, the great majority being the Regional Organisers who ensure the delivery of our services.

The Trustees have put together a detailed plan for the 1997/98 financial year. This indicates a year of relative stability and modest growth. As always, the plan provides for the expenditure of all funds received with either static or only very marginally increased reserves. The Restricted funds carried over from 1996/97 will be spent entirely in the designated areas and are sufficient to cover the commitments.

**THE UNDERSTANDING INDUSTRY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
(Continued)**

TRUSTEES (DIRECTORS) AND THEIR INTERESTS

All the Trustees are directors and members of the company. All members are liable to contribute to the assets of the company in a winding up to a maximum of £1 each.

The Trustees throughout the year were: The Viscount Chandos, Sir Christopher Lewinton, W M Muirhead, J Leigh Pemberton, C M H Shale and S A Woodward. J D Harris and Ms. F. Mactaggart were appointed during the year. Sir Jeffery Bowman and R B Horton resigned during the year.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

Company law requires the trustees 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 result of the company for that period. In preparing those financial statements, the trustees 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.

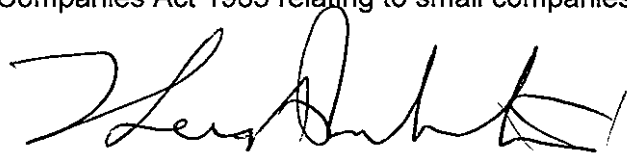
The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

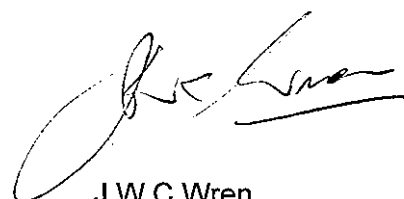
A resolution to re-appoint McCabe Ford Williams, Chartered Accountants as auditors will be proposed at the forthcoming Annual General Meeting.

SPECIAL EXEMPTIONS

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



Signed on behalf of the Board of Trustees



J W C Wren
SECRETARY

Approved by the Trustees on 21/10/97

AUDITORS REPORT
TO THE TRUSTEES OF
THE UNDERSTANDING INDUSTRY TRUST

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 page 8.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As described on page 3 the trustees 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 trustees 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 mis-statement, 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 as at 31st August 1997 and of its surplus for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



McCabe Ford Williams
Chartered Accountants
Registered Auditor

41-43 William Street
HERNE BAY
Kent

24th October 1997

**THE UNDERSTANDING INDUSTRY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST AUGUST 1997**

	<u>Note</u>	<u>Unrestricted Funds</u>	<u>Restricted Funds</u>	<u>Total Funds 1997</u>	<u>Total Funds 1996</u>
Incoming Resources					
Donations		307,008	119,498	426,506	375,513
Associate Members		149,500	--	149,500	140,612
Sponsors		178,931	109,246	288,177	262,630
Grants		124,246	30,100	154,346	178,319
Schools		158,752	--	158,752	161,340
Other income		5,794	12,907	18,701	13,736
Investment income		5,656	--	5,656	10,083
		-----	-----	-----	-----
Total Incoming Resources		£929,887	£271,751	£1,201,638	£1,142,233
		=====	=====	=====	=====
Resources Expended					
Direct expenditure	3	657,237	148,494	805,731	728,787
Marketing & fundraising	4	93,134	82,113	175,247	175,026
Management & administration	5	183,364	35,360	218,724	221,122
		-----	-----	-----	-----
Total Resources Expended		£933,735	£265,967	£1,199,702	£1,124,935
		=====	=====	=====	=====
Net Incoming/(Outgoing) Resources and Net Movement in Funds					
		(3,848)	5,784	1,936	17,298
Balances brought forward at 1st September 1996					
		103,616	--	103,616	86,318
		-----	-----	-----	-----
Balances carried forward at 31st August 1997		£99,768	£5,784	£105,552	£103,616
		=====	=====	=====	=====

The notes on pages 8 to 11 form part of these financial statements.

**THE UNDERSTANDING INDUSTRY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST AUGUST 1997**

	<u>NOTES</u>	<u>1997</u>	<u>1996</u>
INCOME	2	1,195,982	1,132,150
Administration and operating expenses		1,199,702	1,124,935
		-----	-----
OPERATING (DEFICIT)/SURPLUS	7	(3,720)	7,215
Bank interest received		5,656	10,083
		-----	-----
SURPLUS FOR THE FINANCIAL YEAR		1,936	17,298
Accumulated funds brought forward		103,616	86,318
		-----	-----
ACCUMULATED FUNDS CARRIED FORWARD		£105,552	£103,616
		=====	=====

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

A statement of the movement on reserves appears as note 12 to the financial statements.

The company had no recognised gains or losses other than the surplus for the above two financial years.

The notes on pages 8 to 11 form part of these financial statements.

THE UNDERSTANDING INDUSTRY TRUST
(A COMPANY LIMITED BY GUARANTEE)

BALANCE SHEET AS AT 31ST AUGUST 1997

	<u>NOTES</u>	<u>1997</u>	<u>1996</u>
FIXED ASSETS			
Tangible assets	9	11,145	12,273
CURRENT ASSETS			
Stock		2,000	2,000
Debtors	10	224,487	172,840
Bank short term deposits		109,284	206,045
Cash at bank and in hand		17,911	11,647
		-----	-----
		353,682	392,532
CREDITORS: Amounts falling			
due within one year	11	259,275	301,189
		-----	-----
NET CURRENT ASSETS		94,407	91,343
		-----	-----
NET ASSETS		£105,552	£103,616
		=====	=====
CAPITAL FUNDS			
Unrestricted		99,768	103,616
Restricted		5,784	--
		-----	-----
	12	£105,552	£103,616
		=====	=====

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

Signed on behalf of the Board of Trustees


TRUSTEE - Leigh Pemberton


TRUSTEE - C M H Shale

Approved by the Trustees on

21/10/97

The notes on pages 8 to 11 form part of these financial statements.

**THE UNDERSTANDING INDUSTRY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 1997**

1. STATUS

The company is limited by guarantee and has no share capital. The liability of members in the event of winding-up is limited to £1 per member.

2. ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in line with statements of standard accounting practice and financial reporting standards applicable to charities.

TANGIBLE FIXED ASSETS

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost less estimated residual value over their expected useful lives. The basis and rate used in the calculation for the provision of depreciation is:

Office and computer equipment	15% to 20% Straight Line Basis
-------------------------------	--------------------------------

STOCKS

Stock is valued at the lower of cost and net realisable value.

INCOME

Income is solely attributable to the activities of the Trust, and represents the amounts invoiced in respect of goods and services supplied excluding value added tax.

During the year, 75% of income came from Companies and Charitable Trusts, compared with 68% in the previous year. TECs/LECs and Government Departments accounted for just under 13% (compared with almost 16% in 1995/96). The remaining income came mainly from schools, who are charged for UI's courses, but at a very heavily subsidised rate.

Restricted income was given by companies and others to support specific projects and was either spent entirely on the project in question or has been carried forward into 1997/98 in order to complete unfinished projects.

**THE UNDERSTANDING INDUSTRY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 1997
(Continued)**

OPERATING LEASES

Rentals on operating leases are charged in the income and expenditure account in the period in which they are incurred.

	<u>Unrestricted Funds</u>	<u>Restricted Funds</u>	<u>Total 1997</u>	<u>Total 1996</u>
3. DIRECT EXPENDITURE				
Courses	438,845	44,104	482,949	409,709
Field Staff	191,492	--	191,492	176,097
UI Book	--	46,291	46,291	64,270
Materials	10,000	19,817	29,817	34,540
London Office costs	16,900	38,282	55,182	44,171
	-----	-----	-----	-----
	£657,237	£148,494	£805,731	£728,787
	=====	=====	=====	=====
4. MARKETING & FUNDRAISING				
Publications	--	32,869	32,869	33,767
Marketing & development	--	14,538	14,538	44,815
Events	--	6,936	6,936	9,791
Fundraising	9,106	--	9,106	8,556
London office costs	84,028	27,770	111,798	78,097
	-----	-----	-----	-----
	£93,134	£82,113	£175,247	£175,026
	=====	=====	=====	=====
5. MANAGEMENT & ADMINISTRATION				
Auditors' remuneration	3,500	--	3,500	3,500
Depreciation	6,409	--	6,409	6,027
Conference	14,041	--	14,041	17,609
London office costs	157,936	22,453	180,389	184,522
General expenses	1,478	12,907	14,385	9,464
	-----	-----	-----	-----
	£183,364	£35,360	£218,724	£221,122
	=====	=====	=====	=====

**THE UNDERSTANDING INDUSTRY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 1997
(Continued)**

6. REMUNERATION OF TRUSTEES AND CONNECTED PERSONS

No Trustee or connected person received any emoluments during the year.

	<u>1997</u>	<u>1996</u>
7. OPERATING SURPLUS		
This is stated after charging:		
Depreciation of tangible fixed assets	6,409	6,027
Auditors' remuneration	3,500	3,500
Rentals under other operating leases	5,724	5,724
	=====	=====

8. TAXATION

The trust is registered as a charity and is not liable to corporation tax on any of its income.

9. TANGIBLE FIXED ASSETS

	<u>Office & Computer Equipment</u>
COST	
At 1st September 1996	29,782
Additions	5,281

At 31st August 1997	£35,063
	=====
DEPRECIATION	
At 1st September 1996	17,509
Charge for year	6,409

At 31st August 1997	£23,918
	=====
NET BOOK VALUES	
At 31st August 1997	£11,145
	=====
At 31st August 1996	£12,273
	=====

**THE UNDERSTANDING INDUSTRY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 1997
(Continued)**

10.	DEBTORS	<u>1997</u>	<u>1996</u>
	Trade debtors	210,594	168,507
	Other debtors	1,068	2,643
	Prepayments	12,825	1,690
		-----	-----
		£224,487	£172,840
		=====	=====
11.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
	Trade creditors	76,439	56,675
	Other taxation and social security	22,636	25,725
	Deferred income	146,700	195,192
	Sundry creditors and accruals	13,500	23,597
		-----	-----
		£259,275	£301,189
		=====	=====
12.	STATEMENT OF MOVEMENT ON RESERVES		
	Accumulated Funds -		
		<u>Unrestricted</u>	<u>Restricted</u> <u>Total</u>
	At 1st September 1996	103,616	-- 103,616
	(Deficit)/Surplus for the year per statement of financial activities	(3,848)	5,784 1,936
		-----	-----
	At 31st August 1997	£99,768	£5,784 £105,552
		=====	=====