

The British Chamber of Commerce in Poland
(a company limited by guarantee)

Directors' Report and Financial Statements
For the year ended 31 December 2000

Company number : 2662758



The British Chamber of Commerce in Poland
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For the year ended 31 December 2000

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Registered office
55 Exhibition Road
London SW1 2PN

Directors
A full list of directors is set out on page 3.

Auditors
Grant Thornton
Chartered Accountants and Registered Auditors
Grant Thornton House
Melton Street
Euston Square
London NW1 2EP

Company number: 2662758



These financial statements were compiled on behalf of The British Chamber of Commerce in Poland by
Contract Administration Sp. z o.o.

ul. Królewska 27, 00-060 Warszawa, Poland

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The directors present their report and the financial statements for the year ended 31 December 2000.

Statement of 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 and the group at the end of the financial year and of the surplus or deficit of the group for the financial year. In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a 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 group 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 group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Structure and principal activities

The British Chamber of Commerce in Poland is a company incorporated by guarantee without a share capital. The Company is exempted under Section 30 of the Companies Act 1985 from the requirement to include the word "Limited" as part of its name.

The objects for which the Chamber is established are to encourage all commercial, industrial, tourist and cultural relations between the Republic of Poland and the United Kingdom and to promote and assist international trade between these countries.

The activities of the Chamber are carried out in the Republic of Poland principally through its wholly owned subsidiary company, Brytyjsko Polskie Usługi Sp. z o.o. ("British-Polish Services Ltd."), which is incorporated in Poland. Both the Chamber and its subsidiary company have been active throughout the year organising events and providing support services to members in both the UK and Poland.

Review of the financial position and results for the year

Results for the year

The results for the year are set out in the consolidated income and expenditure account on page 5.

The consolidated deficit after taxation for the financial year to 31 December 2000 amounted to £8,870 (1999: deficit £10,943). The reduction in the after tax deficit for the year has been achieved despite measures by the Board to improve the underlying strength of the balance sheet. This has been achieved by writing off unrealisable assets brought forward from previous periods resulted in a bad debt charge of £21,601 against uncollectable subscriptions and a further charge of £7,421 to write off previously capitalised development expenditure no longer expected to bring benefits to the members.

In accordance with the Articles of Association of the Chamber, no dividend is payable to members and the deficit for the financial year has been transferred to reserves. A foreign currency translation gain of £105 (1999: loss £5,655) was taken directly to reserves. Members' funds at 31 December 2000, amounted to a deficit of £21,031 (1999 deficit £12,266).

Financial Position

As at the year end the group's balance sheet shows a deficit of members' funds of £21,031 which includes the deficit for the year. The deficit of members' funds is shown after a deduction of deferred income of £100,065 which represents received or receivable subscriptions and other fees not yet credited to income. Subscriptions and other fees are released to income in twelve monthly instalments and the unreleased portion is shown as a current liability. This liability is to members in respect of services to be provided in 2001. As at 31 December 2000 the group had external liabilities of £24,448 which were exceeded by cash resources of £27,600. Consequently the group was solvent in respect of third party creditors.

The directors are satisfied with the financial position of the Group and expect that the present level of activity will be sustained for the foreseeable future. The directors have reviewed the position with regard to trade debtors and they are satisfied that materially all amounts are recoverable and that adequate provision has been made for bad debts. The budget for the year ended 31 December 2001, shows a projected surplus for the group of £12,382. The directors monitor closely the results of the group on a monthly basis and based on the results for the two months ended February 2001 and their knowledge of the business, believe the budget to be realistic.

The directors have been conducting a thorough review of the Chamber's role in the present environment and new initiatives are being developed for 2001 and beyond.

The British Chamber of Commerce in Poland

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Report of the Directors

For the year ended 31 December 2000

Directors

The directors who served during the year were as follows:

J.J. Kluk, OBE (<i>Individual member</i>)	Chairman	Re-elected 23 April 1997, resigned 24 May 2000
D. Glasgow (<i>Individual member</i>)	Chairman	Re-elected 24 May 2000, appointed Chairman 12 June 2000
D.R.V. Thomas (<i>HSBC</i>)	Vice-chairman	Elected 24 May 2000
J.C. Jeffrey (<i>PricewaterhouseCoopers</i>)	Hon. Treasurer	Re-elected 28 April 1999, resigned 24 May 2000
A.F. Reczek (<i>PricewaterhouseCoopers</i>)	Hon. Treasurer	Co-opted 14 March 2000, elected 24 May 2000
N.J.B. Fielding (<i>TGC-Corporate Lawyers</i>)	Hon. Secretary	Re-elected 28 April 1999
Mrs B.E. Stachowiak-Kowalska	Executive Director	Elected 28 April 1999
B. Garstecki (<i>Softbank</i>)		Re-elected 24 May 2000
S.D. Pattison (<i>British Embassy</i>)		Appointed 1 March 1997, resigned 4 February 2000
J. Golebiowski (<i>Individual member</i>)		Re-elected 24 May 2000
D.J. Flynn (<i>Allied Irish Bank</i>)		Elected 28 April 1999, resigned 24 May 2000
L.T. Jakubowski (<i>Know How Fund</i>)		Elected 28 April 1999, resigned 24 May 2000
M.D. O'Reilly (<i>Saltire Investment</i>)		Elected 28 April 1999
M. Davenport (<i>British Embassy</i>)		Appointed 4 February 2000
Ms L.A. Brett (<i>BOC Logistics Limited</i>)		Elected 24 May 2000
J. Myjak (<i>Commercial Union Polska</i>)		Elected 24 May 2000
Mrs E. Osewska (<i>British Airways</i>)		Elected 24 May 2000

Mr John Macgregor, Her Majesty's Ambassador to the Republic of Poland, served as Honorary President of the Chamber, until his departure from Poland in October 2000. The new ambassador, Mr Michael Pakenham took office in January 2001. Mr M. Davenport is Consul General and Head of Commercial Section of the British Embassy and therefore served as director pursuant to the Articles of Association, without the requirement to retire by rotation.

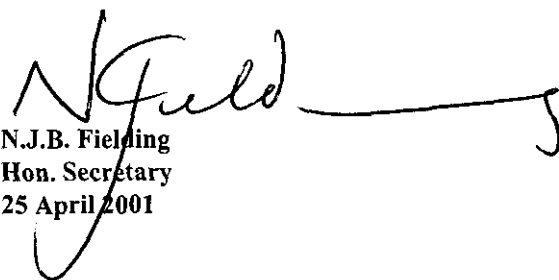
In accordance with the Articles of Association, Messrs N.J.B. Fielding, M.D. O'Reilly and A.F. Reczek will retire by rotation at the forthcoming annual general meeting and offer themselves for re-election. Mrs B.E. Stachowiak-Kowalska retires by rotation and does not offer herself for re-election.

Auditors

The auditors, Grant Thornton, have indicated their willingness to continue to serve as auditors and will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 25 April 2001 and signed on its behalf.

BY ORDER OF THE BOARD



N.J.B. Fielding
Hon. Secretary
25 April 2001

The British Chamber of Commerce in Poland

Auditors' Report to the members of The British Chamber of Commerce in Poland

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 1, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 2000 and of the deficit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

GRANT THORNTON
Chartered Accountants and Registered Auditors
London

25 April 2001

The British Chamber of Commerce in Poland
Consolidated Income and Expenditure Account
For the year ended 31 December 2000

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	Notes	2000 £	1999 £
Turnover and gross deficit from continuing operations	2	243,285	186,897
Administrative expenses		(297,075)	(255,114)
Other operating income		49,261	59,093
Operating deficit	3	(4,529)	(9,124)
Interest receivable		1,562	1,114
Deficit on ordinary activities before taxation		(2,967)	(8,010)
Tax on deficit on ordinary activities	5	(5,903)	(2,933)
Deficit for the financial year	6	(8,870)	(10,943)

There is no difference between the deficit on ordinary activities before taxation and the deficit for the financial year stated above and their historical cost equivalents.

Movements on reserves are set out in note 11.

Statement of Total Recognised Gains and Losses
For the year ended 31 December 2000

	2000 £	1999 £
Deficit for the financial year	(8,870)	(10,943)
Currency translation difference on foreign subsidiary undertaking	105	(5,655)
Total recognised gains and losses for the year	(8,765)	(16,598)

The notes on pages 8 to 12 form part of these financial statements.

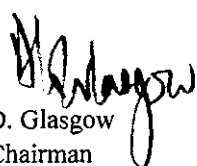
The British Chamber of Commerce in Poland
Consolidated Balance Sheet
As at 31 December 2000


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	Notes	2000 £	1999 £
Fixed assets			
Tangible assets	7	5,654	5,035
Current assets			
Debtors	9	70,228	99,536
Cash at bank and in hand		27,600	28,138
		97,828	127,674
Creditors: Amounts falling due within one year	10	(24,448)	(57,329)
Deferred income		(100,065)	(87,646)
Net current liabilities		(26,685)	(17,301)
Net liabilities		(21,031)	(12,266)
Capital and reserves			
Special project reserve	11	-	6,500
Retained (deficit)	11	(21,031)	(18,766)
Members' funds		(21,031)	(12,266)

The notes on pages 8 to 12 form part of these financial statements.

The financial statements on pages 5 to 12 were approved by the board of directors on 25 April 2001 and signed on its behalf by:


D. Glasgow
Chairman


A. F. Reczek
Hon. treasurer

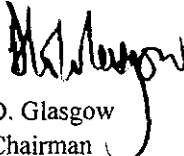
The British Chamber of Commerce in Poland
Company Balance Sheet
As at 31 December 2000


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	Notes	2000 £	1999 £
Fixed assets			
Investment in subsidiary	8	2	33,086
Current assets			
Debtors	9	8,426	15,662
Cash at bank and in hand		(909)	21,928
		7,517	37,590
Creditors: Amounts falling due within one year	10	(1,709)	(35,229)
Deferred income		(17,137)	(19,704)
		(18,846)	(54,933)
Net current (liabilities)		(11,329)	(17,343)
Net assets		(11,327)	15,743
Capital and reserves			
Special project reserve	11	-	6,500
Retained surplus	11	(11,327)	9,243
Members' funds		(11,327)	15,743

The notes on pages 8 to 12 form part of these financial statements.

The financial statements on pages 5 to 12 were approved by the board of directors on 25 April 2001 and signed on its behalf by:


D. Glasgow
Chairman


A. F. Reczek
Hon. treasurer

1. Accounting policies

(a) Basis of preparation

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

In accordance with United Kingdom Financial Reporting Standard No. 1, the company is exempt from the requirement to publish a cash flow statement on the grounds that it is a small company.

The financial statements have been prepared on the going concern basis which assumes that the forecast for the year ended 31 December 2001, which shows the group achieving a surplus, will be achieved and based on the fact that deferred income of GBP 100,065 included under creditors falling due within one year represents members' subscriptions invoiced in the year for future services. (see note 12).

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary, which prepares its financial statements to the same date.

As permitted by Section 230 of the Companies Act 1985, the income and expenditure account of the company is not separately disclosed in these financial statements. The surplus for the financial year dealt with in the financial statements of the company is disclosed in note 6 to the financial statements.

(c) Turnover

Turnover represents the invoiced amount of members' subscriptions in respect of subscription periods falling within the financial year. Members' subscriptions are invoiced annually in advance and are recognised as turnover in equal monthly instalments during the relevant subscription periods. Turnover for the current financial year therefore includes the unexpired proportion of subscriptions invoiced during the previous financial year and excludes the proportion of invoiced subscriptions relating to the following financial year.

Invoiced subscriptions which have not yet been recognised as turnover are included in the balance sheet under "Deferred income".

(d) Foreign currencies

Company transactions denominated in foreign currencies are translated into Sterling using the rate of exchange prevailing at the transaction date. The results of the subsidiary are translated into Sterling on a monthly basis using the rate of exchange prevailing at the end of each month.

Foreign currency assets and liabilities of the company and its subsidiary are translated into Sterling at the rate of exchange prevailing at the balance sheet date.

Profits and losses arising on translation of foreign currencies are credited or charged to the income and expenditure account, with the exception of profits and losses on inter-company balances of a long-term financing nature and on translation of the financial statements of the subsidiary, which are taken directly to reserves.

(e) Tangible fixed assets

Tangible fixed assets are stated at purchase price less accumulated depreciation. Depreciation is calculated to write off the cost of fixed assets, less estimated residual values, over their expected useful economic lives. The rates used for this purpose are:

Computer software and equipment	30% p.a. straight line
Other office equipment	12%-20% p.a. straight line
Office furniture	20%-50% p.a. straight line

Small items are fully written off at the time of purchase.

(f) Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income and expenditure account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the income and expenditure account on a straight line basis over the lease term.

(g) Service development costs

The development costs of new services and facilities for members are individually assessed and recognition of such costs may be deferred until future periods. For this purpose, development costs include relevant charges from external sources and measurable costs of time incurred by employees of the group. Deferral is considered where:

- preliminary research, where relevant, is completed and the directors have authorised development work
- costs are accurately quantifiable
- new services or facilities will be made available to members
- the benefit of such services or facilities is expected to last indefinitely

(h) Deferred taxation

Taxation which has been deferred or accelerated by the effect of timing differences is provided for under the liability method. Provision is made to the extent that it is probable that a liability or asset will crystallise.

No provision for deferred taxation was required during 1999 or 2000.

Notes to the financial statements

For the year ended 31 December 2000

2 Turnover

Analysis of turnover by geographical market:

United Kingdom

Europe - Poland

Group	
2000	1999
£	£
46,770	28,566
196,515	158,331
243,285	186,897

3 Operating deficit

The operating deficit is stated after charging:

Staff costs (note 4)

Depreciation - owned assets

Auditors' remuneration

Group	
2000	1999
£	£
153,120	121,076
3,993	4,470
(1,499)	1,500

4 Directors and employees

Average number of employees

Administration

Group	
2000	1999
10	9

Staff costs, including directors' remuneration

Wages and salaries

Social security costs

£	£
137,853	107,365
15,267	13,711
153,120	121,076

Directors' remuneration

Emoluments for services as directors

Other emoluments

£	£
11,148	5,188
27,565	17,490
38,713	22,678

The directors remuneration relates solely to the remuneration of the Executive Director. No other directors received any remuneration in either 1999 or 2000. In 1999 the Executive Director served as a director for seven months as opposed to a full year in 2000.

5 Tax on deficit on ordinary activities

Current year

UK Corporation Tax at 20% (1999: 20%)

Overseas taxation

Prior year

UK Corporation Tax

Group		Company	
2000	1999	2000	1999
£	£	£	£
-	86	-	86
5,903	2,862	-	-
-	(15)	-	(15)
5,903	2,933	-	71

The operating deficit of the company arises from mutual trading and is therefore outside the scope of UK Corporation Tax. The result of the overseas subsidiary is subject to overseas taxation.

Notes to the financial statements

For the year ended 31 December 2000

6 Deficit for the financial year	2000	1999
	£	£
Company deficit for the financial year included within the consolidated income and expenditure account	(27,070)	(10,742)

The company made a surplus of £6,014 before a provision of £33,084 to reflect a diminution in the value of its investment in its subsidiary.

7 Tangible fixed assets - Group	Office equipment
	£
<i>Cost</i>	
At 1 January 2000	16,991
Additions	4,612
At 31 December 2000	21,603
<i>Depreciation</i>	
At 1 January 2000	11,956
Charge for year	3,993
At 31 December 2000	15,949
<i>Net book value</i>	
At 31 December 2000	5,654
At 31 December 1999	5,035

8 Investment in Subsidiary - Company	£
Brytyjsko Polskie Usługi Sp. z o.o. - ordinary shares at cost:	
At 1 January 2000 - 142,500 shares (100%)	33,086
Provision for permanent diminution in value	(33,084)
At 31 December 2000 - 142,500 shares (100%)	2

9 Debtors	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Trade debtors (members' subscriptions)	66,900	85,446	8,304	15,303
Other debtors	-	2,329	-	-
Prepayments	3,328	11,761	122	359
	70,228	99,536	8,426	15,662

Notes to the financial statements

For the year ended 31 December 2000

10 Creditors: Amounts falling due within one year

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Trade creditors	4,291	29,482	-	1,570
Amounts owed to subsidiary undertaking	-	-	-	24,565
UK Corporation Tax	-	86	-	86
Other taxation and social security	8,284	10,033	1,076	1,425
Other creditors	306	81	227	8
Accruals	11,567	17,647	406	7,575
	24,448	57,329	1,709	35,229

11 Reserves

	Project reserve £	Retained deficit £	Total £
Group			
At 1 January 2000:	6,500	(18,766)	(12,266)
Deficit for the financial year	-	(8,870)	(8,870)
Foreign currency translation difference	-	105	105
Release of Special Project Reserve	(6,500)	6,500	-
At 31 December 2000	-	(21,031)	(21,031)
Company			
At 1 January 2000:	6,500	9,243	15,743
Deficit for the financial year	-	(27,070)	(27,070)
Release of Special Project Reserve	(6,500)	6,500	-
At 31 December 2000	-	(11,327)	(11,327)

12 Going Concern

The directors have considered the group's financial position in the report of the directors. The group had a cash surplus over third party liabilities and the deficit of members' funds is after transfer to the balance sheet of £100,065 of deferred income which represents obligations to provide member services in 2001. The level of such services may be adjusted in accordance with the group's financial position.