

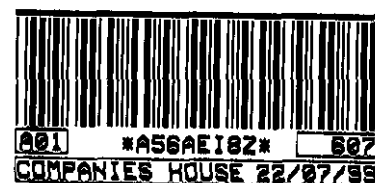
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**NORTH EAST CHAMBER OF
COMMERCE, TRADE AND INDUSTRY
(Limited by Guarantee)**

**CONSOLIDATED
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 DECEMBER 1998**

JENNINGS JOHNSON
Chartered Accountants
19 Borough Road
Sunderland
SR1 1LA



NORTH EAST CHAMBER OF COMMERCE, TRADE AND INDUSTRY
(Limited by Guarantee)

COMPANY INFORMATION AS AT 31 DECEMBER 1998

DIRECTORS

Sir Paul Nicholson
L.M. Aviss
K. Robinson
M.S.A. Ballinger
E.M. Nunn
R.P. Webster
J.G. Irwin
I.M. Harris
N. Sherlock
D.W. Midgley
L. Bell
D.J.M. Wilson
D.L. Robson
B. Smith

P. Birt
C. Lynas
A. Reynolds
L. Davies
P. Stoddart
Sir Neville Trotter
R.J. Bottomley
C. Crossman
Dr. R. Penn
P. Jolliffe
T. Robson
Sir Kenneth Calman
D. Holborn

SECRETARY

I.S. Robertson

COMPANY NUMBER

2938084

REGISTERED OFFICE

Aykley Heads Business Centre
Aykley Heads
Durham
DH1 5TS

AUDITORS

Jennings Johnson
Chartered Accountants
19 Borough Road
Sunderland
SR1 1LA

PRINCIPAL BANKERS

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

NORTH EAST CHAMBER OF COMMERCE, TRADE AND INDUSTRY
(Limited by Guarantee)

INDEX TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

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3	Auditors' report
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5	Statement of total recognised gains and losses
6	Consolidated balance sheet
7	Company balance sheet
8	Cash flow statement
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NORTH EAST CHAMBER OF COMMERCE, TRADE AND INDUSTRY
(Limited by Guarantee)

REPORT OF THE DIRECTORS

The members of Council present their report and the audited financial statements for the year ended 31 December 1998.

The company is limited by guarantee. Each member of the company is liable to the extent of £1.00 in the event of the company being wound up and there being insufficient assets to pay off all the liabilities.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Chamber is to provide independent representation of the interests of its members and generally contribute to the improvement of the conditions and trading environment in which businesses operate in the region. The principal activity of the Chamber's only trading subsidiary undertaking is the provision of training.

The members of Council consider the results for the year to be satisfactory.

DIRECTORS

Members of Council constitute directors of the company for the purposes of the Companies Act 1985.

The directors during the year were Sir Paul Nicholson, L.M. Aviss, K. Robinson, M.S.A. Ballinger, M.J. Minter (resigned 19 October 1998), C.R. Dixon (resigned 19 October 1998), J.G. Irwin, I.M. Harris, N. Sherlock, R.J. Kilsby (resigned 7 December 1998), D.W. Midgley, L. Bell, A.D. Worrall (resigned 19 January 1998), E.M. Nunn, Dr. A.M. Wright (resigned 19 October 1998), D.J.M. Wilson, D.L. Robson, B. Smith, D.A. Brown (resigned 19 October 1998), R.P. Webster, A.M. Dennett (resigned 1 May 1998), J.E. Thompson (resigned 19 October 1998), J. Bridge (resigned 19 October 1998), M. Howitt (resigned 18 November 1998), P. Birt, C. Lynas, A. Reynolds.

On 19 January 1998 L. Davies and P. Stoddart were appointed. On 20 April 1998 Sir Neville Trotter, R.J. Bottomley and C. Crossman were appointed. On 19 October 1998 Dr. R. Penn, P. Jolliffe, T. Robson, Sir Kenneth Calman and D. Holborn were appointed.

The Board of Directors comprises only non-executive directors therefore in exercising their responsibilities the board rely on the competence and probity of the executives of the company and on proper professional advice.

The Board is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

NORTH EAST CHAMBER OF COMMERCE, TRADE AND INDUSTRY
(Limited by Guarantee)

REPORT OF THE DIRECTORS

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 the affairs of the company and of the profit and loss of the company for that year. 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.

INTRODUCTION OF THE SINGLE EUROPEAN CURRENCY

The directors do not anticipate any major adverse effects arising from the introduction of the Single European Currency.

YEAR 2000 SOFTWARE ISSUES

The directors have made an assessment of the Year 2000 problem.

The company has upgraded all computer software and hardware to be Year 2000 compliant. All other systems are currently being reviewed to determine further needs for upgrades to ensure that all systems are compliant.

The estimated costs of compliance have not been quantified.

AUDITORS

The auditors, Jennings Johnson, are willing to be reappointed in accordance with section 385 of the Companies Act 1985.

On behalf of the Council



I.S. Robertson
Secretary

19 April 1999

NORTH EAST CHAMBER OF COMMERCE, TRADE AND INDUSTRY
(Limited by Guarantee)

AUDITORS' REPORT TO THE MEMBERS OF COUNCIL OF NORTH EAST CHAMBER OF COMMERCE, TRADE AND INDUSTRY

We have audited the financial statements on pages 4 to 17 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out in note 1 to the financial statements.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the Directors' Report 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 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 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 of the group as at 31 December 1998 and its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



JENNINGS JOHNSON
Chartered Accountants
Registered Auditors

19 Borough Road
Sunderland
SR1 1LA

Date: 19 April 1999

NORTH EAST CHAMBER OF COMMERCE, TRADE AND INDUSTRY
(Limited by Guarantee)

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1998

	Notes	1998 £	1997 £
TURNOVER	2	6,555,864	6,013,320
Cost of sales		(5,001,481)	(4,546,249)
GROSS PROFIT		1,554,383	1,467,071
Administrative expenses		(1,698,020)	(1,358,707)
Other operating income		<u>168,268</u>	<u>170,436</u>
OPERATING PROFIT	3	24,631	278,800
Interest receivable	4	85,937	96,256
Interest payable	5	<u>-</u>	<u>(157)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		110,568	374,899
Taxation	8	(46,778)	(54,647)
PROFIT FOR THE FINANCIAL YEAR		63,790	320,252
Transfer from revaluation reserve	13	<u>24,840</u>	<u>9,536</u>
ACCUMULATED PROFIT FOR THE FINANCIAL YEAR	14	<u>88,630</u>	<u>329,788</u>

Continuing operations

None of the company's activities were acquired or discontinued during the current financial year.

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

NORTH EAST CHAMBER OF COMMERCE, TRADE AND INDUSTRY
(Limited by Guarantee)

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 1998

	Notes	1998 £	1997 £
PROFIT FOR THE FINANCIAL YEAR		<u>63,790</u>	<u>320,252</u>
TOTAL NET GAINS RECOGNISED SINCE LAST ANNUAL REPORT		<u>63,790</u>	<u>320,252</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 1998

REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		110,568	374,899
Difference between a historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount		<u>24,840</u>	<u>9,536</u>
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		135,408	384,435
		<u> </u>	<u> </u>
Historical cost profit for the year retained after taxation, minority interests, extraordinary items and dividends	14	<u>88,630</u>	<u>329,788</u>

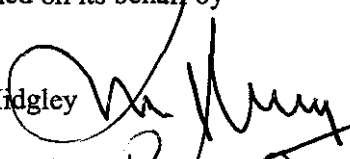
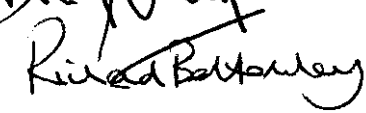
The notes on pages 9 to 17 form part of these financial statements.

NORTH EAST CHAMBER OF COMMERCE, TRADE AND INDUSTRY
(Limited by Guarantee)

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 1998

	Notes	1998 £	1997 £
FIXED ASSETS			
Tangible assets	9	811,117	747,754
CURRENT ASSETS			
Debtors	11	933,925	979,842
Cash at bank and in hand		<u>1,168,062</u>	<u>1,144,426</u>
		2,101,987	2,124,268
CREDITORS: Amounts falling due within one year	12	<u>(1,129,188)</u>	<u>(1,151,896)</u>
NET CURRENT ASSETS		<u>972,799</u>	<u>972,372</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,783,916</u>	<u>1,720,126</u>
CAPITAL AND RESERVES			
Revaluation reserve	13	33,987	58,827
Profit and loss account	14	<u>1,749,929</u>	<u>1,661,299</u>
		<u>1,783,916</u>	<u>1,720,126</u>

The financial statements were approved by the Council on 19 April 1999 and signed on its behalf by

D.W. Midgley )
R.J. Bottomley ) Directors

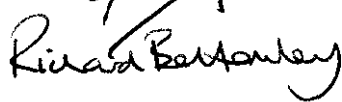
The notes on pages 9 to 17 form part of these financial statements.

NORTH EAST CHAMBER OF COMMERCE, TRADE AND INDUSTRY
(Limited by Guarantee)

BALANCE SHEET AT 31 DECEMBER 1998

	Notes	1998 £	1997 £
FIXED ASSETS			
Tangible assets	9	258,927	191,908
Investments	10	<u>1,737,830</u>	<u>1,411,273</u>
		2,043,534	1,603,181
CURRENT ASSETS			
Debtors	11	414,257	563,419
Cash at bank and in hand		<u>357,052</u>	<u>352,541</u>
		771,309	915,960
CREDITORS: Amounts falling due within one year	12	<u>(969,122)</u>	<u>(781,713)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(197,813)</u>	<u>134,247</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,798,944	1,737,428
CAPITAL AND RESERVES			
Revaluation reserve	13	1,737,830	1,436,113
Profit and loss account	14	<u>61,114</u>	<u>301,315</u>
		1,798,944	1,737,428

The financial statements were approved by the Council on 19 April 1999 and signed on its behalf by:

D.W. Midgley )
R.J. Bottomley ) Directors

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

NORTH EAST CHAMBER OF COMMERCE, TRADE AND INDUSTRY
(Limited by Guarantee)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1998

	Notes	1998 £	1997 £
CASH FLOW FROM OPERATING ACTIVITIES	3	285,160	257,005
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	15	85,937	96,099
TAXATION	15	(126,328)	(100,911)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	15	(221,133)	(573,742)
Cash inflow/(outflow) before use of liquid resources and financing		23,636	(321,549)
MANAGEMENT OF LIQUID RESOURCES	15	(35,823)	197,460
FINANCING	15	—	(4,711)
DECREASE IN CASH IN THE YEAR		(12,187)	(128,800)
		<u> </u>	<u> </u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

16

DECREASE IN CASH IN THE YEAR	(12,187)	(128,800)
Cash outflow from decrease in debt and lease financing	-	4,711
Cash (inflow)/outflow from (decrease)/increase in liquid resources	<u>35,823</u>	<u>(197,460)</u>
Change in net funds resulting from cash flows	<u>23,636</u>	<u>(321,549)</u>
Movement in net funds in the year	23,636	(321,549)
Net funds at 1 January 1998	<u>1,144,426</u>	<u>1,465,975</u>
Net funds at 31 December 1998	<u>1,168,062</u>	<u>1,144,426</u>

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

NORTH EAST CHAMBER OF COMMERCE, TRADE AND INDUSTRY
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

1. ACCOUNTING POLICIES

1.1 Basis of accounting

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

1.2 Basis of consolidation

The consolidated accounts incorporate the financial statements of North East Chamber of Commerce, Trade and Industry and its subsidiary undertaking made up to 31 December 1998. The group uses the acquisition method of accounting to consolidate the results of the subsidiary undertaking. In accordance with Section 230 of the Companies Act 1985 no profit and loss account is presented for the parent company.

Subsidiary companies are valued in the parent company balance sheet at the company's shareholding proportion of their net assets.

1.3 Goodwill

Purchased goodwill is set off directly against reserves.

1.4 Turnover

Turnover represents the total invoice value, excluding value added tax, of services rendered during the year. Income is derived from subscriptions from members, business and export services and the provision of training courses and contracts. Training contracts are accounted in the financial statements when funding is approved.

1.5 Depreciation

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost, less estimated residual value, of the tangible assets over their estimated useful lives:

Freehold buildings	Straight line over fifty years
Leasehold properties	Straight line over the life of the lease
Fixtures and fittings	20-33.33% Straight line
Motor vehicles	25% Straight line

1.6 Deferred taxation

Deferred taxation is provided where there is a reasonable probability of the amount becoming payable in the foreseeable future.

1.7 Operating leases

Rentals payable under operating leases are taken to the profit and loss account on a straight line basis over the lease term.

NORTH EAST CHAMBER OF COMMERCE, TRADE AND INDUSTRY
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

ACCOUNTING POLICIES (Continued)

1.8 Pensions

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable. These contributions are invested separately from the company's assets.

1.9 Grants

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

2. TURNOVER

	1998 £	1997 £
Analysis by class of business:		
Membership subscriptions	758,049	689,987
Business services	741,078	478,324
Export services	592,807	638,535
Training	<u>4,463,930</u>	<u>4,206,474</u>
	6,555,864	6,013,320
	<u> </u>	<u> </u>

3. OPERATING PROFIT

	1998 £	1997 £
The operating profit is stated after charging:		
Depreciation	136,356	108,345
Auditors' remuneration - Audit	8,125	7,850
- Non audit work	12,040	8,330
Operating lease rentals:		
Land and buildings	140,211	68,169
Plant and machinery	71,769	56,742
Hire of equipment	<u>31,516</u>	<u>30,346</u>
and after crediting:		
Government grants	153,300	149,536
Rents received	<u>-</u>	<u>14,813</u>

NORTH EAST CHAMBER OF COMMERCE, TRADE AND INDUSTRY
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

3. OPERATING PROFIT (Continued)

	1998	1997
	£	£
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	24,631	278,800
Depreciation	136,356	108,345
(Profit)/loss on disposal	(11,311)	368
Decrease/(increase) in debtors	45,917	(73,059)
Increase/(decrease) in creditors due within one year	<u>89,567</u>	<u>(57,449)</u>
Net cash inflow from operating activities	<u>285,160</u>	<u>257,005</u>

4. INTEREST RECEIVABLE

	1998	1997
	£	£
Bank and other interest receivable	<u>85,937</u>	<u>96,256</u>

5. INTEREST PAYABLE

	1998	1997
	£	£
Other interest	-	83
Hire purchase	<u>-</u>	<u>74</u>
	-	157
	<u>-</u>	<u>-</u>

6. DIRECTORS AND EMPLOYEES

	1998	1997
	£	£
Staff costs:		
Wages and salaries	2,588,443	2,008,461
Social security costs	225,798	159,547
Other pension costs	<u>112,826</u>	<u>97,654</u>
	<u>2,927,067</u>	<u>2,265,662</u>

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

	Number	Number
Chamber services	45	43
Training services	129	100
Administration	<u>19</u>	<u>17</u>
	193	160
	<u>-</u>	<u>-</u>

NORTH EAST CHAMBER OF COMMERCE, TRADE AND INDUSTRY
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

6. DIRECTORS AND EMPLOYEES (Continued)

	1998 £	1997 £
Directors' emoluments:		
Remuneration for management services (including pension contributions)	=	=

No directors of the parent undertaking received remuneration during the year.

7. PENSIONS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable by the company amounted to £112,826 (1997 - £97,654). All contributions were paid in the year.

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998 £	1997 £
The taxation charge based on profit for the year comprises:		
U.K. corporation tax	-	79,550
Under/(over) provision in respect of prior years	46,778	(24,903)
	46,778	54,647
	=====	=====

9. TANGIBLE ASSETS

GROUP	Land and Buildings £	Fixtures and Fittings £	Motor Vehicles £	Total £
Cost or valuation				
As at 1 January 1998	775,049	784,484	47,784	1,607,317
Additions	188	219,371	30,160	249,719
Disposals	(50,000)	-	-	(50,000)
As at 31 December 1998	725,237	1,003,855	77,944	1,807,036
Depreciation				
As at 1 January 1998	193,501	642,707	23,355	859,563
Charge for year	31,194	91,819	13,343	136,356
As at 31 December 1998	224,695	734,526	36,698	995,919
Net book value				
At 31 December 1998	500,542	269,329	41,246	811,117
At 31 December 1997	581,548	141,777	24,429	747,754

NORTH EAST CHAMBER OF COMMERCE, TRADE AND INDUSTRY
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

9. TANGIBLE ASSETS (Continued)

	1998 £	1997 £
Analysis of net book value of land and buildings:		
Freehold	451,652	511,170
Short leasehold	<u>48,890</u>	<u>70,378</u>
	500,542	581,548
	<u><u> </u></u>	<u><u> </u></u>

Certain freehold land and buildings were professionally revalued on 28 March 1991 by a firm of Chartered Surveyors on the basis of their open market value. The historical cost is £254,862 and the historical cumulative depreciation is £32,158. All other properties are stated at cost.

COMPANY	Land and Buildings £	Fixtures and Fittings £	Motor Vehicles £	Total £
Cost or valuation				
As at 1 January 1998	130,807	526,923	38,689	696,419
Additions	-	177,700	14,137	191,837
Disposals	(50,000)	-	-	(50,000)
As at 31 December 1998	80,807	704,623	52,826	838,256
Depreciation				
As at 1 January 1998	49,453	440,799	14,259	504,511
Charge for year	<u>11,565</u>	<u>53,916</u>	<u>9,337</u>	<u>74,818</u>
As at 31 December 1998	61,018	494,715	23,596	579,329
Net book value				
At 31 December 1998	<u>19,789</u>	<u>209,908</u>	<u>29,230</u>	<u>258,927</u>
At 31 December 1997	<u>81,354</u>	<u>86,124</u>	<u>24,430</u>	<u>191,908</u>

	1998 £	1997 £
Analysis of net book value of land and buildings:		
Freehold	-	50,000
Short leasehold	<u>19,789</u>	<u>31,354</u>
	19,789	81,354
	<u><u> </u></u>	<u><u> </u></u>

NORTH EAST CHAMBER OF COMMERCE, TRADE AND INDUSTRY
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

10. INVESTMENTS - RELATED UNDERTAKINGS

Shares in group undertaking (unlisted):	Company £
As at 1 January 1998	1,411,273
Retained reserves for year	<u>326,557</u>
As at 31 December 1998	<u>1,737,830</u>

The additions represent the movement on reserves of the subsidiary undertaking.

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

Subsidiary undertaking	Description and proportion of share capital owned	Nature of business
North East Chamber of Commerce (Training) Limited	Ordinary 100%	Training company

11. DEBTORS

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Trade debtors	507,180	470,999	247,767	219,589
Other debtors	70,855	201,305	70,854	201,305
Prepayments and accrued income	<u>355,890</u>	<u>307,538</u>	<u>95,636</u>	<u>142,525</u>
	933,925	979,842	414,257	563,419
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

12. CREDITORS: amounts falling due within one year

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Trade creditors	297,742	309,259	147,327	197,499
Amounts owed to subsidiary undertaking	-	-	301,660	184,240
Corporation tax	-	79,550	-	-
Other taxes and social security costs	126,768	125,749	52,212	36,029
Accruals and deferred income	<u>704,678</u>	<u>637,338</u>	<u>467,923</u>	<u>363,945</u>
	1,129,188	1,151,896	969,122	781,713
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NORTH EAST CHAMBER OF COMMERCE, TRADE AND INDUSTRY
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

13. REVALUATION RESERVE

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
As at 1 January 1998	58,827	68,363	1,436,113	1,383,064
Released during the year	(24,840)	(9,536)	(24,840)	(43,521)
Increase in value of trade investment	—	—	326,557	96,570
Balance at 31 December 1998	33,987	58,827	1,737,830	1,436,113
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

14. PROFIT AND LOSS ACCOUNT

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
As at 1 January 1998	1,661,299	1,697,967	301,315	383,266
Profit/(loss) for the financial year	88,630	329,788	(240,201)	(81,951)
Goodwill written off	—	(366,456)	—	—
Retained profits at 31 December 1998	1,749,929	1,661,299	61,114	301,315
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

	1998	1997
	£	£
Returns on investments and servicing of finance		
Interest received	85,937	96,256
Interest element of hire purchase contracts	—	(74)
Other interest paid	—	(83)
Net cash inflow from returns on investments and servicing of finance	85,937	96,099
	<u> </u>	<u> </u>
Taxation		
Corporation tax paid	(126,328)	(100,911)
Corporation tax received	—	—
Net cash (outflow)/inflow from taxation	(126,328)	(100,911)
	<u> </u>	<u> </u>

NORTH EAST CHAMBER OF COMMERCE, TRADE AND INDUSTRY
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

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

	1998 £	1997 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(282,444)	(212,531)
Receipts from sale of tangible fixed assets	61,311	5,245
Purchase of intangible fixed assets	—	(366,456)
Net cash outflow from capital expenditure and financial investment	(221,133)	(573,742)
Management of liquid resources		
(Increase)/reduction in short-term investments and bank deposits	(35,823)	197,460
Net cash (outflow)/ inflow from management of liquid resources	(35,823)	197,460
Financing		
Repayments of capital element of hire purchase contracts	—	(4,711)
Net cash outflow from financing	—	(4,711)

16. ANALYSIS OF NET FUNDS

	1997 £	Cashflow £	1998 £
Cash at bank and in hand	341,886	(128,800)	329,699
Current asset investments	802,540	(197,460)	838,363
Finance leases	—	4,711	—
	1,144,426	(321,549)	1,168,062

17. TRANSACTIONS INVOLVING DIRECTORS

During the normal course of trade the company purchased 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

18. REVENUE COMMITMENTS

The amounts payable in the next year in respect of operating leases are shown below, analysed according to the expiry date of the leases.

	Land and Buildings		Other	
	1998	1997	1998	1997
	£	£	£	£
Expiry date:				
Within one year	79,240	-	5,545	4,145
Between one and five years	85,541	52,110	59,222	63,807
After five years	<u>7,497</u>	<u>67,086</u>	<u>-</u>	<u>-</u>
	172,278	119,196	64,767	67,952
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>