

Fforwm Services Limited
(Registered number: 3066192)

Annual Report
for the year ended 31 July 2000



Fforwm Services Limited

Report and financial statements for the year ended 31 July 2000

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**Directors' report for the year ended
31 July 2000**

The directors present their report and the audited financial statements of the company for the year ended 31 July 2000.

Principal activities

Fforwm Services Limited was established in 1995 to conduct the business activities of Fforwm the charity which is the parent company. These activities currently comprise the provision of professional training and development courses and property and equipment leasing.

Review of business activities and future developments

During the year the company's turnover increased to £3,148,959 (1999: £2,471,018) due to the increased rentals receivable under the lease and leaseback arrangements.

The company made a loss for the year on ordinary activities of £2,471 (1999: surplus of £2,812) after making a deed of covenant payment of £31,950 (1999: £12,885) to Fforwm.

During the year, an additional twenty-three equipment leases were entered into. Since the year end a further nine equipment leases have been taken out, and one property lease which had been on a peppercorn rental, has achieved full rental status.

The directors consider the financial performance of the company during the year to be satisfactory.

The company will continue to develop and expand its activities wherever a collective approach would be beneficial to the colleges that comprise the membership of Fforwm.

Dividend and results for the year

The loss of £2,471 (1999: surplus £2,812) has been transferred to reserves. The directors have recommended a payment of £31,950 (1999: £12,855) to Fforwm under the deed of covenant.

Fixed Assets

The movement in fixed assets during the year is set out in note 6 of the financial statements.

**Directors' report for the year ended
31 July 2000 (continued)**

Directors

The directors of the company during the year are listed below:

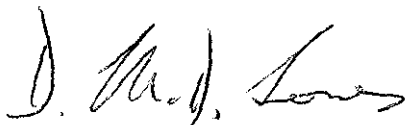
R Hampton (Chair)
C Lewis (appointed 3 July 2000)
D S Mason
C S Williams (resigned 25 May 2000)

The directors did not have any interests in the ordinary share capital of the company during or at the end of the year.

Auditors

The directors appointed the first auditors to the company and subsequently the company resolved to dispense with the obligation to appoint auditors annually pursuant to section 386 of the Companies Act 1985.

By order of the board



**Dr D M D Jones
Company Secretary**

6 April 2001

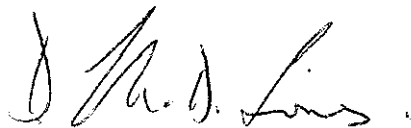
Statement of Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 enable them to ensure that the accounts comply with the Companies Act. 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.

By order of the Board



Dr D M D Jones
Company Secretary

6 April 2001

Auditors' report to the members of Fforwm Services Limited

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

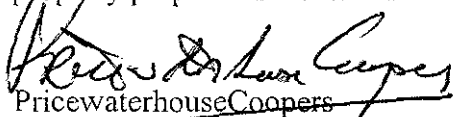
Basis of audit opinion

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 the company's affairs at 31 July 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
Cardiff

11 May 2001

Profit and loss account for the year ended 31 July 2000

	Note	Continuing operations 2000 £	Continuing Operations 1999 £
Turnover	2	3,148,959	2,471,018
Cost of sales		(3,067,247)	(2,399,573)
Gross profit		<u>81,712</u>	<u>71,445</u>
Administrative expenses		(60,917)	(61,963)
Operating profit		<u>20,795</u>	<u>9,482</u>
Interest receivable		8,684	6,215
Deed of covenant		(31,950)	(12,885)
(Loss) / profit on ordinary activities before taxation	4	<u>(2,471)</u>	<u>2,812</u>
Tax on (loss) / profit on ordinary activities	5	-	-
(Loss) / profit for the financial year	11	<u>(2,471)</u>	<u>2,812</u>

The company has no recognised gains or losses other than those indicated above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis.

The notes on pages 7 to 14 form part of these accounts.

Balance sheet as at 31 July 2000

	Note	£	2000 £	£	1999 £
Fixed assets					
Tangible assets	6		1,547		5,473
Current assets					
Debtors					
Falling due within one year	7	1,656,806		1,546,830	
Falling due after more than one year	7	3,384,049		3,864,655	
		<u>5,040,855</u>		<u>5,411,485</u>	
Cash at bank and in hand		225,503		106,085	
		<u>5,266,358</u>		<u>5,517,570</u>	
Creditors - amounts falling due within one year	8	<u>(2,009,417)</u>		<u>(1,805,999)</u>	
Net current assets			<u>3,226,941</u>		<u>3,711,571</u>
Total assets less current liabilities			<u>3,258,488</u>		<u>3,717,044</u>
Creditors - amounts falling due after more than one year	9		<u>(3,262,695)</u>		<u>(3,718,780)</u>
Total liabilities			<u>(4,207)</u>		<u>(1,736)</u>
Capital and reserves					
Called up share capital	10		100		100
Profit and loss account	11		<u>(4,307)</u>		<u>(1,836)</u>
Shareholders' funds	12		<u>(4,207)</u>		<u>(1,736)</u>

Approved by the board of directors on 6 April 2001 and signed on its behalf by:



Director

The notes on pages 7 to 14 form part of these accounts.

Notes to the financial statements for the year ended 31 July 2000

1 Principal accounting policies

The financial statements have been prepared on the going concern basis. The principal accounting policies of the company are as follows:

Basis of accounting

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

Tangible fixed assets

Tangible fixed assets are stated at purchase cost less accumulated depreciation.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic life of the assets as follows:

Office and computer equipment	3 years
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Turnover

Turnover represents the invoiced value of services supplied excluding value added tax.

Deferred taxation

Provision for deferred taxation is made, using the liability method, on timing differences arising between results as stated in the accounts and the results as computed for taxation purposes. Provision is made only to the extent that a liability is expected to crystallise in the foreseeable future.

Operating leases

Rentals in respect of operating lease agreements are charged to the profit and loss account in the period to which they relate.

Cashflow statement

In accordance with paragraph 5 of Financial Reporting Standard Number 1, the company is not required to prepare a cash flow statement.

Notes to the financial statements for the year ended 31 July 2000 (continued)

2 Turnover

	2000 £	1999 £
Staff development activities	22,899	40,581
Lease rental income	3,109,714	2,328,556
Lease fee income	-	82,965
Rental income	5,794	6,792
Sundry income	10,552	12,124
	<u>3,148,959</u>	<u>2,471,018</u>

3 Directors and employees

The average number of directors employed by the company during the period was three. None of the directors received any remuneration for their services to the company.

Other than the directors, the company does not have any employees. All work is undertaken by Fforwm on behalf of the company.

4 (Loss) / profit on ordinary activities before taxation

	2000 £	1999 £
The (loss) / profit on ordinary activities before taxation is after charging:		
Depreciation	4,424	4,258
Auditors' remuneration	2,600	2,475
Operating lease rentals		
- equipment	1,661,866	829,614
- land and buildings	<u>1,379,389</u>	<u>1,443,888</u>

5 Tax on (loss) / profit on ordinary activities

There is no corporation tax charge for the period.

No provision has been made for deferred tax in the year and there was no unprovided deferred tax liability at 31 July 2000.

**Notes to the financial statements
for the year ended 31 July 2000 (continued)**

6 Tangible fixed assets

	Office equipment £	Computer equipment £	Total £
Cost			
At 1 August 1999	1,802	11,471	13,273
Additions at cost	-	498	498
At 31 July 2000	1,802	11,969	13,771
Depreciation			
At 1 August 1999	1,273	6,527	7,800
Charge for year	434	3,989	4,424
At 31 July 2000	1,707	10,516	12,224
Net book value			
At 31 July 2000	95	1,452	1,547
At 31 July 1999	529	4,944	5,473

7 Debtors

	2000 £	1999 £
Amounts falling due within one year:		
Trade debtors	125,186	301,552
Prepayments and accrued income	1,522,239	1,239,470
Amounts owed by group undertaking	9,381	5,808
	1,656,806	1,546,830
Prepayments falling due after more than one year	3,384,049	3,864,655
	5,040,855	5,411,485

8 Creditors: amounts falling due within one year

	2000 £	1999 £
Trade creditors	443,117	402,634
Accruals and deferred income	1,527,108	1,391,387
Amounts owed to group undertaking	31,950	-
VAT	7,242	11,978
	2,009,417	1,805,999

Notes to the financial statements for the year ended 31 July 2000 (continued)

9 Creditors: amounts falling due after more than one year

	2000 £	1999 £
Accruals and deferred income	3,262,695	3,718,780
	<u>3,262,695</u>	<u>3,718,780</u>

10 Called up share capital

	2000 £	1999 £
Authorised, issued and fully paid 100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

11 Profit and loss account

	2000 £	1999 £
Balance as at 1 August	(1,836)	(4,648)
Profit/(loss) for the financial year	(2,471)	2,812
Balance at 31 July	<u>(4,307)</u>	<u>(1,836)</u>

12 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Balance as at 1 August	(1,736)	(4,548)
(Loss) / profit for the financial year	(2,471)	2,812
Balance at 31 July	<u>(4,207)</u>	<u>(1,736)</u>

All shareholders interests are of an equity nature.

12 Capital commitments and contingencies

There were no capital commitments or contingent liabilities as at 31 July 2000 (1999: nil).

Notes to the financial statements for the year ended 31 July 2000 (continued)

13 Financial commitments

At 31 July 2000 the company had annual commitments under operating leases as follows:

	2000		1999	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Expiring after five years	<u>1,379,407</u>	<u>1,617,818</u>	<u>1,379,407</u>	<u>1,023,724</u>

The company has entered into a number of lease and leaseback arrangements with education institutions. The annual rental commitments of the company under the head leases of those lease and leaseback arrangements are shown above. Under each head lease, the company is able to cancel the lease at any time subject to three months notice.

14 Post balance sheet events

Since the year-end, the company has entered into a further nine equipment lease and leaseback arrangements with educational institutions.

The total annual commitment in respect of those leases is £570,442. Under the head lease of each agreement the company is able to cancel the lease at any time subject to three months notice.

15 Ultimate parent undertaking

The company's ultimate parent undertaking is Fforwm, a registered Charity and a company limited by guarantee incorporated in England and Wales.

16 Related party transactions

Due to the nature of the company's activities and the composition of its board of directors and that of its parent undertaking Fforwm (being Principals and Governors of Further Education Colleges in Wales) it is inevitable that in the course of its normal business activities, the company will undertake transactions with those Colleges in which a member of the board of the company or its parent undertaking will have an interest.

All transactions involving Colleges in which a member of either Board of Directors may have an interest are conducted at arms length and in accordance with the company's normal financial procedures.

Notes to the financial statements for the year ended 31 July 2000 (continued)

16 Related party transactions (continued)

The Directors of the company during the year and their relationship with the respective Colleges were;

Director	College	Relationship
CS Williams (resigned 25 May 2000)	Coleg Glan Hafren	Principal
C Lewis (appointed 3 July 2000)	Neath Port Talbot College	Principal
DS Mason	Coleg Gwent	Principal
R Hampton	Bridgend College	Principal

The directors of the parent undertaking Fforwm during the year and their relationship with the respective Colleges were;

Director	College	Position
WG Edmunds	Deeside College	Principal
HE Edwards	Coleg Menai	Principal
K Elliott	Swansea College	Principal
C Lewis (appointed 3 July 2000)	Neath Port Talbot College	Principal
R Hampton	Bridgend College	Principal
CR Jackson	Llandrillo College	Chair of Governors
CR Jones	Welsh College of Horticulture	Chair of Governors
DS Mason	Coleg Gwent	Principal
CM Roberts (resigned 25 May 2000)	Aberdare College	Principal
I Rees (appointed 25 May 2000)	Coleg Meirion Dwyfor	Principal
J Stephenson	Coleg Powys	Principal
C Williams (resigned 25 May 2000)	Coleg Glan Hafren	Principal

Notes to the financial statements for the year ended 31 July 2000 (continued)

16 Related party transactions (continued)

Income invoiced to Colleges during the year	Lease rental Income	Staff development courses	Total
	£	£	£
Aberdare College	19,993	278	20,271
Bridgend College	135,099	1,362	136,461
Coleg Glan Hafren	23,291	1,408	24,699
Coleg Powys		1,136	1,136
Deeside College		712	712
Coleg Gwent		2,328	2,328
Coleg Meirion Dwyfor		646	646
Llandrillo College	66,352	590	66,942
Coleg Menai	70,444	634	71,078
Swansea College	180,276	800	181,076
Neath Port Talbot College	171,873	1,410	173,283
Total	667,328	11,304	678,632

Payments to Colleges during the year	Lease rental Expenditure	Catering	Total
	£	£	£
Aberdare College	37,788	-	37,788
Bridgend College	133,450	-	133,450
Coleg Glan Hafren	22,814	-	22,814
Coleg Menai	75,000	-	75,000
Coleg Powys	-	554	554
Llandrillo College	87,185	-	87,185
Neath Port Talbot College	169,699	-	169,699
Swansea College	177,742	-	177,742
Total	703,677	554	704,232

The following amounts were receivable from Colleges at 31 July 2000:

	£
Aberdare College	23,492
Bridgend College	275
Deeside College	300
Coleg Glan Hafren	27,458
Coleg Meirion Dwyfor	92
Coleg Gwent	92
Coleg Powys	92
Llandrillo College	118
Neath Port Talbot College	510
Swansea College	235
Total	52,664

**Notes to the financial statements
for the year ended 31 July 2000 (continued)**

16 Related party transactions (continued)

The following amounts were payable to Colleges at 31 July 2000:

	£
Aberdare College	23,031
Coleg Glan Hafren	26,830
Llandrillo College	<u>75,390</u>
Total	<u>125,251</u>