

ANNUAL REPORT

1995/96



The Tavistock Institute[®]
social science in action

442517

The Tavistock Institute of Human Relations

**Annual Report
October 1995 - September 1996**

Charity Registration No 209706
Company Limited by Guarantee No 442517

Registered Office: 30 Tabernacle Street
London EC2A 4DD

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The Tavistock Institute of Human Relations

Limited by Guarantee

The Council of Management

The Rt Hon the Lady Seear BA (*President - Deceased April 1997*)

Michael Aldrich BA, FBCS, FIInfSc, CBIM (*Chair*)

Sir Louis Blom-Cooper QC

Nigel Forman MP, BA, MPA, DPhil

Professor David Guest BA, PhD

David Glassman MBA, FCA, FCCA

Sir Patrick Lowry CBE (*until April 1996*)

Isabel Menzies Lyth MA, FBPsS, MBP-AS (*until April 1996*)

Professor Enid Mumford BA, MA, PhD, CIPM, FBCS

Clive Purkiss PhD, FIPM

Brian Smith BSc

Professor Robin Wensley MSc, PhD

Vice Presidents

Professor Nathaniel Lichfield BSc, PhD

Brian Salmon CBE

Management Committee

Joe Cullen MA, PhD, DipPsych

Richard Holti BA, MSc, PhD (*from September 1996*)

John Kelleher BA, MA

Eric Miller MA, PhD

Jean Neumann BA, MA, PhD (*until August 1996*)

Elliot Stern BSc, MSc

Staff Management Board

Frances Abraham BA

Pamela Hattingh BA

Joe Cullen MA, PhD, DipPsych

Frank Heller BSc(Econ), PhD, FBPsS, CPsychol

Richard Holti BA, MSc, PhD

John Kelleher BA, MA

Eric Miller MA, PhD

Elliot Stern BSc, MSc

Institute Secretary

John Margaron FCA

The Tavistock Institute of Human Relations
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Auditors

Kingston Smith
Chartered Accountants
Devonshire House
60 Goswell Road
London
EC1M 7AD

Bankers

Messrs C Hoare & Co
32 Lowndes Street
London
SW1X 9HZ

Solicitors

Wood Nash Kimber
6 Raymond Buildings
Gray's Inn
London
WC1R 5DA

Stockbrokers

Quilter & Co
1 Undershaft
London
EC 3A 8BB

The Tavistock Institute of Human Relations

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Report of the Council of Management

The Council Members have pleasure in presenting their Report and Financial Statements for the year ended 30th September 1996.

Principal Activities and Business Review

The principal activity of the Company throughout the year continues to be that of the study of human relations as indicated in the Institute's aims and organisation below.

1995/96 has shown a small profit for the year. However, it was identified that results for previous years had been overstated by £210,332. This arose mainly (£153,507) because, in previous years, money due to other parties was taken into income. Full Provision has now been made to pay these creditors and Reserves adjusted to correctly report the situation.

The Institute and its Work

The Tavistock Institute is an independent social science research, advisory and training organisation. It was established in 1947 as a company limited by guarantee and has charitable status. The Institute's programme of work currently includes projects with government, voluntary organisations and industry in Britain, in Europe and further afield. Its income is entirely derived from its own resources, research grants and contracts for specific research, consultancy, training and publishing activities.

The founders of the Institute worked on 'action research' methodologies during World War II and believed that similar methods were also appropriate in organisational and industrial settings post-war. Socio-technical systems, experiential learning in groups (embodied in the Leicester Conferences) and approaches to strategic planning and developmental evaluation have been among strands of the Institute's work that are now recognised and in widespread use.

A growth area in recent years has been in use of a developmental approach to evaluation of new and experimental programmes, particularly in research and development, health, education and economic development; also in the educational development of Advanced Organisational Consultancy. This has produced new training events alongside the regular programme of group relations conferences. The Institute publishes extensively, and owns and edits the monthly journal, *Human Relations* (published by Plenum Press), which is now in its 49th year. The Sage (UK) journal, *Evaluation: The International Journal of Theory, Research and Practice* is also published in association with the Institute.

The Institute has a core staff of social scientists, supplemented by external associates. It also has collaborative links with other institutions for specific projects, particularly in the fields of evaluation and group relations. The formal governing body is a Council drawn from various areas of public life. Authority for management is vested collectively in a committee of staff.

Three elements combine to make the Institute unusual, if not unique: it has the independence of being entirely self-financing, with no subsidies from government or other sources; the action research orientation places it between, but not in, the worlds of academia and management consultancy; and its

range of disciplines extends from political science to economics and from psychoanalysis to sociology.

The Organisation of the Institute

The **Council** exists to achieve the aims of the Tavistock Institute and in doing so considers and lays down overall policy, though it is not, in general, directly concerned with the details of implementation. It meets quarterly but in the interim there are frequent contacts between Council members and the Institute's officers and staff. It is also directly involved in programme advisory committees, investments, and the editorial management of *Human Relations*.

By such means the Council monitors and reviews financial progress and prospects as well as operating procedures. It receives reports on ongoing projects and new work initiatives. The Council is also involved in determining priorities for the investment of funds, both in current work and support of new courses of action.

The details of administrative practice and policy are evolved by staff, in response to their operating experience, and these are given shape and legitimised as policy at the Council meetings. Additionally the Council, in considering the aims and development of the Institute from time to time suggests new directions, operating practices and policies.

The **Tavistock Institute Association** is the constitutional body which elects members of the Council at Annual General Meetings. Applications for membership, which need to be sponsored by two existing members of the Association, are submitted to the Council and are considered in relation to the following criteria: membership, or former membership of the staff of the Institute; experience of technical, professional or research work with other organisations, in the field of human relations; qualifications or experience in other fields which allow a distinctive contribution to be made to the work of the Institute.

The great majority of staff are directly employed, though for some activities the Institute draws on wider networks. Staff are organised into a number of units and programmes and there is a central service which is responsible for the administration of the Institute as a whole. In June 1993 the Council ratified proposals put forward by the staff for a revised management system affecting the ways in which the day to day activities of the Institute are managed and the forms and processes of staff involvement in this. Under these changes, a Staff Assembly was set up, meeting on a quarterly basis, whereby all staff are able to raise and discuss matters relating to the Institute. A Staff Management Board (SMB) was created with representation from the leading units and programmes in the Institute, from elected representatives of all staff and from long serving members of staff. The role of the SMB is to provide a forum for the formulation of a forward policy for the Institute and related professional matters. Finally, a Management Committee was created, with one representative from each of the leading units and programmes and from the 'elected' SMB representatives. This committee's role is to ensure implementation of policy, to oversee the day to day management of the Institute and to report to Council on a regular basis.

Activities during 1995-96

The Institute's work is organised into a number of Units and Programmes:-

The last twelve months have been a period of expansion and development for the **Programme for Organisational Change and Technological Innovation (OCTI)**. Both income and scientific staff

numbers doubled, mainly due to growth in research and consultancy in manufacturing and construction. Projects related to supply chain management, construction procurement and learning networks have emphasised different aspects of inter-organisational relationships. This work culminated in a major action research project from the Department of Environment which allows detailed study and intervention into supply chain integration in building.

Previous research on interdependencies in comprehensive changes in manufacturing have served scientific staff well, providing a basis for consultation work with large group, inter-group and inter-organisational systems. An interest in the effect of political and psychological dynamics on collaboration during organisational change and technological innovation has been developed further into an explicit agenda for research. Several projects related to health, safety and environment have emerged as meaningful and challenging in this context. Examples include: a project on energy saving in manufacturing; a study of violence in the workplace; reviews of possible changes in hospital services; and resistance to change from those who appear to be its beneficiaries. We were also pleased to receive support for a three-year project to develop methods and tools for attracting and sustaining women in leadership positions, which will complement the sixth year of *Women's Work*.

OCTI has been investing in writing for publication during this period by, for example, funding a part-time sabbatical for one of its senior staff. In 1997, Routledge will publish one outcome of this investment: *Developing Organisational Consultancy*. OCTI staff have submitted manuscripts to special issues of *Human Relations*, and presented papers at the International Society for Psychoanalytic Study of Organisations (ISPSO) and the USA Academy of Management. This increased level of visibility has contributed to a continued successful collaboration with the Group Relations Programme in delivering the Advanced Organisational Consultation (AOC) educational programme.

The Evaluation Development and Review Unit was established in 1990 to expand and develop the Institute's portfolio of activities in evaluation. The unit, undertakes evaluations, designs evaluation strategies and offers related training and dissemination services. In addition 'products' such as evaluation guidelines, audit and planning instruments are developed usually on a customised basis depending on the assignment and domain.

The Unit has strengths in a number of topic areas, including education and training, healthcare and social policy, regional and economic development and information and communications technologies. During 1996 new projects were secured in the AIDS/HIV field and in relation to anti-smoking campaigns; and ongoing work continued in the evaluation of residential child-care and European disability programmes. An important review was undertaken for the European Commission of the impact of telematics on healthcare in Europe and work continues on the role of the private sector in providing training for the long term unemployed. The Unit was also chosen to undertake the final evaluation of the FORCE programme which supports employer based vocational training across Europe. A strong continuing strand of work concerned new technologies in higher education and in 1996 included the ongoing evaluation of the e-lib programme, and the evaluation (with the Institute of Education and Coopers Lybrand) of the Teaching and Learning Technology Programme. A new strand of work that looks likely to develop in future years concerns European youth policy whilst the unit has continued work that is now well established in regional and rural development.

Alongside evaluation work background research to strengthen domain knowledge continues. In 1996 such research, variously funded by the Economic and Social Research Council and European funds focused on social exclusion and marginalisation, work based learning and the policies of companies

regarding the provision of continuing vocational training. The journal 'Evaluation' published by Sage(UK) in co-operation with the Tavistock has already become well established following its successful launch in 1995. Other dissemination activities including a new occasional paper series in evaluation are planned for 1997/8.

The Centre for Decision Making Studies (CDMS) is an international network of researchers and consultants who have collaborated in a variety of projects with policy or action potential over many years. The current cross-national project is taking place in four European countries (Austria, Belgium, the Netherlands and Sweden) is concerned with converting policy relevant survey data into organisational learning and new policies in the field of HIV/AIDS.

For the last ten years the emphasis of the Centre has been on activating and disseminating work carried out over the previous fifteen years in the field of organisational democracy, leadership and organisational learning through feed-back methods. These objectives are pursued through publications and conferences. During 1996 papers were presented in Sheffield, Blackpool, Bad Godesberg, Berlin, Vienna, Copenhagen, Prague, Dubrovnik, Stockholm and Verona. Writing has produced entries on 'Leadership', 'The Work Ethic' and 'Kurt Lewin' for the five volume edition of the *International Encyclopaedia of Business and Management* as well as the one-volume *Concise Encyclopaedia*, both published by Thomson International. A seven-chapter book on *Organisational Participation: Myth and Reality* written with three CDMS colleagues will be published by Oxford University Press. An entry on extending the socio-technical model to a joint optimisation with environmental factors has been published in a 50th Anniversary Special Edition of *Human Relations*.

The Advanced Organisational Consultation Programme, launched in 1993, is now well established. The core element is a series of seven one-week residential modules over 18 months. The 14 participants of the 1995-97 programme came from 10 different countries in Asia, North America and Europe, and the third in the series, starting in October 1997, will have an equally multi-national membership.

A landmark in the **Group Relations Programme** was the 50th Leicester Conference in March-April 1996. Both this and the 1997 conference were fully subscribed with over 70 members from all over the world. The programme was also involved in conferences and other events in Israel and South Africa.

The administration of the *Human Relations* journal has been greatly affected during the period 1996-97 by the establishment of an email system and the journal's home page on the world wide web. While this latter has brought the journal more public notice, the former has increased its ease and volume of contact with authors and reviewers, with most transactions now being initiated via this medium. In addition, the journal's publishers, Plenum Publishing Corporation, have established an electronic version of the journal available to subscribers, which the Editorial Team are keen to ensure exploits the resources of the new media to the full. As Ray Loveridge, the journal's editor, writes in his report of the years' events, it is too soon to predict whether the electronic option will noticeably affect the other forms of subscription, which have maintained a steady level during this period.

The Editorial Team have been publicising the journal at conferences over the year in an attempt to recruit new reviewers, as well as boost subscriptions, and celebrate the 50th anniversary of the journal. The series of special issues commemorating this event will be launched at the American Academy of Management at Boston in August with an issue on the social reconstruction of social science.

The Tavistock Institute of Human Relations
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Results

The results of the company for the year are set out on page 7.

Council of Management

The Council members who served during the year are shown at the head of this report. None of the Council members have any interest in the financial activities or assets of the Company. The Council members are directors of the Company and Trustees of the charitable activities of the Company.

Auditors

Kingston Smith have advised that they do not wish to stand for re-appointment.

A resolution concerning the appointment of auditors will be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE COUNCIL

A handwritten signature in black ink, appearing to read 'J Margaron', is written over two parallel diagonal lines that serve as a signature line.

John Margaron
Institute Secretary

8th July 1997

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

Law applicable to charities in England and Wales requires the Council members to prepare financial statements for each financial year which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year.

In preparing those financial statements, the Council members should follow best practice and to select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Institute will continue its activities.

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

AUDITORS' REPORT TO THE MEMBERS OF THE TAVISTOCK INSTITUTE OF HUMAN RELATIONS

We have audited the financial statements set out on pages 7 to 17 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

Respective Responsibilities of Council Members and Auditors

As described above, the Institute's Council Members are responsible for the preparation of the 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.

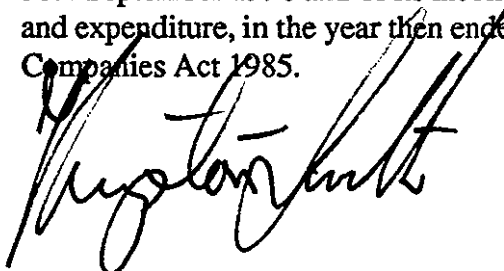
Basis of Opinion

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 Council members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Institute's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations 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 Institute's affairs at 30th September 1996 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KINGSTON SMITH
Chartered Accountants
Registered Auditors

Devonshire House
60 Goswell Road
London EC1M 7AD

8th July 1997

STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 30th September 1996

	Notes	Total Unrestricted Funds 30 September 1996 £	Total Unrestricted Funds 30 September 1995 £
Income & Expenditure			
Incoming Resources			
Grants & Fees Receivable	2(c)	1,203,181	1,274,846
Investment Income		11,423	19,263
Interest Receivable		-	6,983
Royalties		92,715	93,798
Other Income		35,701	30,800
Total Incoming Resources		<u>1,343,020</u>	<u>1,425,690</u>
Resources Expended			
Direct Expenditure	3	1,141,606	1,125,906
Other Expenditure including support costs	4	212,993	432,792
Total Resources Expended		<u>1,354,599</u>	<u>1,558,698</u>
Net (Outgoing) Resources for the Year	5	(11,579)	(133,008)
Gains and Losses on Investments:			
Realised (loss)/gain		(1,048)	1,463
Unrealised gain	9	13,074	8,928
Gain on disposal of fixed assets		650	712
Net Movement in Resources		<u>1,097</u>	<u>(121,905)</u>
Balances brought forward at 1st October 1995 as previously reported		1,433,676	1,555,581
Prior Year Adjustment	7	<u>(210,332)</u>	<u>(210,332)</u>
As restated		1,223,344	1,345,249
Balances carried forward at 30th September 1996		<u>1,224,441</u>	<u>1,223,344</u>

The notes on pages 9 to 17 form part of these accounts

BALANCE SHEET
as at 30th September 1996

	Notes	1996 £	1995 £
Fixed Assets			
Tangible Assets	8	1,071,514	1,098,371
Investments	9	290,244	277,439
		<u>1,361,758</u>	<u>1,375,810</u>
Current Assets			
Debtors	10	733,862	407,911
Cash at Bank and in Hand		89,029	14,259
		<u>822,891</u>	<u>422,170</u>
Creditors: Amounts falling due within one year	11	702,344	296,567
Net Current Assets		<u>120,547</u>	<u>125,603</u>
Fixed Assets plus Net Current Assets		1,482,305	1,501,413
Creditors: Amounts falling due after more than one year	12	257,864	278,069
Net Assets		<u>1,224,441</u>	<u>1,223,344</u>
Unrestricted Funds			
Reserves		<u>1,224,441</u>	<u>1,223,344</u>

Approved by Council of Management on 8th July 1997

Michael T Alder

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(Members of Council of Management)

NOTES TO THE ACCOUNTS

for the year ended 30th September 1996

Note 1

Constitution

The Institute is a Company Limited by guarantee and a Registered Charity. There is no liability to taxation on the operating activities of the Company. The liability of members under the Guarantee is £1 per member.

The Council members are Directors of the Company for the purposes of the Companies Act 1985.

Note 2

Accounting Policies

(a) *Accounting Basis and Standards*

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

The financial statements conform with the requirements of the revised Statement of Recommended Practice on Accounting by Charities. A Statement of Financial Activities is therefore presented in place of a Profit and Loss Account as permitted by S. 226 Companies Act 1985.

(b) *Depreciation*

Depreciation on fixed assets is provided at a rate estimated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Buildings	1.5% pa on cost
Furniture and Equipment	10 - 20% pa on cost
Motor Vehicles	25% on written down value

(c) *Grants and Fees*

The amount credited to income is that proportion of Grants and Fees receivable applicable to the financial year. Grant and Fee Income includes the reimbursement of direct costs which are shown under Direct Expenditure.

(d) *Foreign Currencies*

Transactions denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at date of the transaction. Assets and liabilities in foreign currencies are translated into Sterling at rates of exchange ruling at the end of the financial year. All exchange differences are dealt with in the Statement of Financial Activities.

NOTES TO THE ACCOUNTS
for the year ended 30th September 1996

(e) *Pension Scheme Arrangements*

The pension scheme of the Company is funded by contributions partly from the employees and partly from the Company at rates determined by independent actuaries in the light of regular valuations. Such contributions are held in trustee administered funds completely independently of the Company's finances. The contributions made by the company are included in the Statement of Financial Activities on an accruals basis.

(f) *Leasing and Hire Purchase Commitments*

Assets held under finance leases and HP contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligation is charged to the Statement of Financial Activities over the period of the lease.

(g) *Investments*

Investments are included at market value using the mid-market price at the year end date. Change in the market value of investments is shown in the Statement of Financial Activities.

Income from investments is grossed up and the appropriate tax credit included within debtors.

(h) *Turnover*

Turnover is attributable to the continued charitable activity of the company, stated net of Value Added Tax.

NOTES TO THE ACCOUNTS
for the year ended 30th September 1996

	Total 1996	Total 1995
	£	£
NOTE 3		
Direct Expenditure		
Scientific salaries	438,938	413,630
Secretarial salaries	159,526	146,625
Secondment costs	22,533	21,493
Depreciation	23,781	24,656
Provision for Bad Debts	19,307	-
Other direct expenditure	477,521	519,502
	<u>1,141,606</u>	<u>1,125,906</u>

NOTE 4

Other Expenditure including support costs

Employment costs	105,056	177,425
Rent and services	1,079	-
Depreciation	22,812	23,527
Audit fees	8,611	5,875
Legal and professional	1,772	2,945
Interest payable on bank loan	23,339	3,663
Building and development costs	-	189,774
General expenses	50,324	29,583
	<u>212,993</u>	<u>432,792</u>

NOTES TO THE ACCOUNTS
for the year ended 30th September 1996

	1996 £	1995 £
Note 5		
Net Incoming/(Outgoing) resources for the year, after charging		
Auditors remuneration	8,611	7,154
Depreciation		
Owned tangible fixed assets	43,741	46,433
Assets under finance		
Leases and HP	2,854	1,750
Operating lease rentals:		
Plant and machinery	20,649	20,680
	<hr/>	<hr/>
And after crediting:		
Other operating income		
Royalties, publications and sundry income	157,464	124,598
Profit on disposal of fixed asset	650	712
(Loss)/Profit on exchange	(15,305)	14,278
	<hr/>	<hr/>

Note 6

Particulars of Employees

The average number of persons employed by the Institute during the year was:

Scientific staff	17	20
Administrative staff	15	13
	<hr/>	<hr/>
	32	33
	<hr/>	<hr/>
	£	£
Wages and salaries	635,674	668,895
Social security costs	60,248	50,879
Other pension costs	50,621	39,399
	<hr/>	<hr/>
	746,543	759,173

No remuneration was paid to any member of the Council during the year. Reimbursements of expenses for attendance at Council meetings were paid to one of the Council members, totalling £83.

NOTES TO THE ACCOUNTS
for the year ended 30th September 1996

Note 7

Prior Year Adjustment

The prior year adjustment has arisen as a result of the over statement of grant and fee income prior to 30 September 1995. Out of the total adjustment of £210,332 an amount of £153,507 represents amounts due to other parties, and full provision has been made within trade creditors. Other balances have been written off as necessary, and the comparative figures have been restated accordingly.

Note 8

Tangible Fixed Assets

	Freehold Land & Buildings £	Furniture/ Equipment £	Motor Vehicles £	Total £
Cost at 1st October 1995	1,058,133	208,273	20,530	1,286,936
Additions	-	17,964	10,523	28,487
Disposals	-	-	(10,500)	(10,500)
	<u>1,058,133</u>	<u>226,237</u>	<u>20,553</u>	<u>1,304,923</u>
Depreciation at 1st October 1995	31,513	146,165	10,887	188,565
Disposals	-	-	(1,750)	(1,750)
Charge for the year	15,872	27,869	2,853	46,594
Depreciation at 30th September 1996	<u>47,385</u>	<u>174,034</u>	<u>11,990</u>	<u>233,409</u>
Net book value at 30th September 1996	<u>1,010,748</u>	<u>52,203</u>	<u>8,563</u>	<u>1,071,514</u>
Net book value at 30th September 1995	<u>1,026,620</u>	<u>62,108</u>	<u>9,643</u>	<u>1,098,371</u>

The net book value of fixed assets of £1,071,514 (1995 - £1,098,371) includes an amount of £7,892 (1995 - £8,750) in respect of assets held under HP contracts. Substantially all the fixed assets are used in support of the direct activities of the charity.

NOTES TO THE ACCOUNTS
for the year ended 30th September 1996

Note 9

Investments

£

All investments are listed on a recognised stock exchange.

Market value at 1st October 1995	243,525
Disposals	(12,345)
Unrealised net investment gain for the year 1996	13,074
Market value at 30th September 1996	<u>244,254</u>
Uninvested cash held by Investment Managers	45,990
	<u>290,244</u>
Cost at 30th September 1996	<u>162,197</u>
Structure of investment portfolio values at 30 September 1996:	
Fixed interest and convertibles	80,702
UK Equities	163,552
	<u>244,254</u>

Material Investments:

%

8% Treasury Stock 2003	14.5
8% Treasury Loan 2002/06	13.4
Shell Transport & Trading plc	6.0
Redland plc	5.4
Tomkins plc	7.8
Grand Metropolitan plc	7.1
Guinness plc	5.6
Marks & Spencer plc	10.1

Investment in subsidiaries - the Institute owns the entire issued share capital of The Tavistock Institute Limited and T.I.H.R. Limited, both of which have been dormant since their incorporation.

Note 10

Debtors

Grants and fees receivable	706,043	371,858
Other debtors	25,022	25,720
Prepayments and accrued income	<u>2,797</u>	<u>10,333</u>
	<u>733,862</u>	<u>407,911</u>

NOTES TO THE ACCOUNTS
for the year ended 30th September 1996

	1996 £	1995 £
Note 11		
Creditors: Amounts falling due within one year		
Bank loans and overdraft	195,933	20,000
Trade creditors	234,187	168,523
Social security and other taxes	21,997	31,922
Grants and fees in advance	166,584	53,103
Obligation under finance leases and HP contracts	2,290	2,167
Accruals	81,353	20,852
	<u>702,344</u>	<u>296,567</u>

Note 12

Creditors: Amounts falling due after more than one year

The bank loan is secured by a first legal charge over the land and building of the company, and by a floating charge over the company's listed investments. The terms of the loan are such that it remains payable on demand at all times, but the company has informally agreed with its bankers that it will be repaid by equal quarterly instalments over a period of 15 years from July 1995.

Bank loan	255,000	275,000
Obligation under finance leases	2,864	3,069
	<u>257,864</u>	<u>278,069</u>

NOTES TO THE ACCOUNTS
for the year ended 30th September 1996

Note 13

Future Financial Commitments

(i) Operating Leases

At 30th September 1996 the Company had annual commitments under operating leases as set out below:-

	1996	1995
	Other	Other
	£	£
Operating leases which expire:		
(a) Within one year	-	-
(b) One to two years	15,019	20,647
(c) Two to five years	9,612	-
	<u>24,631</u>	<u>20,647</u>

(ii) Finance Leases

At 30th September 1996 the Company had obligations under finance leases and hire purchase contracts which are set out below:-

	1996	1995
	£	£
Gross amount payable:		
Within one year	2,772	2,592
In the second to fifth years	3,695	3,672
	<u>6,467</u>	<u>6,264</u>
Deduct:		
Finance charges allocated to future periods	(1,313)	(1,028)
	<u>5,154</u>	<u>5,236</u>

NOTES TO THE ACCOUNTS
for the year ended 30th September 1996

Note 14

Pension Commitments

The Company operates a pension scheme for employees providing benefits based on final pensionable pay. The assets of the scheme are held separately from the assets of the Company. Contributions to the scheme are charged to the Statement of Financial Activities so as to spread the cost of pensions over employees' working lives with the Company. The contributions have been calculated by reference to the latest actuarial valuation dated as at 1st April 1994. The actuarial method adopted in the valuation was the 'accrued benefits method' and assumptions used which have the most significant effect on the results of the valuation were:

Investment return	9.0%
Pay increases	7.5%
Future pension increases	5.0%

The Pension charge for the year was £41,250 (1995 - £39,399). The actuarial valuation showed the discounted market value of the scheme's assets was £3.75m and the actuarial value of these assets represented 130% of the liabilities in respect of benefits that had accrued to members after allowing for expected future increases in earnings. Contribution rates of the Company and the employees are 12% and 5% respectively, in accordance with the accounting policy described in Note 2(e).