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Touche**

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International



# REGISTRAR OF COMPANIES

Company Registration No. 3026118

**MID GLAMORGAN CAREERS LIMITED  
(LIMITED BY GUARANTEE)**

**Report and Financial Statements**

**31 March 1997**

Deloitte & Touche  
Blenheim House  
Fitzalan Court  
Newport Road  
Cardiff CF2 1TS



**REPORT AND FINANCIAL STATEMENTS 1997**

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**REPORT AND FINANCIAL STATEMENTS 1997**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

L J Rees	(audit committee member)
A Williams	(audit committee member)
J R Cocks	
R W M Jenkins	
J A R Cornwall	
J A Jones	(chairman of audit committee)
D J E Morgan	
C Chapman	(appointed 6 May 1996)
H O Thomas	(appointed 18 June 1996)
C P Burns	(appointed 23 July 1996)

**SECRETARY**

Filbuk (Secretaries) Ltd

**REGISTERED OFFICE**

Fitzalan House  
Fitzalan Road  
Cardiff  
CF2 1XZ

**BANKERS**

Co-operative Bank plc

**SOLICITORS**

Eversheds

**AUDITORS**

Deloitte & Touche  
Registered Auditors



## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 March 1997.

### **INCORPORATION**

The Company was incorporated on 20 February 1995 as a company limited by guarantee. The guarantee was given jointly by Mid Glamorgan TEC and Mid Glamorgan County Council (now held by the successor authorities Rhondda Cynon Taff CBC, Caerphilly CBC, Merthyr CBC and Bridgend CBC).

### **PRINCIPAL ACTIVITIES**

The principal activities of the company are to provide Careers information, guidance and placing services to clients in the 14 - 19 age group. These services are supported by a range of complimentary services to parents, educational institutions and employers and training providers.

### **REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

The results for the year are shown on page 7. The company intends to continue with its existing activities. The surplus retained will be used to provide sufficient working capital to ensure that the company is self supporting. This requirement is estimated to be approximately £350,000. None of the income and surplus of the company can be paid by way of dividends or other distribution.

### **CORPORATE GOVERNANCE**

Procedures are in place in the company to ensure good corporate governance with the majority of the recommendations of the "Cadbury Code of Best Practice" and the "Nolan report" being complied with.

### **INTERNAL FINANCIAL CONTROL**

The Board of Directors acknowledge their responsibility for the Company's system of internal financial controls. The system can only provide a reasonable but not an absolute assurance against material mis-statement or loss.

The Directors have reviewed the effectiveness of the system of internal control and rely on the following established framework:-

**Risk Assessment:** Key areas of risk have been identified by the Board and Audit Committee. Review and implementation of procedures to oversee the risk areas are given a high priority by the Board and the importance of financial control in delivering key business objectives is emphasised.

**Financial Reporting:** Monthly accounts which include key performance indicators are produced and circulated and reviewed against forecasts. Results are analysed and discussed at monthly board meetings.

**Organisational Structure:** A framework of appropriate responsibility and authorisation has been in place for some time. This is constantly reviewed for compliance and completeness.

**Internal Audit:** An independent program of internal review is carried out under the control of the Audit Committee.

### **GOING CONCERN**

The Directors, after making enquiries, have deliberated on the future prospects of the company and have a reasonable expectation that it will have adequate resources to continue operating for the foreseeable future and the going concern basis has been adopted in preparing these accounts.

### **REPORT OF THE AUDIT COMMITTEE**

The Audit Committee meets quarterly and maintains a close contact with the Company's Auditors. The Audit Committee have continued a program of Internal Review and testing and will continue to monitor and discuss its findings with Auditors.

During the year under review the company also had a "FAM" review by Welsh Office Auditors who classified the company as "low risk".

**DIRECTORS' REPORT (Continued)****DIRECTORS**

The directors who served during the year are set out on page 1.

**LIMITED BY GUARANTEE**

The company is limited by guarantee and, as such, has no shareholders.

**AUDITORS**

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

Jeff Cocks

Vice Chairman

Date 4.8.97



## **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 as at the end of the financial year and of the profit or loss of the company for that period. 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 enable them to ensure that the financial statements 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.



## Chartered Accountants

Deloitte & Touche  
Blenheim House  
Fitzalan Court  
Newport Road  
Cardiff CF2 1TS

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International + 44 1222 481111  
Fax (Gp. 3): 01222 482615

## AUDITORS' REPORT TO THE MEMBERS OF MID GLAMORGAN CAREERS LIMITED (LIMITED BY GUARANTEE)

We have audited the financial statements on pages 7 to 15 which have been prepared under the accounting policies set out on page 9.

### Respective responsibilities of directors and auditors

As described on page 4 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 the company's affairs as at 31 March 1997 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and  
Registered Auditors

Date 12 August 1997



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## REPORT OF THE AUDITORS ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the accounts we have reviewed the directors' statements on page 2 on the company's compliance with the paragraphs of the Code of Best Practice specified for our review. The objective of our review is to draw attention to any non-compliance with those paragraphs of the Code which is not disclosed.

We carried out our review in accordance with Bulletin 1995/1 "Disclosures relating to corporate governance" issued by the Auditing Practices Board and assessed whether the directors' statements on going concern and internal financial controls are consistent with the information of which we are aware from our audit. That Bulletin does not require us to perform the additional work necessary to, and we do not, express an opinion on the effectiveness of either the company's system of internal financial control or its corporate governance procedures nor on the ability of the company to continue in operational existence.

### Opinion

With respect to the directors' statements on internal control and going concern on page 2 in our opinion the directors have provided the disclosures required by paragraphs 4.5 and 4.6 of the Code (as supplemented by the related guidance for directors) and such statements are consistent with the information of which we are aware from our audit work on the accounts.

Based on enquiry of certain directors and officers of the company, and examination of relevant documents, in our opinion of the directors' statement on page 2 appropriately reflects the company's compliance with the other paragraphs of the Code specified for our review.

Deloitte & Touche  
Chartered Accountants  
Cardiff

12 August 1997



**INCOME AND EXPENDITURE ACCOUNT**  
**Year ended 31 March 1997**

	Note	Year ended 31st March 1997 £	Thirteen and a half Months ended 31st March 1996 £
Turnover - continuing operations	2	2,656,578	2,737,231
Administrative expenses		(2,473,929)	(2,498,344)
Operating surplus		182,649	238,887
Other interest receivable and similar income	4	32,055	23,791
Interest payable and similar charges	5	(13,416)	(27,518)
Surplus on ordinary activities before taxation - continuing operations	6	201,288	235,160
Tax on surplus on ordinary activities	7	68,480	(82,000)
Surplus for the year transferred to reserves		<u>269,768</u>	<u>153,160</u>

**STATEMENT OF MOVEMENT ON  
RESERVES**

Balance at 1 April/incorporation	153,160	-
Surplus for the year	<u>269,768</u>	<u>153,160</u>
Balance at 31 March	<u>422,928</u>	<u>153,160</u>

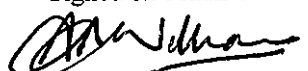
There are no recognised gains and losses other than those reported in the Income and Expenditure account, accordingly no statement of total recognised gains and losses is shown. The income and expenditure is not distributable.

**BALANCE SHEET**  
**31 March 1997**

	Note	1997 £	1996 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	8	12,854	12,679
<b>CURRENT ASSETS</b>			
Debtors	9	140,040	109,058
Cash at bank and in hand		754,501	769,670
		<u>894,541</u>	<u>878,728</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	10	<u>(462,684)</u>	<u>(601,204)</u>
<b>NET CURRENT ASSETS</b>		<u>431,857</u>	<u>277,524</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		444,711	290,203
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	11	-	(108,000)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	13	<u>(21,783)</u>	<u>(29,043)</u>
		<u>422,928</u>	<u>153,160</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	-	-
Income and expenditure account - not distributable		422,928	153,160
		<u>422,928</u>	<u>153,160</u>

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors

 31/7/97  
 Allen Williams - Director

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1997**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Grants**

All grants are revenue based and are credited to income over the period to which they relate.

**Fixed assets**

Individual items costing less than £2,500 are treated as expenditure in the year of purchase. Items costing more than £2,500 are capitalised and depreciated at an appropriate rate so as to write off the cost of the assets expected useful economic life. The following rates will be used:

Equipment, fixtures and fittings - 25 - 33 $\frac{1}{3}$  %

**Pension Costs**

Retirement benefits of employees of the Company are provided by the Local Government Superannuation Scheme (LGSS). This is a defined benefit scheme which is externally funded and contracted out of the State Earnings Related Pension Scheme. Contributions to the Scheme are charged to the Income and Expenditure account so as to spread the cost of pensions over employees' working lives with the company in pensionable payroll.

**Deferred Taxation**

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future, calculated at the rates at which it is expected that tax will arise. Deferred taxation assets are not recognised.

**2. TURNOVER**

Turnover comprises income from the provision of services.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1997**

**3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

None of the directors receive remuneration for their services to the company.

	<b>Year ended 31 March 1997 £</b>	<b>Thirteen and a half months ended 31 March 1996 £</b>
<b>Employee costs during the year:</b>		
Wages and salaries	1,621,220	1,497,687
Social security costs	123,552	113,992
Pension costs	153,121	153,513
	<u>1,897,893</u>	<u>1,765,192</u>
<b>Average number of persons employed:</b>	<b>No.</b>	<b>No.</b>
Management	7	7
Administration	3	3
Careers advice	95	88
	<u>          </u>	<u>          </u>

**4. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>Year ended 31 March 1997 £</b>	<b>Thirteen and a half months ended 31 March 1996 £</b>
<b>Other interest receivable and similar income includes:</b>		
Interest from bank accounts	32,055	20,331
Other interest	-	3,460
	<u>32,055</u>	<u>23,791</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1997**

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	Year ended 31 March 1997 £	Thirteen and a half months ended 31 March 1996 £
Interest on loans wholly repayable within five years	13,416	27,518

**6. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION**

	Year ended 31 March 1997 £	Thirteen and a half months ended 31 March 1996 £
Surplus on ordinary activities before taxation is after charging:		
Auditors' remuneration	4,000	3,850
Rentals under operating leases:		
Plant and machinery	6,493	6,500
Land and buildings	96,666	41,900
Depreciation	8,969	-

**7. TAX ON SURPLUS ON ORDINARY ACTIVITIES**

	Year ended 31 March 1997 £	Thirteen and a half months ended 31 March 1996 £
United Kingdom corporation tax at 24% based on investment income received and accrued	10,590	82,000
Over provision in respect of prior period	(79,070)	-
	<u>(68,480)</u>	<u>82,000</u>


**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1997**
**8. FIXED ASSETS**

	Equipment, fixtures and fittings £	Total £
<b>Cost</b>		
At 1 April 1996	12,679	12,679
Additions	9,144	9,144
	<u>21,823</u>	<u>21,823</u>
At 31 March 1997		
<b>Accumulated depreciation</b>		
At 1 April 1996	-	-
Charge for the year	8,969	8,969
	<u>8,969</u>	<u>8,969</u>
At 31 March 1997		
<b>Net book value</b>		
At 31 March 1997	<u>12,854</u>	<u>12,854</u>
At 31 March 1996	<u>12,679</u>	<u>12,679</u>

**9. DEBTORS**

	Year ended 31 March 1997 £	Thirteen and a half months ended 31 March 1996 £
Trade debtors	113,838	76,843
Other debtors	16,588	14,409
Prepayments	9,614	17,806
	<u>140,040</u>	<u>109,058</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1997**

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Year ended 31 March 1997 £	Thirteen and a half months ended 31 March 1996 £
Trade creditors	36,984	106,766
Loans (note 12)	144,000	192,000
Taxation and social security	201,742	254,795
Accruals	79,958	47,643
	<u>462,684</u>	<u>601,204</u>

**11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Year ended 31 March 1997 £	Thirteen and a half months ended 31 March 1996 £
Loans (note 12)	<u>-</u>	<u>108,000</u>


**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1997**
**12. BORROWINGS**

	Year ended 31 March 1997 £	Thirteen and a half months ended 31 March 1996 £
Mid Glamorgan County Council	144,000	180,000
Mid Glamorgan TEC	-	120,000
	<u>144,000</u>	<u>300,000</u>
Due within one year	144,000	192,000
Due after more than one year	-	108,000
	<u>144,000</u>	<u>300,000</u>
<b>Analysis of repayments:</b>		
Within one year	144,000	192,000
Between one and two years	-	36,000
Between two and five years	-	72,000
	<u>144,000</u>	<u>300,000</u>

The company received loans on incorporation from Mid Glamorgan County Council and Mid Glamorgan Training and Enterprise Council Limited for £180,000 each to provide working capital. The County Council loan was repayable over five years with interest calculated at 8.5% per annum on the balance of the principal sum which remains unpaid at each of the repayment dates. The loan from Mid Glamorgan Training and Enterprise Council Limited was repayable over two years with interest charged at Barclays Bank base rate plus 1%.

The Mid Glamorgan Training and Enterprise Council Limited loan was settled before the balance sheet date. The Mid Glamorgan County Council loan was settled early in full after the year end.

**13. PROVISION FOR LIABILITIES AND CHARGES**

	Year ended 31 March 1997 £	Thirteen and a half months ended 31 March 1996 £
Pension provision	<u>21,783</u>	<u>29,043</u>

The provision is a SSAP24 provision in respect of the underfunding of the Mid Glamorgan County Council Superannuation Fund.





**NOTES TO THE ACCOUNTS**

**Year ended 31 March 1997**

**14. CALLED UP SHARE CAPITAL**

The company does not have a share capital, being limited by guarantee to the extent of £1 per member. The maximum number of members, being the actual number of members at 31 March 1997, was 2.

**15. OPERATING LEASE COMMITMENTS**

The company is committed to making payments under operating leases over the next twelve months on leases which expire:

	Land and buildings 1997 £	Plant and machinery 1997 £
Within one year	-	887
Within two to five years	90,713	5,113

**16. CAPITAL COMMITMENTS**

	Year ended 31 March 1997 £	Thirteen and a half months ended 31 March 1996 £
Contracted for but not provided	-	28,500

**17. PENSIONS**

Mid Glamorgan Careers Limited contributes to a defined benefit scheme, being the Mid Glamorgan County Council Superannuation Fund ("the Fund"). The latest published valuation of the Fund was made as at 31 March 1995. Contributions to the Fund have been determined by an independent, qualified actuary using the projected unit method, which is consistent with SSAP 24 "Accounting for Pension Costs".

The assumptions in the 31 March 1995 valuation which have the most significant effect on the results of the valuation are those relating to the differences between the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the rate of return on investments would be 9% per annum, that the general level of salaries would increase at the rate of 5.5% per annum, and that the present and future pensions would increase at the rate of 4.5% per annum.

The market value of the Fund's assets as at 31 March 1995 was £509.3m and was sufficient to cover 76% of the Fund's liabilities, allowing for future pay increases. Because of the nature of the Fund, it is not practical to provide details of the value of Mid Glamorgan Careers Limited notional assets under the Fund as at 31 March 1997.

The pension cost for the year is £160,381, representing 185% of the contributions payable by the members.