

**REGISTRAR
OF
COMPANIES**

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

Report and Financial Statements

31 March 2001

**Deloitte & Touche
Blenheim House
Fitzalan Court
Newport Road
Cardiff CF24 0TS**



REPORT AND FINANCIAL STATEMENTS 2001

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REPORT AND FINANCIAL STATEMENTS 2001

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

L J Rees	(audit committee member)
A Williams	(audit committee member)
J R Cocks	(chairman)
J A R Cornwall	(resigned 24 October 2000)
J A Jones	(chairman of audit committee)
H O Thomas	(audit committee member)
C P Burns	(resigned 19 December 2000)
D Morgan	
T Williams	
G Morgan	(audit committee member)
D Buttle	(resigned 5 September 2000)
E L Hancock	
C J C Michaelides	(appointed 24 October 2000)

SECRETARY

Filbuk (Secretaries) Ltd

REGISTERED OFFICE

Fitzalan House
Fitzalan Court
Newport Road
Cardiff
CF2 1XZ

BANKERS

Nat West Bank plc

SOLICITORS

Eversheds

AUDITORS

Deloitte & Touche

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2001.

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 complementary services to parents, educational institutions, employers and training providers. The Company is also engaged in non core work, e.g. adult guidance and organisation of Work Experience for school pupils aged 15-18 and Youth Gateway.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The results for the year are shown on page 8. The surplus retained will be used to provide sufficient working capital to ensure that the company is self supporting. The minimum working capital requirement is estimated to be approximately 10% of anticipated income for the forthcoming year. The remainder is held in a premises reserve and the income and expenditure account. The company intends to continue using the extra surplus in projects aimed at enhancing the delivery of services.

None of the surplus or reserves of the company can be paid by way of dividends or other distribution.

From April 2001 the portfolio of services will expand to take account of the establishment of Careers Wales and the establishment of an all age guidance service and contractual responsibility for the delivery of a wide range of Education Business Links.

The Company will also receive over the next two years Objective 1 European funding to enhance a range of services linked to the theme of employability and lifelong learning.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee meets as appropriate 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 the auditors.

DIRECTORS

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

DIRECTORS LIABILITY INSURANCE

During the year the Company has purchased insurance for directors to cover loss arising from claims for wrongful acts in their capacity as directors of the Company.

DIRECTORS' REPORT (continued)

LIMITED BY GUARANTEE

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

CORPORATE GOVERNANCE

It is the policy of the directors to manage the affairs of the Company in accordance with appropriate standards for good Corporate Governance.

The provisions are divided into 4 parts:

- Part A: Directors
- Part B: Directors Remuneration
- Part C: Relations with Members
- Part D: Accountability and Audit

Set out below is a statement of how the Company has applied the principles set out in the four parts.

Part A: Directors

Board of Directors

At 31 March 2001 the Company's Board of Directors was constituted with 5 members, namely, Bridgend County Borough Council, Rhondda Cynon Taff County Borough Council, Merthyr Tydfil County Borough Council, Caerphilly County Borough Council and the Training and Enterprise Council for South East Wales.

To reflect the establishment of Careers Wales and the wishes of the National Assembly for Wales, the Memorandum and Articles of Association of the Company have been revised post year end and the constitution of the Board of Directors has been amended appropriately. As a result of this change in the constitution of the Company, the Board of Directors are now the members of the Company.

All the Directors are non executive. The matters referred to the Board of Directors are as set out in their Terms of Reference and in the Company's Articles of Association.

The Board of Directors meets at least six times a year and has two committees, namely an Audit Committee and a Remuneration Committee.

Audit Committee

J A Jones (Chair)
A Williams
L J Rees
G Morgan
H O Thomas

The Audit Committee meets at least twice a year to review the work of the External and Internal Auditors. The Committee considers detailed reports with recommendations for improvement of the Company's systems of internal control, together with management's response and implementation plans. It reviews the Company's annual financial statements, together with the accounting policies.

DIRECTORS' REPORT (continued)

Remuneration Committee

L J Rees (Chair)
A Williams
D Morgan
T Williams

The Remuneration Committee determines the annual remuneration of the Chief Executive. It recommends the proposed pay award to staff to the full Board. It also gives advice and support on disciplinary and grievance procedures and personnel issues in general.

Part B: Directors Remuneration

The directors who serve on the Company's Board are not remunerated.

Part C: Relations with Members

The company maintains good communications with members. Senior figures of each member organisation are kept informed regularly of key activities/developments associated with the work of the Company.

Part D: Accountancy and Audit

Directors' Responsibilities

The Statement of Directors' Responsibilities in relation to Financial Statements is set out on page 6.

Auditors

Auditors' responsibilities are included as part of the report of the Auditors.

Auditors have a tenure of three years.

Going Concern

In causing the Financial Statements to be prepared, the Board of Directors has ensured that the Financial Statements are prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. On the basis of current financial projections and facilities available the Board is satisfied that the Company has adequate resources to continue its operation for the foreseeable future. For this reason the going concern basis continues to be accepted in the preparation of the financial statements.

Internal Financial Control

The system of internal financial control comprises those controls established in order to provide reasonable assurance of:

- a) Safeguarding of assets against unauthorised use or disposition.
- b) The maintenance of proper accounting records and the reliability of financial information used within the business or for publication. Whilst acknowledging the responsibility for the system of internal financial control, the Directors are aware that such a system cannot provide an absolute assurance against material mis-statement or loss.

DIRECTORS' REPORT (continued)

The key elements of the system are as follows:

- a) "The Financial Regulations" which establish policies and guidelines relating to the Company's financial affairs.
- b) Review process procedures, which enable records and procedures relating to the Company to be subject to an audit at any time by the National Assembly, internal and external auditors.
- c) Clearly defined organisation structures and limits on authority.
- d) Annual business plans for all activities, performance monitoring and regular reporting thereon to the Directors and the National Assembly.
- e) An internal auditor to review key business processes and controls, whose work is performed in accordance with the requirements of the National Assembly and the standards for internal audit promulgated by H.M. Treasury and having regard to the Government Internal Audit manual and the Auditing Guideline guide for Internal Auditors.

The Directors confirm that reviews of the effectiveness of the system of internal financial control were carried out during the year.

AUDITORS

Deloitte and Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



J R Cocks

Chairman

26/6/01

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.

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

We have audited the financial statements on pages 8 to 17 which have been prepared under the accounting policies set out on page 12.

Respective responsibilities of Directors and Auditors

As described on page 6 the Company's Directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2001 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche

Chartered Accountants and
Registered Auditors

Date 4 July 2001

INCOME AND EXPENDITURE ACCOUNT
Year ended 31 March 2001

	Note	2001 £	2000 £
Turnover – continuing operations	2	3,902,898	3,302,139
Administrative expenses		(3,881,109)	(3,216,659)
Operating surplus		21,789	85,480
Other interest receivable and similar income	4	48,499	35,815
Surplus on ordinary activities before taxation - continuing operations	5	70,288	121,295
Tax on surplus on ordinary activities	6	(9,700)	(7,163)
Surplus for the year transferred to reserves		60,588	114,132

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.

**COMBINED STATEMENT OF MOVEMENT ON RESERVES AND
RECONCILIATION OF MOVEMENT IN TOTAL FUNDS
Year ended 31 March 2001**

	Income & Expenditure Account £	Working Capital Reserve £	Premises reserve £	Total £
Balance at 1 April	100,797	525,000	150,000	775,797
Surplus for the year	10,588	-	50,000	60,588
Balance at 31 March	<u>111,385</u>	<u>525,000</u>	<u>200,000</u>	<u>836,385</u>

BALANCE SHEET
31 March 2001

	Note	2001 £	2000 £
FIXED ASSETS			
Tangible fixed assets	7	5,881	6,230
CURRENT ASSETS			
Debtors	8	145,682	263,668
Cash at bank and in hand		1,075,806	923,996
		1,221,488	1,187,664
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(390,984)	(418,097)
NET CURRENT ASSETS		830,504	769,567
TOTAL ASSETS LESS CURRENT LIABILITIES		836,385	775,797
CAPITAL AND RESERVES			
Called up share capital	10	-	-
Income and expenditure account		111,385	100,797
Working capital reserve		525,000	525,000
Premises reserve		200,000	150,000
		836,385	775,797

These financial statements were approved by the Board of Directors on 26 June 2001

Signed on behalf of the Board of Directors


J A Jones - Director

CASH FLOW STATEMENT
31 March 2001

	Note	2001	2000
		£	£
Net cash inflow / (outflow) from operating activities	14	113,179	(119,871)
Returns on investment and servicing of finance			
Interest received		48,499	35,815
Net cash inflow from return on investments and servicing of finance		48,499	35,815
Taxation			
UK Corporation tax paid		(7,163)	(9,164)
Tax paid		(7,163)	(9,164)
Capital expenditure and financial investment			
Payments to acquire of tangible fixed assets		(2,705)	(6,195)
Net cash outflow from capital expenditure and financial investment		(2,705)	(6,195)
Net cash inflow/(outflow) before financing		151,810	(99,415)
Financing		-	-
Net cash outflow from financing		-	-
Increase / (decrease) in cash	14	151,810	(99,415)

NOTES TO THE ACCOUNTS
Year ended 31 March 2001

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.

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 are used:

Equipment, fixtures and fittings - 25 - 33¹/₃ %

Leased assets

Rentals under operating leases are charged to profit and loss in equal annual amounts over the lease term.

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.

2. TURNOVER

Turnover comprises income from the provision of services.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

None of the Directors receive remuneration for their services to the Company.

	2001 £	2000 £
Employee costs during the year:		
Wages and salaries	2,374,450	2,049,035
Social security costs	168,784	163,943
Pension costs	250,172	208,679
	<u>2,793,406</u>	<u>2,421,657</u>
Average number of persons employed:	No.	No.
Management	7	7
Administration	5	4
Careers advice	113	105
	<u>125</u>	<u>116</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 2001

4. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2001 £	2000 £
Other interest receivable and similar income includes:		
Interest from bank accounts	48,499	35,815

5. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2001 £	2000 £
Surplus on ordinary activities before taxation is after charging:		
Auditors' remuneration	5,000	4,450
Rentals under operating leases:		
Plant and machinery	17,756	19,747
Land and buildings	114,892	88,693
Depreciation	3,054	4,468

6. TAX ON SURPLUS ON ORDINARY ACTIVITIES

	2001 £	2000 £
United Kingdom corporation tax at 20% (2000 – 21%) based on investment income received and accrued	9,700	7,163

NOTES TO THE ACCOUNTS **Year ended 31 March 2001**

7. FIXED ASSETS

	Equipment, fixtures and fittings £
Cost	
At 1 April 2000	28,018
Additions	2,705
	<hr/>
At 31 March 2001	30,723
	<hr/>
Accumulated depreciation	
At 1 April 2000	21,788
Charge for the year	3,054
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At 31 March 2001	24,842
	<hr/>
Net book value	
At 31 March 2001	5,881
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At 31 March 2000	6,230
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8. DEBTORS

	2001 £	2000 £
Trade debtors	-	104,809
Other debtors	34,059	144,010
Prepayments	21,617	-
Accrued income	90,006	14,849
	<hr/>	<hr/>
	145,682	263,668
	<hr/>	<hr/>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Trade creditors	4,177	47,531
Other creditors including taxation and social security	297,333	309,958
Accruals	60,167	60,608
Deferred income	29,307	-
	<hr/>	<hr/>
	390,984	418,097
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NOTES TO THE ACCOUNTS

Year ended 31 March 2001

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (CONTINUED)

	2001 £	2000 £
Other creditors including taxation and social security includes:		
Corporation tax	9,700	7,163
Taxation and social security	194,794	211,382
Other creditors	92,839	91,413
	<u>297,333</u>	<u>309,958</u>

10. 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 2001, was 5.

11. 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 £	Plant and Machinery £
Within one year	-	1,614
Within two to five years	126,210	16,142
After five years	31,350	-
	<u>157,560</u>	<u>17,756</u>

12. PENSIONS

Mid Glamorgan Careers Limited contributes to a defined benefit scheme, being the Rhondda Cynon Taff County Borough Council Pension Fund ("the Fund"). The latest published valuation of the Fund was made as at 31 March 1999. 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 1999 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 7.5% per annum, that the general level of salaries would increase at the rate of 5.25% per annum, and that the present and future pensions would increase at the rate of 3.5% per annum.

The market value of the Fund's assets as at 31 March 1999 was £770.4m and was sufficient to cover 79% of the Fund's liabilities, allowing for future pay increases. Because of the nature of the Fund, it is not appropriate to provide details of the value of Mid Glamorgan Careers Limited notional assets under the Fund as at 31 March 2001.

The pension cost for the year is £250,171, representing 200% of the contributions payable by the members.

NOTES TO THE ACCOUNTS
Year ended 31 March 2001

13. RELATED PARTY TRANSACTIONS

The company entered into the following transactions with organisations in which directors of the company have an interest:

- a) Income of £319,082 (2000:£ 645,577) was received from TEC S E Wales for the provision of work experience placements, adult guidance, youth start anchor project. Mr D Morgan was employed by TEC S E Wales during the year as a Director of Operations. Mr J R Cocks was a director of TEC S E Wales during the year. At 31 March 2001 £33,186 (2000: £141,882) was owed to the company by TEC S E Wales.
- b) Councillor E L Hancock represented Rhondda Cynon Taff County Borough Council during the year. The company paid Rhondda Cynon Taff County Borough Council £13,300 (2000:£13,608) for the provision of office accommodation in Rhondda and Taff Ely during the year.
- c) Councillor D Buttle represented Bridgend County Borough Council during the year. The company used County Borough Supplies (run by Bridgend County Borough Council) as a general supplier to the amount of £ 33,364 (2000:£ 14,180) during the year. At 31 March 2001 the Company owed County Borough Supplies £13 (2000:£2,974).
- d) Payments of £2,461 (2000:£2,391) were made to Caerphilly County Borough Council for the provision of cleaning services at the Caerphilly office. C P Burns was employed by Caerphilly County Borough Council as Head of Economic Development. C P Burns resigned from the Board of Directors on 19 December 2000.
- e) The company's banker is Nat West Bank plc. Mr G Morgan joined the Board on 1 April 2000 and is also employed by Nat West Bank plc as a regional manager.

Other related party transactions which are not considered sufficiently material to require disclosure in the financial statements are recorded in the Company's register of interests of directors and employees. The register can be inspected by prior arrangement with the Chief Executive during normal office hours.

14(a) RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2001 £	2000 £
Operating profit	21,789	85,480
Depreciation charge for the year	3,054	4,468
Decrease/(increase) in debtors	117,986	(163,294)
Decrease in creditors	(29,650)	(39,264)
Decrease in pension provision	-	(7,261)
	<hr/>	<hr/>
Net cash inflow / (outflow) from operating activities	<u>113,179</u>	<u>(119,871)</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 2001

14(b) ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2000 £	Cash flows £	Other non cash changes £	At 31 March 2001 £
Cash at bank	<u>923,996</u>	<u>151,810</u>	<u>-</u>	<u>1,075,806</u>