



REGISTRAR OF COMPANIES

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

Report and Financial Statements

31 March 1996

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





REPORT AND FINANCIAL STATEMENTS 1996

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REPORT AND FINANCIAL STATEMENTS 1996

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

K P Davies	(appointed 17 February 1995 - resigned 13 May 1996)
E Emmanuel	(appointed 17 February 1995 - resigned 13 May 1996)
L J Rees	(appointed 17 February 1995) (audit committee member)
A Williams	(appointed 17 February 1995) (audit committee member)
J R Cocks	(appointed 17 February 1995)
R Jenkins	(appointed 17 February 1995)
J A R Cornwall	(appointed 17 February 1995)
J A Jones	(appointed 17 February 1995) (chairman of audit committee)
D J E Morgan	(appointed 12 October 1995)
C Chapman	(appointed 6 May 1996)
H O Thomas	(appointed 18 June 1996)

SECRETARY

Filbuk (Secretaries) Ltd

REGISTERED OFFICE

11 Centre Court
Treforest Industrial Estate
Pontypridd
CF37 5YR

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 period from 20 February 1995 to 31 March 1996.

INCORPORATION

The Company was incorporated on 20 February 1995 as a company limited by guarantee. The guarantee is given jointly by Mid Glamorgan TEC and Mid Glamorgan County Council.

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 5. 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 once the Local Authority and TEC loans have been repaid. This requirement is estimated to be approximately £300,000. None of the income and surplus of the company can be paid by way of dividends or other distribution.

WORKING PRACTICES

It is the intention of the company to develop working practices which will comply with the recommendations of the Cadbury Report.

AUDIT COMMITTEE

The audit committee meets at least twice a year to review half yearly and annual financial statements. The committee also has specific responsibilities for internal control procedures, audit reports and the awarding of major contracts.

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

Touche Ross and Co. were appointed as auditors to the company during the year.

On 1 February 1996 Touche Ross & Co. changed the name under which they practise to Deloitte & Touche and, accordingly, have signed their report in their new name.

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



Roy Jenkins
Chairman

Date 23.7.1996



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

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Fitzalan Court
Newport Road
Cardiff CF2 1TS

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

We have audited the financial statements on pages 5 to 13 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 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 1996 and of its surplus for the period from 20 February 1995 to 31 March 1996 and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and
Registered Auditors

Date 20 August 1996


INCOME AND EXPENDITURE ACCOUNT
Thirteen and a half months ended 31 March 1996

	Note	1996 £
Turnover - continuing operations	2	2,737,231
Administrative expenses		<u>(2,498,344)</u>
Operating surplus		238,887
Other interest receivable and similar income	4	23,791
Interest payable and similar charges	5	<u>(27,518)</u>
Surplus on ordinary activities before taxation - continuing operations	6	235,160
Tax on surplus on ordinary activities	7	<u>(82,000)</u>
Surplus for the year transferred to reserves		<u><u>153,160</u></u>

**STATEMENT OF MOVEMENT ON
RESERVES**

Balance on incorporation	-
Surplus for the year	<u>153,160</u>
Balance at 31 March 1996	<u><u>153,160</u></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 1996

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

These financial statements were approved by the Board of Directors on 23 July 1996
Signed on behalf of the Board of Directors

Allen Williams - Director



NOTES TO THE ACCOUNTS

Thirteen and a half months ended 31 March 1996

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 difference, 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
Thirteen and a half months ended 31 March 1996
3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

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

	Thirteen and a half months ended 31 March 1996 £
Employee costs during the year:	
Wages and salaries	1,497,687
Social security costs	113,992
Pension costs	153,513
	<hr/> 1,765,192 <hr/>
Average number of persons employed:	No.
Management	7
Administration	3
Careers advice	88
	<hr/> 88 <hr/>

4. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	Thirteen and a half months ended 31 March 1996 £
Other interest receivable and similar income includes:	
Interest from bank accounts	20,331
Other interest	3,460
	<hr/> 23,791 <hr/>

**NOTES TO THE ACCOUNTS****Thirteen and a half months ended 31 March 1996****5. INTEREST PAYABLE AND SIMILAR CHARGES**

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

6. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	Thirteen and a half months ended 31 March 1996 £
Surplus on ordinary activities before taxation is after charging:	
Auditors' remuneration	3,850
Rentals under operating leases:	
Plant and machinery	6,500
Other	41,900

7. TAX ON SURPLUS ON ORDINARY ACTIVITIES

	Thirteen and a half months ended 31 March 1996 £
United Kingdom corporation tax at 33% based on the surplus for the year	82,000


NOTES TO THE ACCOUNTS
Thirteen and a half months ended 31 March 1996
8. FIXED ASSETS

	Equipment, fixtures and fittings £	Total £
Cost and net book value		
Additions	12,679	12,679
At 31 March 1996	12,679	12,679

9. DEBTORS

	Thirteen and a half months ended 31 March 1996 £
Trade debtors	76,843
Other debtors	14,409
Prepayments	17,806
	109,058

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Thirteen and a half months ended 31 March 1996 £
Loans (note 12)	192,000
Other creditors	106,766
Taxation and social security	254,795
Accruals	47,643
	601,204


NOTES TO THE ACCOUNTS
Thirteen and a half months ended 31 March 1996
11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR
**Thirteen
and a half
months
ended 31
March
1996
£**

Loans (note 12)

108,000

12. BORROWINGS
**Thirteen
and a half
months
ended 31
March
1996
£**

Mid Glamorgan County Council

180,000

Mid Glamorgan TEC

120,000

300,000

Due within one year

192,000

Due after more than one year

108,000

300,000

Analysis of repayments:

Within one year

192,000

Between one and two years

36,000

Between two and five years

72,000

300,000

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 is 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 is repayable over two years with interest charged at Barclays Bank base rate plus 1%.

Both loans are unsecured.



NOTES TO THE ACCOUNTS

Thirteen and a half months ended 31 March 1996

13. PROVISION FOR LIABILITIES AND CHARGES

**Thirteen
and a half
months
ended 31
March
1996
£**

Pension provision

29,043

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

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 1996, 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 1996 £	Other 1996 £
Within two to five years	<u>50,600</u>	<u>7,200</u>

16. CAPITAL COMMITMENTS

**Thirteen
and a half
months
ended 31
March
1996
£**

Contracted for but not provided

28,500

**NOTES TO THE ACCOUNTS****Thirteen and a half months ended 31 March 1996****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 1992. A valuation at 31 March 1995 is in the course of preparation and contributions are being made on the basis of the preliminary advice arising from that valuation. 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 1992 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 1992 was £395.8m and was sufficient to cover 84% 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 20 February 1995 or 31 March 1996.

The pension cost for the year is £153,513, representing 185% of the contributions payable by the members.