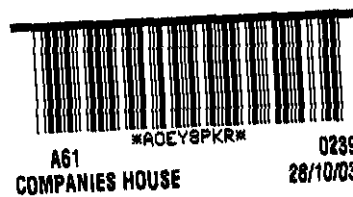


The Manchester Chamber of Commerce and Industry

Annual Report

Year ended 31 March 2003



Contents

	Page
Company information	1
Report of the directors	2
Independent auditors' report to the members	5
Income and expenditure account	6
Balance sheet	7
Cash flow statement	8
Notes to the financial statements	9

Company Information

Directors

Honorary officers

Mr A K Ruia OBE LLB ACA JP, President
Mr G Yeung, Vice President
Mr J Early, Vice President (appointed 24 October 2002)
Mr F A P Martin CEng FIEE FIMgt FMS, Honorary Treasurer
Ms F Goodey CBE DL, Immediate Past President

Elected and Co-opted Directors

Professor J Arnold MSc MA(Econ) FCA
Mr J S Buckley MBIAT FFB MIMgt ACIOB
Mr C F Carter ACMA
Mr W Doherty ACIB
Mr A Gerrard (appointed 8 November 2002)
Mr P Heginbotham LLB
Mr J C McGuire FCIB
Mr A Mullington
Mrs A Robinson
Mrs B L Smith (appointed 21 March 2003)
Mr J G Thomas (resigned 6 December 2002)
Sir David Trippier RD JP DL
Mr G Villalon (appointed 17 March 2003)
Mr E Viner BA (resigned 1 December 2002)
Mr J P Wainwright MA FRICS
Mr A G Whitehead FCA (resigned 8 November 2002)
Mr J C W Williams BA MBA

Secretary

Miss J Rowe BA ACCA

Registered office

56 Oxford Street
Manchester M60 7HJ

Registered number

26926

Auditors

RSM Robson Rhodes LLP
Chartered Accountants
Colwyn Chambers
19 York Street
Manchester M2 3BA

Bankers

National Westminster Bank plc
115 Deansgate
Manchester M3 2NW

Report of the Directors

The directors present their report and the Chamber's audited financial statements for the year ended 31 March 2003.

Principal activities

The Chamber is a company limited by guarantee and its main activities are that of a business representation body and the delivery of business services. The Chamber has the prime representational and lobbying role on behalf of the business community in Manchester, Salford, Trafford and Tameside.

Business services are delivered to Chamber members through Chamber Business Enterprises Limited, a joint venture company owned by the Chamber and Manchester Enterprises.

Business review and future developments

The Chamber continues to grow and strengthen its position as a key business representation organisation for Manchester, Salford, Trafford and Tameside. The Board of Directors have produced a strategic plan for 2003-2008, outlining the company plans for growth.

A proposed merger with Wigan Chamber of Commerce is expected to be completed in the autumn of 2003, which should result in a membership of over four thousand. Discussions relating to a closer alliance with Stockport Chamber are also underway.

Chamber Business Enterprises Limited has had its third successful year of trading offering all Chamber services to members alongside additional publicly funded activity including the Small Business Service contract for Business Link Services.

The Chamber is the strategic representative of the private sector in Manchester Enterprises (the economic development body for the city pride area). In addition, the Chamber is actively involved with the public and private agencies locally, regionally, nationally and internationally.

Results

The financial statements show a surplus for the year after taxation of £54,404 resulting in reserves carried forward of £670,364.

Presentation of results

In addition to the Company results and balance sheet required by UK GAAP, the directors have also presented the income and expenditure account and balance sheet on a proforma basis. The proforma income and expenditure account shows the Chamber's 50% share of the results of Chamber Business Enterprises Limited, while the proforma balance sheet shows the effect of including the Company's share of the joint venture's results and net assets.

Directors

The names of directors who served during the year are shown on page 1.

Report of the Directors (continued)

Corporate Governance

Manchester Chamber of Commerce and Industry is committed to best practice in all aspects of corporate governance. The summary below describes the manner in which the company has applied the principles of the Combined Code on Corporate Governance appended to the Listing Rules of the Financial Services Authority insofar as they relate to a private company limited by guarantee.

The Board of Directors

The Board has four meetings per annum and meets bi-annually to review board development and strategy. It currently comprises nineteen non-executive directors including the President, two Vice Presidents, the Immediate Past President, the Honorary Treasurer and one executive director. The directors are nominated by the Council and are representatives of members. The directors bring to the Board a wide range of experience and skills and participate fully in strategic decisions facing the company.

During the year a full review of directors' interests took place in which all potential conflicts of interests were considered. Based on that review, all current non-executive directors are independent of management and free of any relationship that could materially interfere with the exercise of their independent judgement.

The duties of the Board are set out in the director's handbook, but they are predominantly approval of the *Chambers Corporate Plan and Annual Budget, together with monitoring monthly performance against budget*. Directors are fully briefed in advance of Board meetings on all matters to be discussed and receive regular reports on the company's operating and financial position. The terms of reference provide that where necessary the directors may seek independent professional advice at the company's expense.

Owing to the early achievement of many aspects of the previous Strategic Plan (2001-4), the decision was taken to develop a completely revised Strategic Plan. A two-day Board workshop took place on 16 and 17 October 2002. The purpose of the workshop was to begin to develop a new Strategic Plan for the period 2003-8.

The workshop identified five strategic priorities:

- Staff & Board
- Chambers
- Brand & Image
- Political Bodies
- Members

Each board member was engaged in a sub-group tackling one of the five priorities, culminating in the detailed vision chapters which make up the Strategic Plan. In terms of ongoing review, Board away-days will take place yearly in April and October, the latter focusing specifically on updating and renewing the Strategic Plan for future years on a five-year rolling basis. Agreed actions are set out on a quarterly basis for 2003/4 and yearly for subsequent years.

The Board has established an audit committee which operates within defined terms of reference and the minutes of the meetings are circulated to the Board.

Audit Committee

The audit committee comprises five non-executive directors appointed from the Board, including the Honorary Treasurer and the Vice President. The committee met twice in the year to assist the Board in discharging its *duties on monitoring the effectiveness of the company's accounting and internal controls*. It reviews the scope and results of external audit, its cost effectiveness and the objectivity of the auditors and meets regularly with them, reporting directly to the Board. It also reviews all accreditation arrangements.

Council

The Council consists of the board of directors together with the Committee Chairs of both local area groups and *issue based committees, twenty-one elected members, six co-opted and the President of Manchester Junior Chamber of Commerce*. The Council is a source and a sounding board to shape and influence Manchester Chamber policy on the needs of industry and commerce in the Manchester area.

Report of the Directors (continued)

Statement of directors' responsibilities in respect of the accounts

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Chamber 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 Chamber and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Chamber and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Annual Report is available on the Chamber's website. The maintenance and integrity of the Chamber's website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the information contained in the financial statements since they were initially presented on the website.


Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Auditors

On 3 May 2003, RSM Robson Rhodes, the Chamber's auditors, transferred substantially the whole of their business to RSM Robson Rhodes LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors have appointed RSM Robson Rhodes LLP to fill the casual vacancy arising, and propose a resolution to re-appoint RSM Robson Rhodes LLP as auditors to the company at the forthcoming Annual General Meeting.

Approval

The report of the directors was approved by the Board on 8th August 2003 and signed on its behalf by:



Mr F A P Martin CEng FIEE FIMgt FMS
Honorary Treasurer

Independent Auditors' Report to the Members of The Manchester Chamber of Commerce and Industry

We have audited the financial statements on pages 6 to 18.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards. 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 Companies Act 1985. 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 with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit 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 affairs of the company as at 31 March 2003 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



RSM Robson Rhodes LLP
Chartered Accountants and Registered Auditors

Manchester, England
8th August 2003

Income and Expenditure Account

for the year ended 31 March 2003

	Note	Proforma 2003 £	2003 £	Proforma 2002 £	2002 £
Operating income: continuing operations		6,904,607	713,348	6,350,474	588,443
Operating expenditure					
- staff costs	4	1,908,793	362,116	1,756,851	295,570
- depreciation		15,825	113	15,890	-
- other operating charges		4,845,818	374,401	4,254,463	299,596
		6,770,436	736,630	6,027,204	595,166
Operating surplus/(deficit): continuing operations	2	134,171	(23,282)	323,270	(6,723)
Income from participating interests		-	62,474	-	173,826
Net interest receivable	5	10,624	14,976	23,782	11,308
Surplus on ordinary activities before taxation		144,795	54,168	347,052	178,411
Taxation on surplus on ordinary activities	6	19,848	(236)	(601)	643
Surplus for the financial year		124,947	54,404	347,653	177,768
Retained reserves at the start of the period			615,960		438,192
Retained reserves at the end of the period			670,364		615,960

The proforma figures represent the Chamber's 50% share of the results of Chamber Business Enterprises Limited.

There were no recognised gains or losses other than the results reported above.

There were no movements in members' funds other than the results reported above.

Balance Sheet

at 31 March 2003

	Note	Proforma 2003 £	2003 £	Proforma 2002 £	2002 £
Fixed assets					
Tangible assets	7	1,237	1,237	-	-
Investments	8				
Participating Interests			1		1
Joint Venture:					
Share of gross assets		2,562,909	-	1,883,247	-
Share of gross liabilities		(2,071,587)	-	(1,591,898)	-
		<u>492,559</u>	<u>1,238</u>	<u>291,349</u>	<u>1</u>
Current assets					
Debtors	9	101,851	101,851	322,512	322,512
Cash at bank and in hand		687,213	687,213	540,541	540,541
		<u>789,064</u>	<u>789,064</u>	<u>863,053</u>	<u>863,053</u>
Creditors: Amounts falling due within one year	10	(119,938)	(119,938)	(247,094)	(247,094)
Net current assets		<u>669,126</u>	<u>669,126</u>	<u>615,959</u>	<u>615,959</u>
Net assets		<u>1,161,685</u>	<u>670,364</u>	<u>907,308</u>	<u>615,960</u>
Capital and reserves:					
Income and expenditure account			670,364		615,960

The proforma figures amalgamate results of the Company and its 50% interest in the joint venture as at 31 March 2003.

The financial statements were approved by the Board on 8th August 2003 and signed on its behalf by:



Mr A K Ruia
President

Cash Flow Statement

for the year ended 31 March 2003

	Note	2003 £	2002 £
Net cash (outflow)/inflow from operating activities	12	(39,873)	293,937
Dividends received from joint venture		173,826	117,521
Returns on investment and servicing of finance			
Interest received		14,476	11,308
Taxation			
UK Corporation tax paid		(407)	(36,245)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,350)	-
Management of liquid resources			
Purchase of liquid resources		(200,000)	-
(Decrease)/increase in cash	14	(53,328)	386,521

Notes to the Financial Statements

31 March 2003

1. Accounting Policies

Accounting convention

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

In preparing the financial statements for the current year, the Company has adopted the transitional arrangements of FRS 17 "Retirement Benefits" which does not need to be applied in full until the 2005 accounts. As in the previous years, expenses have been charged under SSAP 24, but additional disclosure are given as required by FRS 17 (see note 4).

Income

The principle source of income is from Chamber Business Enterprises Limited ("CBE") for membership subscriptions to fund the central unit costs and business costs incurred by the Company. The Company has a 50% interest in CBE. Amounts are invoiced and recognised as income as rechargeable costs are incurred.

Depreciation

Tangible fixed assets are depreciated on a straight line basis over the following periods:

Computer Equipment	-	3 years
--------------------	---	---------

When there is evidence of impairment, fixed assets are written down to recoverable amount.

Investments in joint ventures

The fixed asset investment is stated at cost less provision for impairment where necessary to reduce the book value to recoverable amount.

In addition to the information required by UK GAAP, the joint venture results and balance sheet are shown in the proforma accounts.

Taxation

Deferred tax is provided on timing differences that have arisen but not reversed by the balance sheet date, in accordance with FRS 19, where the timing differences result in an obligation to pay more tax, or a right to pay less tax in the future. Timing differences arising because of differences between the treatment of certain items for accounting and taxation purposes.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax is measured at the tax rate that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Pensions

The Chamber operates a defined benefit pension scheme, which requires contributions to be made to a separately administered fund. Contributions to the fund are charged to the income and expenditure account so as to spread the cost of pensions over the employees' working lives within the Chamber. The regular cost is attributed to individual years using the projected unit method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the expected remaining working lives of employees in proportion to their expected payroll costs.

Differences between the amounts funded and the amounts charged to the income and expenditure account are treated as either provisions or prepayments in the balance sheet.

Operating lease rentals

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Notes to the Financial Statements

31 March 2003

2. Operating Deficit

The operating deficit is arrived at after charging:

	2003 £	2002 £
Auditors' remuneration - audit work	4,900	4,900
- other	3,250	2,000
Depreciation of owned fixed assets	113	-
Operating lease rentals - land and buildings	14,563	12,869
- office equipment	2,600	2,600
	<u>25,426</u>	<u>22,369</u>

3. Directors' Remuneration

The aggregate directors' remuneration for the year ended 31 March 2003 was £89,877 (2002: £88,235). Contributions to the company pension scheme were made for one director in the year ended 31 March 2003 (2002: one).

4. Staff Costs

	2003 £	2002 £
Wages and salaries	315,236	255,655
Social security costs	24,367	21,159
Pension costs	22,513	18,756
	<u>362,116</u>	<u>295,570</u>

The average monthly number of administrative employees during the period was:

15	11
----	----

Externally funded staff – by third party

Aggregate payroll costs	15,671	12,981
Average number of employees	1	1

The costs in respect of one member of staff funded by a third party (Herbert Whitworth Scholarship Fund) are netted off the staff costs analysed above.

Notes to the Financial Statements

31 March 2003

4. Staff Costs (continued)

Pensions

The Company operates a deferred benefit scheme in the UK. Valuations of the pension scheme are performed by a qualified actuary using the projected unit method. The most recent formal actuarial review of the defined benefit pension scheme was at 1 July 2000. The market value of the scheme assets at that date was £1,098,000 and the level of funding was 125%. During the year ended 31 March 2003 the employers contribution rate was 10% of pensionable salary.

The main actuarial assumptions used in the valuation were:

Investment returns	8% p.a.
Salary increases	6% p.a.
Future pension increases	5% p.a.

The disclosures above are given on the basis of Statement of Standard Accounting Practise 24. SSAP 24 is going to be replaced by Financial Reporting Standard 17. The additional disclosures, which follow, are given in preparation for FRS 17 being adopted. They are based on a full actuarial review at 1 July 2000 and updated to 31 March 2003 by a qualified independent actuary using the projected unit method. The disclosures relate only to the defined benefit scheme and omit certain comparative figures in accordance with the transitional rules of FRS 17.

Supplementary pension disclosure under FRS 17

a) Contributions

The defined benefit scheme employer contributions for the year ended 31 March 2003 were £22,513 (2002: £18,756) and the employers rate has been fixed at 9% of pensionable salaries thereafter, subject to future actuarial valuations.

b) FRS 17 balance sheet information

	2003 £	Long term expected rate of return 2003	2002 £	Long term expected rate of return 2002
			£	
Equities	423,000	7.25%	[555,000]	7.25%
Bonds (including Gilts)	35,000	5.75%	45,000	5.75%
Property	76,000	7.25%	[75,000]	7.25%
Cash	20,000	4.00%	25,000	4.00%
	<hr/>		<hr/>	
Total market value of assets	554,000		700,000	
	<hr/>		<hr/>	
Present value of scheme liabilities	(1,272,000)		(970,000)	
	<hr/>		<hr/>	
Deficit in the scheme	(718,000)		(270,000)	
	<hr/>		<hr/>	
Net pension liability	(718,000)		(270,000)	
	<hr/>		<hr/>	

Notes to the Financial Statements

31 March 2003

4. Staff Costs (continued)

c) Assumptions

The major assumptions used by the actuary in assessing scheme liabilities on a FRS 17 basis were:

	2003	2002
Rate of increase of salary	4.10%	4.25%
Pension escalation payments	2.60%	2.75%
Rates of increase in inflation linked deferred pensions	5.00%	5.00%
Discount rate	5.40%	6.00%
Inflation assumptions	2.60%	2.75%

d) Net assets and profit and loss reserve

If the company's pension scheme deficit had been recognised in the financial statements, the company's net assets and income and expenditure reserve would be follows:

	2003 £	2002 £
Net assets		
Net assets as reported on SSAP 24 basis	670,364	615,960
FRS 17 pension deficit	(718,000)	(270,000)
	<hr/>	<hr/>
Net (liabilities)/assets on FRS 17 basis	(47,636)	345,960
	<hr/>	<hr/>

	2003 £	2002 £
Income and expenditure reserve		
Income and expenditure reserve	670,364	615,960
FRS 17 pension deficit	(718,000)	(270,000)
	<hr/>	<hr/>
Income and expenditure reserve on FRS 17 basis	(47,636)	345,960
	<hr/>	<hr/>

e) Analysis of the amount that would have been charged to operating deficit

	2003 £
Current service cost	19,000
	<hr/>
Total operating charge	19,000
	<hr/>

Notes to the Financial Statements

31 March 2003

4. Staff Costs (continued)

f) Analysis of the amount that would have been credited to other finance income

	2003 £
Expected return on pension scheme assets	48,000
Interest on pension scheme liabilities	(57,000)
	<hr/>
Net return	(9,000)
	<hr/>

g) Analysis of amount that would have been recognised in Statement of Total Recognised Gains and Losses (STRGL)

	2003 £
Actual return less expected return on pension scheme assets	(152,000)
Experience gains and losses arising on the scheme liabilities	(77,000)
Changes in assumptions underlying the present value of the scheme liabilities	(212,000)
	<hr/>
Actuarial loss recognised in the STRGL	(441,000)
	<hr/>

h) Movement in pension scheme surplus during the year

	2003 £
Deficit in scheme at beginning of the year	(270,000)
Movement in the year:	
Current service cost	(19,000)
Contributions	21,000
Other finance income	(9,000)
Actuarial loss	(441,000)
	<hr/>
Deficit in scheme at end of the year	(718,000)
	<hr/>

i) History of experience gain and losses

	2003
Difference between the expected and actual return on scheme assets	
Amount (£)	(152,000)
% of scheme assets	(27.4%)
Experience gains and losses on scheme liabilities	
Amount (£)	(77,000)
% of present value of scheme liabilities	(6.1%)
Total amount recognised in statement of total recognised gains and losses	
Amount (£)	(441,000)
% of present value of scheme liabilities	(34.7%)

Notes to the Financial Statements

31 March 2003

5. Net Interest

	2003 £	2002 £
Interest receivable	14,976	11,308

6. Taxation

	2003 £	2002 £
Taxation charge for the year		
Corporation tax charge at 10% (2002: 10%)	-	643
Adjustment in respect of prior year	(236)	-
	<u>(236)</u>	<u>643</u>
Tax on profit on ordinary activities	(236)	643
Current tax reconciliation		
	2003 £	2002 £
Profit on ordinary activities before taxation	54,168	178,411
Theoretical tax at UK corporation tax rate 10%	5,417	17,841
Effects of:		
Income not taxable	(6,247)	(17,383)
Expenditure not tax deductible	1,387	808
Movement on deferred tax not provided	(557)	(623)
Adjustment in respect of prior year	(236)	-
	<u>(236)</u>	<u>643</u>
Actual current taxation charge	(236)	643

The Chamber has a deferred tax asset of £8,487 (2002 : £9,700) carried forward, in respect of accelerated capital allowances and the timing differences, which has not been recognised in the accounts.

Notes to the Financial Statements

31 March 2003

7. Tangible Fixed Assets

	Computer Equipment £
Cost	
At 1 April 2002	-
Additions	1,350
	<hr/>
At 31 March 2003	1,350
	<hr/>
Depreciation	
At 1 April 2002	-
Charge in the year	113
	<hr/>
31 March 2003	113
	<hr/>
Net Book Value	
31 March 2003	1,237
	<hr/>
31 March 2002	-
	<hr/>

8. Investments

	Joint Venture Undertakings £
At 31 March 2003 and 1 April 2002	1
	<hr/>

The company has 50% of the ordinary share capital of Chamber Business Enterprises Limited, a joint venture company with Manchester Enterprises Limited. Chamber Business Enterprises is incorporated in England and Wales. The Company's share of the results for the year can be found on the proforma income and expenditure account. The Company's share of the shareholders' funds as at 31 March 2003 is £491,322 (2002 : £291,349).

9. Debtors

	2003 £	2002 £
Trade debtors	15,638	87,217
Other debtors	62,474	173,826
Accrued income	500	-
Prepayments	23,239	61,469
	<hr/>	<hr/>
	101,851	322,512
	<hr/>	<hr/>

Included within trade debtors is £Nil (2002: £80,442) due from Chamber Business Enterprises Limited.

Notes to the Financial Statements

31 March 2003

10. Creditors: Amounts Falling Due Within One Year

	2003 £	2002 £
Trade creditors	27,183	105,077
Corporation tax	-	643
Other taxes and social security	23,449	19,204
Other creditors	1	4,576
Accruals	69,305	114,661
Deferred subscription and other income	-	2,933
	<u>119,938</u>	<u>247,094</u>

Included within trade creditors is £2,144 (2002 : £34,687) due to Chamber Business Enterprises Limited.

11. Financial Commitments

Operating Lease Commitments

The annual commitments under operating leases are analysed according to the period in which lease expires, as follows:

	2003 £	2002 £
Property, leases expiring: after five years	<u>14,563</u>	<u>12,869</u>
	2003 £	2002 £
Office equipment leases expiring: two to five years	<u>2,600</u>	<u>2,600</u>

Capital Commitments

As at 31 March 2003, there were no amounts authorised but not provided in the accounts.

12. Reconciliation Of Operating Deficit To Net Cash Outflow From Operating Activities

	2003 £	2002 £
Operating deficit	(23,282)	(6,723)
Depreciation	113	-
Decrease in debtors	109,809	312,019
Decrease in creditors	(126,513)	(11,359)
	<u>(39,873)</u>	<u>293,937</u>
Net cash (outflow)/inflow from operating activities		

Notes to the Financial Statements

31 March 2003

13. Reconciliation of Net Cash Flow to Movement in Net Funds

	2003 £	2002 £
(Decrease)/increase in cash	(53,328)	386,521
Increase in liquid resources	200,000	-
	<hr/>	<hr/>
	146,672	386,521
Net funds at 31 March 2002	540,541	154,020
	<hr/>	<hr/>
Net funds at 31 March 2003	687,213	540,541
	<hr/>	<hr/>

14. Analysis Of Net Funds

	2002 £	Cash flow £	2003 £
Cash at bank and in hand	540,541	(53,328)	487,213
Liquid resources	-	200,000	200,000
	<hr/>	<hr/>	<hr/>
Net funds	540,541	146,672	687,213
	<hr/>	<hr/>	<hr/>

Liquid resources comprise short-term deposits with banks which mature within 12 months of the date of inception. They are included within cash at bank and in hand on the balance sheet.

15. Company Status

The Company is incorporated under the Companies Act 1985 as a company limited by guarantee and not having any share capital. In the event of a winding up each member undertakes to contribute such an amount as may be required (not exceeding £2) to the Company's assets if it should be wound up while he is a member, or within one year after he ceases to be a member, for payment of the Company's debts and liabilities contracted before he ceased to be a member and of the costs, charges and expenses of winding up and for the adjustment of the rights of the contributions among themselves.

Notes to the Financial Statements

31 March 2003

16. Related Party Transactions

The following related party transactions have occurred between the Chamber and its joint venture, Chamber Business Enterprises Limited.

Included within income for the year is £610,633 (2002: £488,583) which relates to Chamber Business Enterprises Limited. The income has been derived from premises and services charges.

Included within other operating charges for the year is £8,000 (2002: £8,000) which relates to Chamber Business Enterprises Limited. The operating charges occurred due to service charges.

During the year there were net recharges from Manchester Chamber of Commerce and Industry to Chamber Business Enterprises Limited of £68,839 (2002: £14,946).

Other related party transactions were:

Body receiving income	Nature of Income	Amount £	Director/senior employee related to body receiving income
Marketing Manchester	Events	17,309	Mr John McGuire Mrs Angela Robinson
Manchester Enterprises	Services Recharges	20,735 20,766	Mr John McGuire Professor John Arnold Mr Peter Heginbotham
Manchester Chamber & Chamber Business Enterprises Staff Pension Scheme	Pensions	35,771	Mr Peter Heginbotham Mrs Angela Robinson Mr Chris Carter
North West Chambers Ltd	Subscriptions Events	4,141 329	Mrs Angela Robinson
Davis Blank Furniss	Professional Fees	2,159	Mr Peter Heginbotham
Manchester Business School	Consultancy Catering	5,662 592	Professor John Arnold

Refer also to Notes 9 and 10 for related party balances.