

EAST MERCIA CHAMBER OF COMMERCE AND INDUSTRY

(Limited by Guarantee)
COMPANY REGISTRATION No. 36148

Report of the Council and Accounts for the year ended 31st March 1999

COUNCIL MEMBERS AND ADVISERS

President:

J. TAMBERLIN

Vice-Presidents:

J. R. C. SAYERS

J. MURRAY

Council Members who have served:

D. S. FROST – *Chief Executive*

T. D. HUTCHINSON – *Financial Director*

Mrs. S. P. ARNOLD (Appointed 26th April 1999)

R. C. CRANE

J. R. C. SAYERS

J. D. BAKER, J.P., F.C.A.

R. F. CRUNDWELL

D. SCOTT (Appointed 17th July 1998)

Mrs. S. J. BLACK

B. F. LOWE

M. A. SWALLOW

M.D. BROWN (Appointed 26th April 1999)

A. S. MINIFIE

J. TAMBERLIN

D. L. CARVER

J. MURRAY

A. C. WEDGWOOD

R. W. CHATTAWAY (Appointed 14th December 1998,
Resigned 26th April 1999)

C. F. PRITCHARD

J. F. WOOLRIDGE, C.B.E. (Resigned 17th July 1998)

J. N. PUNCH

Advisers:

Auditors:

BDO STROY HAYWARD
Chartered Accountants
Walsall
WS1 1QX

Bankers:

MIDLAND BANK plc
The Bridge
Walsall
WS1 1LN

Solicitors:

HADENS
Leicester Buildings
Walsall
WS1 1EL

Solicitors:

OLDHAM RUST JOBSON
Queensville House
Stafford
ST17 4NL

Honorary Life Members:

Sir JAMES ACKERS

LEON JESSEL, M.B.E., J.P.

P. C. SABAPATHY

J. ANTILL, O.B.E.

W. JONES

P. E. SANKEY

J. ASPINALL

B. F. LOWE

J. R. C. SAYERS

J. D. BAKER, J.P., F.C.A.

T. I. C. MCKENZIE

W. A. STEPHENS, J.P.

D. L. CARVER

J. T. OXLEY

J. TAMBERLIN

G. T. DAVIES

R. M. PRUGGMAYER

S. W. P. WHEWAY

S. A. S. ECCLESTON, J.P.

J. N. PUNCH

Registered Office:

Chamber of Commerce House, Ward Street, Walsall WS1 2AG
Tel: 01922 721777 Fax: 01922 422322



EAST MERCIA CHAMBER OF COMMERCE AND INDUSTRY

(Limited by Guarantee)

Notice of Meeting

NOTICE IS HEREBY GIVEN that the one hundred and seventeenth Annual General Meeting will be held at Chamber of Commerce House, Ward Street, Walsall, on 29th July, 1999 at 12 noon precisely.

The Annual General Meeting will be followed by a Council Meeting for the election of Officers and other business, and this meeting will be open to all members.

Agenda

1. To receive apologies for absence.
2. To confirm the minutes of the Annual General Meeting held on 17th July, 1998.
3. To receive and adopt the Report and Accounts for the 12 months ended 31st March 1999.
4. To elect members of the Council.
To consider the re-election of the following members:
J. D. Baker
Mrs. S. J. Black
D. L. Carver
B. F. Lowe
Mrs. S. P. Arnold
M. D. Brown
D. Scott
M. A. Swallow
5. To elect Auditors and authorise the Council to fix their remuneration.
6. To transact any other business which may be transacted at an Annual General Meeting of the company.



T. D. Hutchinson

Secretary

Chamber of Commerce House
Ward Street
Walsall
WS1 2AG

EAST MERCIA CHAMBER OF COMMERCE AND INDUSTRY

(Limited by Guarantee)

Report of the Council

The Council submits its report and accounts for the year ended 31st March 1999.

Results

The deficit for the year, after taxation, amounted to £72,931 which has been deducted from reserves.

Review of operations

The company's principal activities during the year were to provide a service to members on any matter affecting trade and commerce, to disseminate information on export matters, to act as an issuing authority for certificates of origin and other export documents and to organise trade promotion activities, training and consultancy services.

The introduction by the Government of the New Deal programme delivered through Job Centres and the consequent termination of our Employment Service contracts resulted in an unexpected drop in income in the Training Division. Action has been taken to reduce costs.

We continue to operate in a period of uncertainty with the future of training and Business Link services being subject to Government review.

Market value of land and buildings

The Council considers the market value of land and buildings to significantly exceed their net book value.

Year 2000 compliance

A project co-ordinated by the Council to cope with the impact of the Year 2000 technology problem is now underway.

All business critical systems have been identified and appropriate plans have been made to ensure all required changes are completed well before the end of the year. Whilst it is not possible to fully quantify the cost of the programme at this stage it is not anticipated that this will have a material impact on the accounts.

Share capital

The Chamber is a company limited by guarantee and does not have a share capital.

Directors

The Members of the Council are shown on page one and for the purpose of the Companies Act are deemed to be the Directors.

The directors who retire by rotation are:

B. F. Lowe, J. D. Baker, Mrs. S. Black,

D. L. Carver, M. A. Swallow and J. R. C.

Sayers who has indicated that he does not wish to offer himself for re-election

Council's responsibility

The Council is required by UK company law 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 surplus or deficiency for that year. The Council is also required to prepare accounts on the going concern basis unless it is inappropriate to presume the company will continue in business.

In preparing the financial statements, appropriate accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made. Applicable accounting standards have been followed. The Council is responsible for maintaining adequate accounting records, for safeguarding the assets of the company, and for preventing and detecting fraud and other irregularities.

Auditors

During the year Moores Rowland merged with BDO Stoy Hayward. BDO Stoy Hayward will be proposed for re-appointment in accordance with Section 385 of the Companies Act, 1985.

On behalf of the Council

T. D. HUTCHINSON

Secretary

Dated 28th June 1999

Chamber of Commerce House,
Ward Street, Walsall. WS1 2AG



EAST MERCIA CHAMBER OF COMMERCE AND INDUSTRY
(Limited by Guarantee)

Report of the Auditors

to the members of East Mercia Chamber of Commerce and Industry

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's Council is responsible for the preparation of financial statements. It is our responsibility as auditors to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

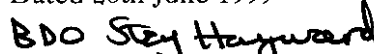
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council 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 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 31st March 1999 and of its deficit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Dated 28th June 1999


BDO STOY HAYWARD

Chartered Accountants

Registered Auditors

Walsall

WS1 1QX

INCOME AND EXPENDITURE ACCOUNT for the year ended 31st March 1999

Note	1999 £	1998 £
2. INCOME	3,548,328	3,796,519
Expenses recharged to members	100,206	86,734
	3,448,122	3,709,785
Operating expenses	3,584,994	3,728,663
3. OPERATING DEFICIT	(136,872)	(18,878)
Loan account balances written off	–	38,842
Rental income	44,331	71,281
Income from investments	1,478	1,478
Interest receivable	18,176	24,105
(DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION	(72,887)	116,828
6. TAXATION on ordinary activities	(44)	(27,130)
(DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION	(72,931)	89,698
RETAINED SURPLUS BROUGHT FORWARD	1,247,273	1,157,575
17. RETAINED SURPLUS CARRIED FORWARD	1,174,342	1,247,273
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (Deficit)/Surplus for the year	(72,931)	89,698
7. Prior year adjustment	128,638	
Total gains and losses recognised since the last annual report	55,707	

All of the Company's operations are continuing.

The notes on pages 8 to 12 form part of these accounts

BALANCE SHEET – 31st March 1999


Note	1999		1998 as restated	
	£	£	£	£
8. TANGIBLE FIXED ASSETS		731,704		579,492
9. INVESTMENTS		13,149		13,149
CURRENT ASSETS				
10. Debtors: Amounts falling due within one year	843,848		634,126	
Cash at bank and in hand	251,693		465,033	
	<u>1,095,541</u>		<u>1,099,159</u>	
11. CREDITORS: Amounts falling due within one year	666,052		444,527	
	<u>666,052</u>		<u>444,527</u>	
NET CURRENT ASSETS		429,489		654,632
TOTAL NET ASSETS		<u>1,174,342</u>		<u>1,247,273</u>
CAPITAL AND RESERVES				
13. Called up share capital		–		–
Accumulated surplus		1,174,342		1,247,273
		<u>1,174,342</u>		<u>1,247,273</u>
16. MEMBERS' FUNDS		<u>1,174,342</u>		<u>1,247,273</u>

The accounts on pages 5 to 12 were approved by the Council on 28th June 1999 and signed on its behalf by

J. TAMBERLIN, *President.*

D. S. FROST, *Chief Executive.*

T. D. HUTCHINSON, *Finance Director.*



T. D. Hutchinson

The notes on pages 8 to 12 form part of these accounts

CASH FLOW STATEMENT for the year ended 31st March 1999

	1999		1998	
	£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES		32,767		81,421
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Rent income	44,331		71,281	
Income from investments	1,478		1,478	
Interest received	18,176		24,105	
		63,985		96,864
TAXATION				
Corporation tax repaid/(paid)		1,341		(297)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT				
Payments to acquire tangible fixed assets	(260,928)		(78,905)	
Receipts from sales of tangible fixed assets	15,029		14,550	
		(245,899)		(64,355)
(DECREASE)/INCREASE IN CASH		213,340		113,633
RECONCILIATION OF OPERATING DEFICIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES				
Operating deficit		(136,872)		(18,878)
Depreciation charges		103,452		108,538
Loan account balances written off		—		38,842
(Increase)/decrease in debtors		(211,107)		208,156
Increase/(decrease) in creditors		221,525		(257,513)
(Profit)/loss on sale of fixed assets		(9,765)		2,276
		32,767		81,421
ANALYSIS OF NET CASH				
	31st March 1998	Cash flow	31st March 1999	
	£	£	£	
Cash at bank and in hand	465,033	213,340	251,693	

The notes on pages 8 to 12 form part of these accounts.

NOTES TO THE ACCOUNTS – 31st March 1999

1. ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable Accounting Standards. The financial statements have been prepared under the historical cost convention and conform with the Companies Act 1985.

TANGIBLE ASSETS

Tangible fixed assets are stated at cost less amounts provided to write off assets over their useful economic life.

DEPRECIATION

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost of each asset evenly over their useful lives which are estimated as follows:

Short leasehold buildings	Over period of lease
Freehold buildings	50 years
Office equipment and furniture	4-5 years
Computer equipment	2-3 years
Motor vehicles	4 years

INVESTMENTS

Investments are stated at cost less provision for any permanent diminution in value. For listed investments, market value is based on the closing middle market price on a recognised stock exchange.

REPAIRS AND RENEWALS

Repairs and renewals are charged to revenue in the period in which the expenditure is incurred.

PENSIONS

The company operates a defined contribution pension scheme. Contributions payable for the period are charged in the income and expenditure account in the period in which they are incurred.

LEASES

Rentals payable under operating leases are charged to the income and expenditure account on the straight line basis over the lease term.

UK CORPORATION TAX

The taxation charge has been calculated on the basis that a proportion of the company's operating surplus has been derived from non-mutual activities.

DEFERRED TAXATION

Deferred taxation is provided for liabilities that may crystallise in the future, using the liability method.

2. INCOME

This represents the total amount receivable, excluding value added tax, for members' subscriptions and services provided for the issuing of certificates of origin and other forms, organising trade missions and the training operations.

Contributions to income from members' subscriptions and charges for services provided are as follows:

	1999	1998
	£	£
Members' subscriptions	284,587	242,764
Charges for services provided	3,263,741	3,553,755
	<u>3,548,328</u>	<u>3,796,519</u>

NOTES TO THE ACCOUNTS – 31st March 1999

	1999	1998
	£	£
Note		
3. OPERATING DEFICIT		
This is arrived at after charging (crediting):		
Depreciation	103,452	108,538
Auditors' remuneration	3,450	3,350
Operating lease rentals	168,589	214,801
Land and buildings		
Other	36,223	9,152
(Profit)/loss on disposal of fixed assets	(9,765)	2,276
	<u> </u>	<u> </u>
4. STAFF COSTS		
Wages and salaries	1,623,980	1,591,824
Employer's National Insurance contributions	145,291	147,606
Other pension costs	27,331	30,149
	<u>1,796,602</u>	<u>1,769,579</u>
	No.	No.
The average number of employees during the period was made up as follows:		
Office and management	53	48
Training officers	63	79
	<u>116</u>	<u>127</u>
	£	£
Council members' emoluments		
Total emoluments	111,029	110,246
Pension contributions paid by the company on behalf of council members under the defined contribution scheme	14,782	14,242
	<u>125,811</u>	<u>124,488</u>
At 31st March 1999 two council members (1998 – two council members) were accruing benefits under the defined contribution scheme		
5. PENSION COSTS:		
The Chamber operates a funded defined contribution pension scheme.		
Pension cost charged to profit on ordinary activities	25,415	30,149
Prepaid contributions	–	1,189
	<u> </u>	<u> </u>
6. TAXATION		
UK corporation tax at 21%	–	25,000
Prior year adjustment	–	2,088
Tax credits on UK dividends received	44	42
	<u>44</u>	<u>27,130</u>

NOTES TO THE ACCOUNTS – 31st March 1999

7. PRIOR YEARS ADJUSTMENTS

The accounts have been restated in order to comply with Financial Reporting Standard 12, 'Provisions, contingent liabilities and contingent assets.

The effect of this adjustment has been to increase reserves at 31 March 1997 and 31 March 1998 by £128,638. There is no effect on the tax provision for the year.

8. TANGIBLE FIXED ASSETS

	Freehold/ Leasehold Land and Buildings £	Motor Vehicles Computer and Office Equipment and Furniture £	Total £
COST			
At 1st April, 1998	618,508	608,621	1,227,129
Additions	95,560	165,368	260,928
Disposals	(64,992)	(38,384)	(103,376)
At 31st March, 1999	<u>649,076</u>	<u>735,605</u>	<u>1,384,681</u>
LAND AND BUILDINGS COST COMPRISES:			
Land			11,064
Freehold property			<u>638,012</u>
			<u>649,076</u>
DEPRECIATION			
At 1st April, 1998	169,774	477,863	647,637
Provided for year	22,956	80,496	103,452
On disposals	(64,992)	(33,120)	(98,112)
At 31st March, 1999	<u>127,738</u>	<u>525,239</u>	<u>652,977</u>
NET BOOK VALUE at 31st March, 1999	<u>521,338</u>	<u>210,366</u>	<u>678,435</u>
NET BOOK VALUE at 31st March, 1998	<u>448,734</u>	<u>130,758</u>	<u>579,492</u>
9. INVESTMENTS AT COST		1999	1998
		£	£
Quoted investments		<u>13,149</u>	<u>13,149</u>

The investments, government securities and quoted ordinary shares had a market value at 31st March 1999 of £21,255 (31st March 1998 - £22,107).

10. DEBTORS: Amounts falling due within one year

Trade debtors	789,598	564,455
Other debtors	16,270	10,755
Prepayments and accrued income	37,221	56,772
Corporation tax recoverable	759	2,144
	<u>843,848</u>	<u>634,126</u>

NOTES TO THE ACCOUNTS – 31st March 1999

	1999	1998
	£	£
11. CREDITORS: Amounts falling due within one year		
Trade creditors	139,622	92,304
Other taxes and social security costs	100,527	88,693
Accruals and deferred income	173,715	124,616
Other creditors	719	763
Subsidiary undertaking	251,469	138,151
	<u>666,052</u>	<u>444,527</u>
Midland Bank plc has a mortgage on the freehold property at Ward Street, Walsall as security for any bank indebtedness.		
12. DEFERRED TAXATION		
This comprises the following:		
Capital allowances in advance of depreciation	(1,804)	(1,894)
Capital gain arising on disposal of freehold property	1,804	1,894
	<u>-</u>	<u>-</u>
13. CALLED UP SHARE CAPITAL		
The company is limited by guarantee and does not have a Share Capital.		
The members have a liability to contribute to the assets a maximum of £1 each in the event of the company being wound up.		
14. OPERATING LEASE COMMITMENTS		
At 31st March 1999 the company was committed to the following annual payments relating to operating leases:		
Land and buildings:		
Expiry within one year	16,500	87,026
Expiry between one and five years	11,585	42,985
Expiry over five years	52,940	20,500
	<u>81,025</u>	<u>150,511</u>
Office equipment and motor vehicles:		
Expiry within one year	-	10,584
Expiry between one and five years	32,077	9,076
	<u>32,077</u>	<u>19,660</u>
15. CAPITAL COMMITMENTS		
At the year end the company had contracted for capital expenditure of £50,067 (1998 £Nil).		
16. CONTINGENT LIABILITY		
GUARANTEE		
The company has guaranteed any indebtedness to Midland Bank plc by Walsall Chamber of Commerce Engineering Centre Limited. At 31st March, 1999 there was no such indebtedness (1998: £Nil).		
VALUE ADDED TAX		
The company is presently negotiating its method of allocating recoverable input tax with HM Customs and Excise. Whilst the outcome of these negotiations is impossible to predict with absolute certainty, the directors are of the opinion that no significant additional liability should arise.		

NOTES TO THE ACCOUNTS – 31st March 1999

17. RECONCILIATION OF MOVEMENTS IN MEMBERS' FUNDS

	1999	1998
	£	£
(Deficit)/surplus for the financial year	(72,931)	89,698
Opening Members' Funds		
– Original	1,118,635	1,1028,937
– Prior year adjustment (note 7)	128,638	128,638
	<u>1,247,273</u>	<u>1,157,575</u>
Closing Members' Funds	<u>1,174,342</u>	<u>1,247,273</u>

18. SUBSIDIARY UNDERTAKINGS

Business Link (Walsall) Limited, a company limited by guarantee and incorporated and registered in England, was a subsidiary of the East Mercia Chamber of Commerce and Industry Limited until 31st July 1997 when the company ceased to trade. Business Link (Walsall) Limited was formerly struck off on 16 October 1998.

The Walsall Chamber of Commerce Engineering Centre Limited, a registered charity, incorporated and registered in England, is a subsidiary undertaking of East Mercia Chamber of Commerce and Industry Limited by virtue of the control and influence exerted over the company.

The last audited financial statements up to 31st March 1999 disclose:-

	31st March 1999	31st March 1998
	£	£
Reserves	332,496	345,308
Loss for the year	<u>(12,812)</u>	<u>(26,385)</u>

Under Section 248 of the Companies Act 1985 the company is exempt from the requirement to prepare group accounts.

The accounts contain information about the company as an individual undertaking and not about its group.

19. RELATED PARTY TRANSACTIONS

The following transactions have taken place:

- During the period D. S. Frost (until June 1997), R. McDonald (until November 1997) and C. F. Pritchard (post June 1997) were directors of Business Link Staffordshire Limited, and the company purchased £1,416 (1998 – £1,646) and sold £12,585 (1998 – £26,899) worth of services. At 31st March 1999 there was an outstanding balance receivable of £411 (1998 – £2,514).
- During the year B. F. Lowe, D. L. Carver and J. N. Punch were directors of Walsall City Challenge Limited and the company purchased £nil (1998 – £12,343) and sold £nil (1998 – £190,133) worth of services. At 31st March 1999 there was an outstanding balance receivable of £nil (1998 – £12,960).
- During the year D. L. Carver and D. S. Frost were directors of Walsall Training and Enterprise Council Limited and the company purchased £13,871 (1998 – £926) and sold £1,038,354 (1998 – £1,357,781) worth of services. At 31st March 1999 there were outstanding balances receivable of £131,842 (1998 – £102,584).
- During the year J. D. Baker, D. L. Carver, D. S. Frost, B. F. Lowe and J. N. Punch were directors of Walsall Chamber of Commerce Engineering Centre Limited from which the company purchased £399,803 (1998 – £631,130) worth of services. The company recharged costs of £246,485 (1998 – £382,747), as well as charging rentals of £40,000 (1998 – £55,000) and a management charge of £200,000 (1998 – £215,000). At 31st March 1999 there was an outstanding balance payable of £251,469 (1998 £138,151).
- During the year to 31 March 1998 R. McDonald was a director of Staffordshire Training and Enterprise Council Limited and the company sold £506,157 worth of services. At 31st March 1998 there was an outstanding balance receivable of £68,272.
- During the year D. S. Frost and B. F. Lowe were directors of British Business Parks Limited and Darlaston Business Parks Limited, companies limited by guarantee and incorporated during the year. The company sold £82,032 worth of services to British Business Parks Limited during the year and £5,875 to Darlaston Business Parks Limited. At 31st March 1999 there were outstanding balances receivable of £39,691 with British Business Parks Limited and £5,875 with Darlaston Business Parks Limited. The trading arrangements with these companies are structured so that services are billed by the company quarterly so as to recharge the relevant costs incurred.