

**ENGINEERING AND MARINE
TRAINING AUTHORITY**

(Formerly Engineering Training Authority)

**REPORT AND FINANCIAL
STATEMENTS**

31 MARCH 1997

Registered in England and Wales - Number 2324869



ENGINEERING AND MARINE TRAINING AUTHORITY

REPORT AND FINANCIAL STATEMENTS

31 MARCH 1997

Auditors and Financial Advisers

Price Waterhouse

10 Bricket Road
St Albans
Herts AL1 3JX

Investment Managers

Barclays Private Bank Limited

incorporating BZW Portfolio Management
59, Grosvenor Street,
London W1X 9DA

Property Managers

Fletcher King

Stratton House
Stratton Street
London W1X 5FE

Bankers

Barclays Bank plc

32 Clarendon Road
Watford WD1 1JJ

Solicitors

Herbert Smith

Exchange House
Primrose Street
London EC2A 2HS

Davenport Lyons

1 Old Burlington Street
London W1X 1LA

Charles Russell

8-10 New Fetter Lane
London EC4A 1RS

Registered Office

Vector House
41 Clarendon Road
Watford WD1 1HS

Chief Executive

Dr Michael Sanderson

Deputy Chief Executive

Charles Moody OBE

Finance Director and Company Secretary

Philip Whiteman

ENGINEERING AND MARINE TRAINING AUTHORITY

REPORT AND FINANCIAL STATEMENTS 31 MARCH 1997

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ENGINEERING AND MARINE TRAINING AUTHORITY

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CHAIRMAN'S STATEMENT

The main event of the year was the implementation of the merger of the Engineering Training Authority with the Marine and Engineering Training Association, and this has inevitably taken up a lot of resources.

Early indications from customers and stakeholders suggest that the merger has been a great success and has increased the influence of the member companies beyond expectations. A recent survey showed a high degree of satisfaction with the standard of service offered by the merged body.

The continued rationalisation of our property investments resulted in the sale of Link House generating a book profit of £877,000.

We have recently been awarded status as a National Training Organisation by DfEE. We believe this initiative will result in further rationalisation of the training industry and we are looking forward to playing a full part in bringing similar activities together.

We are on schedule to have the new suite of qualifications ready for the market by the end of September 1997.

Following the recent change of government, we are discussing many key issues with Ministers and the "New Deal" initiative, the introduction of Regional Development Agencies and the National Traineeships offer EMTA great opportunities to improve skill levels in the sector.

REVIEW OF ACTIVITIES

A full review is given in the Trustees' Report.

THE COUNCIL

I am once again indebted to all Council members and in particular our new friends from Marine and Engineering Training Association, for their valuable support at meetings of Council and its Committees and at various events related to the Year of Engineering Success. Their time is freely and willingly given and gratefully received and acknowledged.

EMPLOYEES

In a year when two organisations merge, the staff are inevitably subjected to demands for flexibility and change. I congratulate all of them for responding positively, to accommodating new ideas and practices and ensuring that the transition proceeded smoothly.

I am grateful to our strategic partner, Engineering Employers Federation for assisting in early merger discussions and to our Chief Executive, Dr Michael Sanderson and to his deputy, Charles Moody OBE (formerly Chief Executive of Marine and Engineering Training Association), for reaching a satisfactory merger agreement in such a timely fashion.



Rt. Hon. Lord Trefgarne PC

24 September 1997

ENGINEERING AND MARINE TRAINING AUTHORITY

REPORT AND FINANCIAL STATEMENTS 31 MARCH 1997

TRUSTEES' REPORT

OBJECTIVES

The objects of the Engineering and Marine Training Authority are to promote and advance the training of persons employed or intending to be employed as engineers.

The key policies adopted in order to achieve these objectives are :

- Development and promotion of occupational standards.
- Development and promotion of National Vocational Qualifications (NVQ's) and SVQ awards.
- Working with employers and TECs to develop programmes of initial training.
- Encouraging life long learning and commitment to the liP standard.
- Identifying and monitoring the skills and training needs of engineers.
- Awarding of NVQ's and SQA's.
- Providing information to employers about training.
- Encouraging young people to choose an engineering career.

The development and promotion of occupational standards is the responsibility of the Industry Lead Body.

The other policies are carried out by the Industry Training Organisation.

The development, promotion and awarding of NVQ's and SQA awards is carried out by the awarding body.

The charity embraces all of these functions.

REVIEW OF ACTIVITIES

The activities of the charity are funded from investment income and from profits covenanted to it by trading subsidiaries. Each of the trading activities is managed for maximum return. The portfolio of investments generating income includes direct investment in property which comprises about 4% of the portfolio by value.

PROGRESS DURING THE YEAR

The most significant event of the year occurred on 1 October 1996 when EMTA was formed by merging the activities of Engineering Training Authority and Marine and Engineering Training Association. The two organisations had been working closely together on ITO and ILB activities and the second half of the year was devoted to restructuring the activities of the merged awarding body. The charity continues to work very closely with the Engineering Employers Federation (EEF) on training and has further strategic alliances with RSA, Aviation Training Association, Ministry of Defence, SPRINT, MCI and the Jewellery and Allied Industry Lead Body.

Efforts to further rationalise training resource by the formation of strategic alliances continue.

The implementation of the key policies stated above has resulted in substantial progress being made during the year. The following achievements reflect not only the efforts of the staff but the massive support obtained from employers in the sector.

- The Engineering Reformation Project completed its work and published a revised set of national occupational standards for the sector. EMTA has played a major role in this work.
- The Modern Apprenticeship initiative has proved a great success in the engineering sector. There are currently over 13000 engineering MA's working towards achieving the award.
- The charity has been working closely with the Engineering Employers Federation and Training Enterprise Councils in developing a framework for "National Traineeships" which will be piloted later in the year.
- The promotion of liP and lifelong learning has resulted in a significant increase in the proportion of awards to over 25's.
- The work of the Action for Engineering Task force has been carried on and a "People Skills Scoreboard" has been developed for the sector. The first results will appear in 1998.
- The charity has played a key role in the Year of Engineering Success and had a major presence at the Tomorrows World Live exhibition in March.
- The popularity of the Insight programme to encourage sixth form girls into engineering careers continued to grow and the programme attracted 500 high quality students in the year.

ENGINEERING AND MARINE TRAINING AUTHORITY

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TRUSTEES' REPORT (continued)

- A website targeted at young people was launched in March and whilst proving very popular continues to be developed further (address : www.emta.org.uk).
- Training targets for the sector were developed during the year and submitted to DfEE.
- A number of bids for Sector Challenge funds were submitted and three of these were successful.
- The OSC for Engineering is now fully operational and EMTA are playing an important part in keeping its work industry-focussed.
- The charity submitted a bid to become the National Training Organisation for engineering.
- A project to develop a "toolkit" which will help SME's operating in supply chains to improve their competitiveness is being led by EMTA in partnership with DTI and part funded by the European Social Fund's ADAPT initiative.
- The range of vocational qualifications is being completely revised following publication of the new occupational standards and the development work is on target to cover 80% of candidates by the time the old qualifications become obsolete.
- The number of registrations for NVQ and SQA awards increased by 25% year on year.

REVIEW OF FINANCIAL POSITION

The income and expenditure account contains exceptional items which materially affected the overall surplus. Property disposals generated a net profit of £278,000 whilst the merger generated costs of £98,000.

The trading subsidiaries both performed well and provided profits of approximately £300,000 to the charity. The main liabilities inherited from EITB in 1991 are now all satisfied (a long term lease on a London property was surrendered in April 1997) and the need to keep large cash reserves to pay them has been removed. This has enabled the trustees to set a performance objective based on total return and enables the investment managers to take a wider view to the extent allowed by the Trustee's Investment Act. The balance sheet shows a 7.5% growth in net assets and the trustees continue to set the target as maintaining its value in real terms. Between 1991 and 1997 the value has fallen 10% in real terms. Nevertheless, the balance sheet remains strong and EMTA is well-placed to play an important role in the rationalisation of activities which has already begun in the training field.



Rt. Hon. Lord Trefgarne PC

24 September 1997

ENGINEERING AND MARINE TRAINING AUTHORITY

REPORT AND FINANCIAL STATEMENTS 31 MARCH 1997

REPORT OF THE COUNCIL

The Council members present their report and financial statements for the year ended 31 March 1997.

COUNCIL MEMBERS' RESPONSIBILITIES

Company law requires the Council members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and of the profit or loss of the group 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;
- state whether applicable 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 company will continue in business.

The Council members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safe-guarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of EMTA is the advancement of training in the engineering industry. The company acts as the Industry Training Organisation and Lead Body in the manufacturing engineering sector and is a recognised awarding body. On 1 October 1996, the businesses of Engineering Training Authority and Marine and Engineering Training Association were combined and the name of the company was changed on 4 November 1996.

CORPORATE GOVERNANCE

The key internal financial control procedures are summarised as follows :

Control environment :

There is a clear organisational structure with well defined lines of responsibility and delegation of appropriate levels of authority.

Risk management :

Business strategy, business plans and treasury and property operations are reviewed by the Finance and General Purposes committee who make policy recommendations to the full Council. Detailed appraisals are undertaken and financial implications evaluated prior to all capital expenditure and projects.

Financial reporting :

A comprehensive system of budgets and forecasts is in place, with quarterly monitoring and reporting of actual results against targets to the Finance and General Purposes Committee of the Council.

Control procedures and monitoring systems :

Authority levels and procedures and other systems of internal financial control are documented, applied and regularly reviewed by the Audit Committee. In addition, the Audit Committee meets twice yearly with the external auditors to discuss audit planning and the results of their audit work. The auditors meet the Audit Committee in private session as part of this process.

RESULTS

The results for the year are set out on page 7. The Council recommend that the surplus is transferred to reserves.

ENGINEERING AND MARINE TRAINING AUTHORITY

REPORT AND FINANCIAL STATEMENTS 31 MARCH 1997

REPORT OF THE COUNCIL (continued)

FIXED ASSETS

At the 31 March 1997, the market value of occupied properties is approximately £600,000 less than their carrying value in the balance sheet. The directors believe that this shortfall is temporary and the market value will recover by the date of the next professional valuation.

COUNCIL MEMBERS

As directors of the company, the Council members are responsible for overseeing the company's business in a manner consistent with its charitable objectives. They are also guarantors to the company.

The members of Council who held office during the year were :

Lord Trefgarne	Chairman	D Jewell	(appointed 28 February 1996)
D'ATN Payne	(Deputy Chairman)	Mrs K Levine	
RJG Davies	(Deputy Chairman)	D Lorraine	(appointed 25 September 1996)
	(appointed 25 September 1996)	R I Meakin	
J S Allanby		R A Mitchell	(appointed 25 September 1996)
D Ball	(resigned 25 September 1996)	R S Pritchard	(appointed 25 September 1996)
J M Barnes		M H Parkinson OBE	(resigned 25 September 1996)
J C Braidwood *	(resigned 25 September 1996)	M W Regan	
A A Brewster *	(appointed 25 September 1996)	A Robson	
J F Briffitt		D N Scahill	
M P Chapman		T A Slater	(appointed 25 September 1996)
C D Clark	(appointed 25 September 1996)	N Stockbridge *	(appointed 25 September 1996)
M G Davies		G H Wycherley	(resigned 10 July 1996)
D Hall	(appointed 28 May 1996)	I R Young *	
S J Hamer	(resigned 25 September 1996)		
PJF Horton *	(appointed 25 September 1996)		
B D Insch *			

* Member of the Audit Committee

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

As permitted under the Companies Act 1989 and under the company's articles of association, the company has maintained insurance in respect of directors' and officers' liabilities incurred in connection with the discharge of their duties

CHARITABLE STATUS

The company is limited by guarantee and is a registered charity - No. 1000328

AUDITORS

Price Waterhouse have expressed their willingness to continue in office. In accordance with Section 384 of the Companies Act 1985, a resolution proposing the appointment of auditors of the company will be put to the Annual General Meeting.

By order of the Council



P W WHITEMAN
Secretary

Vector House
41 Clarendon Road
Watford, WD1 1HS
24 September 1997

ENGINEERING AND MARINE TRAINING AUTHORITY

AUDITORS' REPORT TO THE MEMBERS OF ENGINEERING AND MARINE TRAINING AUTHORITY

We have audited the financial statements on pages 7 to 24 which have been prepared under the historical cost convention, as modified by the revaluation of properties, and the accounting policies set out on pages 12 and 13.

Respective responsibilities of directors and auditors

As described on page 4 the company's Council members 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 Council members 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 mis-statement, 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 and of the group as at 31 March 1997 and of the group's incoming resources and application of resources, including its income and expenditure and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Price Waterhouse
Chartered Accountants
and Registered Auditors
St Albans

24 September 1997

ENGINEERING AND MARINE TRAINING AUTHORITY

GROUP STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 1997

	<u>Note</u>	<u>1997</u> £'000	<u>1996</u> £'000
Turnover	3	5,649	4,778
Change in stocks of finished goods		20	(54)
Other operating income	4	623	504
		<hr/> 6,292	<hr/> 5,228
Materials and external charges		1,523	1,381
Staff costs	5		
direct charitable expenditure		682	623
administrative and management costs		2,926	2,733
Depreciation	1(b)		
direct charitable expenditure		193	170
administrative and management costs		251	241
Other operating charges			
direct charitable expenditure		771	727
administrative and management costs		2,211	2,158
		<hr/> 8,557	<hr/> 8,033
Operating loss	6	(2,265)	(2,805)
Profit on sale of properties		877	48
Permanent diminution in value of property	7	(55)	(256)
Loss on ordinary activities before interest		(1,443)	(3,013)
Investment income	8	1,614	2,039
Retained profit / (loss) for the financial year	19	<hr/> 171	<hr/> (974)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 1997


Profit / (loss) for the financial year	171	(974)
Unrealised surplus on investments	1,928	2,350
Unrealised surplus / (deficit) on properties	9	(568)
Total gains and losses recognised	<hr/> 2,108	<hr/> 808

ENGINEERING AND MARINE TRAINING AUTHORITY

GROUP BALANCE SHEET - 31 MARCH 1997

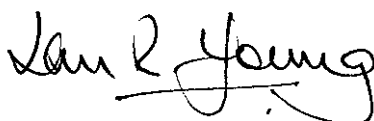
	<u>Note</u>	<u>1997</u> <u>£'000</u>	<u>1996</u> <u>£'000</u>
FIXED ASSETS			
Tangible assets	10	4,216	3,332
Investment properties	11	1,469	6,555
Investments	12	31,944	26,308
		<u>37,629</u>	<u>36,195</u>
CURRENT ASSETS			
Stocks	14	122	102
Debtors	15	4,509	2,125
Cash at Bank and in hand		733	832
		<u>5,364</u>	<u>3,059</u>
CREDITORS			
Amounts falling due within one year	16	(2,958)	(2,279)
		<u>2,406</u>	<u>780</u>
NET CURRENT ASSETS			
		<u>40,035</u>	<u>36,975</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS			
Amounts falling due after more than one year	16	(203)	(69)
PROVISIONS FOR LIABILITIES AND CHARGES	17	(1,597)	(1,307)
		<u>38,235</u>	<u>35,599</u>
CAPITAL AND RESERVES			
Capital reserve	19	37,032	36,504
Revaluation reserve	19	5,392	1,833
Profit and loss account	19	(4,189)	(2,738)
		<u>38,235</u>	<u>35,599</u>

The financial statements were approved by the Council on 24 September 1997 and are signed on its behalf by:



Rt Hon Lord Trefgarne PC
Chairman

I R Young
Council member



The notes on pages 12 - 24 form part of these accounts.

ENGINEERING AND MARINE TRAINING AUTHORITY

BALANCE SHEET - 31 MARCH 1997

	<u>Note</u>	<u>1997</u> £'000	<u>1996</u> £'000
FIXED ASSETS			
Tangible assets	10	633	455
Investment properties	11	-	2,788
Investments	12	31,944	26,308
Investment in subsidiaries	13	1,350	1,000
		<u>33,927</u>	<u>30,551</u>
CURRENT ASSETS			
Stocks	14	-	-
Debtors	15	3,093	1,577
Cash at Bank and in hand		438	490
		<u>3,531</u>	<u>2,067</u>
CREDITORS			
Amounts falling due within one year	16	(4,883)	(2,086)
		<u>(1,352)</u>	<u>(19)</u>
NET CURRENT LIABILITIES			
TOTAL ASSETS LESS CURRENT LIABILITIES		32,575	30,532
CREDITORS			
Amounts falling due after more than one year	16	(109)	(37)
PROVISIONS FOR LIABILITIES AND CHARGES	17	(1,346)	(1,032)
		<u>31,120</u>	<u>29,463</u>
CAPITAL AND RESERVES			
Capital reserve	19	37,032	36,504
Revaluation reserve	19	3,948	2,478
Profit and loss account	19	(9,860)	(9,519)
		<u>31,120</u>	<u>29,463</u>

The financial statements were approved by the Council on 24 September 1997 and are signed on its behalf by:

Rt Hon Lord Trefgarne PC
Chairman



I R Young
Council member



The notes on pages 12 - 24 form part of these accounts.

ENGINEERING AND MARINE TRAINING AUTHORITY

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 1997

	<u>Note</u>	<u>1997</u> £'000	<u>1996</u> £'000
Operating Activities			
Cash received from customers		6,598	5,896
Cash payments to employees		(3,781)	(3,356)
Cash payments to suppliers		(3,568)	(3,874)
Redundancy payments		-	(1,293)
Cash payments to Customs and Excise		(433)	(502)
		<hr/>	<hr/>
Net cash outflow from operating activities	a)	(1,184)	(3,129)
Returns on investments and servicing of finance			
Investment income received		1,518	1,652
Interest element of finance lease repayment		(10)	-
		<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of finance		1,508	1,652
Taxation		35	87
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(1,126)	(398)
Receipts from the sale of tangible fixed assets		32	314
Receipts from the sale of investment properties		4,170	2,406
Payments to acquire fixed asset investments		(3,800)	(1,042)
		<hr/>	<hr/>
Net cash (outflow) / inflow from capital expenditure and financial investment		(724)	1,280
Acquisitions			
Purchase of business		370	-
		<hr/>	<hr/>
Net cash inflow/(outflow) before financing		5	(110)
Financing			
Capital element of Finance lease rental payments		(74)	(2)
		<hr/>	<hr/>
Net cash inflow from financing		(74)	(2)
		<hr/>	<hr/>
NET DECREASE IN CASH	c)	(69)	(112)

ENGINEERING AND MARINE TRAINING AUTHORITY

NOTES TO THE GROUP CASH FLOW STATEMENT FOR THE YEAR
ENDED 31 MARCH 1997

	1997 £'000	1996 £'000			
a) Reconciliation of operating loss to net cash outflow from operating activities					
Operating loss	(2,265)	(2,805)			
Depreciation	428	411			
Amortisation of deferred grant	(5)	(5)			
(Decrease) / Increase in provisions	290	(5)			
Profit on sale of fixed assets	(20)	(109)			
Increase / (decrease) in creditors	293	8			
Decrease / (increase) in debtors	115	(678)			
(Increase) / decrease in stocks	(20)	54			
Net cash outflow from operating activities	(1,184)	(3,129)			
b) Analysis of net funds					
	At 1 April 1996 £'000	Cash flow £'000	Acquisition £'000	Other non-cash changes £'000	At 1 April 1997 £'000
Cash at bank and in hand	832	(469)	370	-	733
Overdrafts	(30)	30	-	-	-
	802	(439)	370	-	733
Finance leases	(56)	74	-	(182)	(164)
	746	(365)	370	(182)	569
c) Reconciliation of net cash flow to movement in net funds					£'000
Decrease in cash in the period					(439)
Continuing activities					370
Acquisition					(69)
Cash outflow from finance leases					74
Change in net funds resulting from cash flows					5
New finance leases					(182)
Movement in net funds in the period					(177)
Net funds at 1 April 1996					746
Net funds at 31 March 1997					569
d) Purchase of business					
Net assets acquired (Note 18)					158
Fixed assets					446
Trade debtors					400
Cash					27
Other assets					(356)
Deferred income					(117)
Other liabilities					558
Goodwill					(528)
					30
Satisfied by cash					30
Net cashflow from acquisition of business					(30)
Consideration					400
Cash acquired					370

ENGINEERING AND MARINE TRAINING AUTHORITY

NOTES TO THE ACCOUNTS - 31 MARCH 1997

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards and have been prepared under the historical cost convention as modified by the revaluation of properties. Compliance with SSAP 19 "Accounting for Investment Properties" requires departures from the requirements of the Companies Act 1985 relating to depreciation and amortisation.

The financial statements have also been prepared in accordance with the Statement of Recommended Practice "Accounting by Charities".

Financial Statements

The financial statements consolidate the results of the Engineering and Marine Training Authority and its subsidiaries from 1 April 1996.

Turnover

Turnover represents the amount receivable for goods and services supplied to customers but excludes inter-company transactions and value added tax. A proportion of candidate registration income is deferred and brought into account at the point of certification.

Sale of properties

Sales of properties are recognised upon legal completion of the contract.

Tangible fixed assets

(a) Group occupied Properties

Freehold properties and properties on leases with twenty years and over to run at the balance sheet date, which are occupied by group companies for the purpose of trading, are revalued at least every five years and the resultant valuation is included in the balance sheet unless the surplus or deficit is immaterial.

(b) Depreciation

Depreciation is provided to write down the value of assets to their estimated residual value in equal annual instalments over the estimated lives of each class of asset, from the date on which the assets are brought into use. The annual useful lives are as follows:

	Years
Leasehold Property occupied by group companies	Life of lease
Freehold Buildings occupied by group companies	40
Office Furniture	10
Plant	10
Machinery and Equipment	5
Motor Vehicles	4
Microcomputers	3

ENGINEERING AND MARINE TRAINING AUTHORITY

NOTES TO THE ACCOUNTS - 31 MARCH 1997 (continued)

1 ACCOUNTING POLICIES (continued)

Investment Properties

In accordance with SSAP 19, investment properties are revalued annually. The aggregate surplus or deficit is taken to the Statement of Total Recognised Gains and Losses, being a movement in the revaluation reserve, regardless of whether this results in a temporary deficit. If a deficit on an individual investment property is expected to be permanent, then it is charged in the profit and loss account of the period.

No provision is made for depreciation of freehold properties or for amortisation of leasehold properties held on leases having more than 20 years unexpired.

This departure from the requirements of the Companies Act 1985, which requires all properties to be depreciated, is, in the opinion of the directors, necessary for the accounts to show a true and fair view in accordance with applicable accounting standards.

Property costs

Refurbishment costs and repairs are written off in the year they are incurred. Where a leased property becomes vacant, and assignment without loss is unlikely, the future obligations relating to the lease, less the estimated future income stream, are provided for in full. Ongoing expenses are also taken into account.

Fixed asset investments

Listed investments are stated at market value as at 31 March 1997. This departure from the requirements of the Companies Act 1985, which requires all fixed assets to be stated at cost, is, in the opinion of the directors, necessary for the accounts to show a true and fair view in accordance with applicable accounting standards.

The aggregate unrealised surplus or deficit is transferred to a revaluation reserve.

The investment in subsidiaries is stated at the lower of cost and net asset value.

Stocks

Stocks are valued at the lower of production cost and net realisable value.

Grants

Grants in respect of capital expenditure are treated as deferred income which is credited to the profit and loss account by instalments over the expected useful economic life of the related assets on a basis consistent with the depreciation policy.

Leased Assets

Assets acquired under finance leases and the related liability of future rental obligations are included in the balance sheet. The interest element is charged against profit in proportion to the reducing capital element outstanding. The assets are depreciated over the shorter of the lease terms and their useful economic life. Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease period.

Pensions

EMTA is a participating employer in the ITB Pension Funds, which are constituted as defined benefit schemes. Pension contributions are charged to the profit and loss account so as to spread the regular cost of pensions and related benefits over employees' working lives.

2 CONTINGENT LIABILITY

Following the transfer of assets from EITB, Engineering Construction Industry Training Board have security for present and future debts and liabilities relating to the Board's engineering manufacturing sector activities and the Board's land and buildings, by way of an insurance policy.

ENGINEERING AND MARINE TRAINING AUTHORITY

NOTES TO THE ACCOUNTS - 31 MARCH 1997 (continued)

3 TURNOVER AND PROFITS

a) Analysis of turnover

The group has only one class of business. All group business is conducted in the United Kingdom.

b) Net income from trading activities

The Charity has three wholly-owned trading subsidiaries which are incorporated in the UK. EMTA Cleveland Training Centre Limited operates a direct training centre and EMTA Publications Limited processes and markets training and other publications. Training Properties Limited manages the Charity's portfolio of investment properties. All the companies covenant their taxable profits to the Engineering & Marine Training Authority. A summary of their trading results is shown below alongside those of the Awarding Body. Audited accounts have been filed with the Registrar of Companies.

	Awarding Body £'000	EMTA Cleveland Training Centre Ltd £'000	Training Publications Limited £'000	Training Properties Limited £'000	Total £'000
Turnover	3,391	1,070	1,189	-	5,650
Change in stocks of finished goods		-	20	-	20
Other operating income				622	622
	3,391	1,070	1,209	622	6,292
Materials and external charges	778	151	220	374	1,523
Staff costs	1,694	525	443	-	2,662
Depreciation	85	44	53	65	247
Other operating charges	738	265	252	113	1,368
	3,295	985	968	552	5,800
Operating profit	96	85	241	70	492
Interest payable to parent company	-	-	-	(544)	(544)
Other items	-	-	4	1,638	1,642
Net profit	96	85	245	1,164	1,590
Covenanted to EMTA	-	(100)	(424)	-	(524)
	96	(15)	(179)	1,164	1,066

c) Note of historical cost profits and losses

	<u>1997</u> £'000	<u>1996</u> £'000
Reported profit/(loss) on ordinary activities	171	(974)
Realisation of property revaluation (losses)/gains of previous years	(2,080)	710
Permanent reductions in property values	55	256
Differences between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	52	52
Historical cost (loss)/profit on ordinary activities	(1,802)	44

ENGINEERING AND MARINE TRAINING AUTHORITY

NOTES TO THE ACCOUNTS - 31 MARCH 1997 (continued)

4 OTHER OPERATING INCOME	<u>1997</u> <u>£'000</u>	<u>1996</u> <u>£'000</u>
Net rental income	<u>623</u>	<u>504</u>

5 STAFF COSTS	<u>1997</u> <u>£'000</u>	<u>1996</u> <u>£'000</u>
Wages and salaries	3,206	2,993
Social security costs	266	242
Other pension costs	136	121
	<u>3,608</u>	<u>3,356</u>

The average number of persons employed during the year was as follows:

	<u>1997</u>	<u>1996</u>
Training services	136	127
Administration	23	21
	<u>159</u>	<u>148</u>

Chairman's Remuneration

The remuneration paid to the Chairman during the year was £40,000 (1996 £30,949). No other Council member received any remuneration during the year in respect of their services to the company. The total amount of expenditure reimbursed to Council members in respect of expenses incurred on the company's business was £10,000 (1996 £12,000).

Emoluments of employees

The number of employees whose emoluments for the year fell within each band of £10,000 were as follows :

	<u>1997</u>	<u>1996</u>
40,000 - 50,000	4	2
50,001 - 60,000	-	1
60,001 - 70,000	2	2
70,000 - 80,000	-	-
80,000 - 90,000	1	-

6 OPERATING LOSS

The operating loss is arrived at after charging/(crediting) the following:

	<u>1997</u> <u>£'000</u>	<u>1996</u> <u>£'000</u>
Hire of equipment	5	6
Auditors' remuneration	26	24
Profit on sale of fixed assets	(20)	(109)
Amortisation of deferred grant	(5)	(5)
Redundancy and closure provisions	-	945
Provisions for future losses on leasehold properties	512	464
Repayment of rates	(12)	(267)
Depreciation - owned assets	345	409
- leased assets	43	2

Auditors remuneration includes £16,000 in respect of the audit of the parent company (1996: £15,000). The auditors also received £27,000 (1996 £14,000) in respect of non-audit services provided during the year.

ENGINEERING AND MARINE TRAINING AUTHORITY

NOTES TO THE ACCOUNTS - 31 MARCH 1997 (continued)

7 PERMANENT DIMINUTION IN VALUE OF PROPERTY

1997
£'000

1996
£'000

Permanent reductions in the values of certain individual properties have been charged to the profit and loss account as follows:

Freehold	49	23
Long Leasehold	6	233
	<u>55</u>	<u>256</u>

8 INVESTMENT INCOME

1997
£'000

1996
£'000

Income from fixed asset investments	1,601	2,023
Other interest receivable	13	16
	<u>1,614</u>	<u>2,039</u>

9 TAXATION

The company is a registered charity and therefore bears no tax on its income and gains.

ENGINEERING AND MARINE TRAINING AUTHORITY

NOTES TO THE ACCOUNTS - 31 MARCH 1997 (continued)

10 TANGIBLE FIXED ASSETS

	<u>Land and Buildings</u> £'000	<u>Plant and machinery</u> £'000	<u>Office furniture & equipment</u> £'000	<u>Total</u> £'000
GROUP				
Cost or valuation				
At 1 April 1996	2,935	863	473	4,271
Additions	845	132	149	1,126
Acquisitions	-	163	51	214
Disposals	-	(141)	(14)	(155)
At 31 March 1997	3,780	1,017	659	5,456
Depreciation				
At 1 April 1996	428	379	132	939
Acquisitions	-	43	13	56
Charge for year	84	177	127	388
Disposals	-	(129)	(14)	(143)
At 31 March 1997	512	470	258	1,240
NET BOOK AMOUNT				
At 31 March 1997	3,268	547	401	4,216
At 31 March 1996	2,507	484	341	3,332

Fixed assets with a cost of £ 219,765 (1996: 58,189) and accumulated depreciation of £ 44,824 (1996: £2,151) are held under finance leases.

The net book amount of land and buildings comprises :

	<u>1997</u> £'000	<u>1996</u> £'000
Freehold	2,662	1,891
Long leasehold	606	616
	3,268	2,507

ENGINEERING AND MARINE TRAINING AUTHORITY

NOTES TO THE ACCOUNTS - 31 MARCH 1997 (continued)

10 TANGIBLE FIXED ASSETS (continued)

	Plant and machinery £'000	Office furniture & equipment £'000	Total £'000
COMPANY			
Cost or valuation			
At 1 April 1996	452	233	685
Additions	119	142	261
Acquisitions	163	51	214
Disposals	(117)		(117)
At 31 March 1997	617	426	1,043
Depreciation			
At 1 April 1996	160	70	230
Acquisitions	43	13	56
Charge for the year	133	84	217
Disposals	(93)		(93)
At 31 March 1997	243	167	410
NET BOOK AMOUNT			
At 31 March 1997	374	259	633
At 31 March 1996	292	163	455

Fixed assets with a cost of £ 219,765 (1996: £58,189) and accumulated depreciation of £ 44,824 (1996: £2,151) are held under finance leases.

The cost and accumulated depreciation at 31 March 1997 includes fully depreciated assets at historical cost of £93,000 (1996 £122,000).

ENGINEERING AND MARINE TRAINING AUTHORITY

NOTES TO THE ACCOUNTS - 31 MARCH 1997 (continued)

11 INVESTMENT PROPERTIES

GROUP	<u>Freehold</u> £'000	<u>Long Leasehold</u> £'000	<u>Total</u> £'000
Valuation			
At 1 April 1996	5,853	702	6,555
Disposals	(4,700)	(340)	(5,040)
Permanent diminution in value	(49)	(6)	(55)
Revaluation	-	9	9
At 31 March 1997	<u>1,104</u>	<u>365</u>	<u>1,469</u>
Comparable amounts under historical cost convention	<u>360</u>	<u>173</u>	<u>533</u>
COMPANY			
Cost or valuation			
At 1 April 1996	2,788	-	2,788
Disposals	(2,788)	-	(2,788)
At 31 March 1997	<u>-</u>	<u>-</u>	<u>-</u>
Comparable amount under historic cost convention	<u>-</u>	<u>-</u>	<u>-</u>

Land and buildings were valued as at 31 March 1997 by Fletcher King, Chartered Surveyors at open market value. The deficit arising from the revaluation has been taken to the revaluation reserve in accordance with Statement of Standard Accounting Practice 19.

Deficits considered to be permanent have been written off through the profit and loss account.

ENGINEERING AND MARINE TRAINING AUTHORITY

NOTES TO THE ACCOUNTS - 31 MARCH 1997 (continued)

12 FIXED ASSET INVESTMENTS

Group and company

£'000

At 1 April 1996	26,308
Invested in year	3,743
Loan repayments	(35)
Unrealised surplus on the revaluation of investments	1,928

At 31 March 1997

31,944

	<u>1997</u> £'000	<u>1996</u> £'000
Valuation:		
Investments	31,822	26,151
Loans	122	157
	<u>31,944</u>	<u>26,308</u>

The loans are secured against property occupied by the borrowers.

The investments are independently managed by BZW and traded within a portfolio which is being held for the long term. All investments are listed on the United Kingdom Stock Exchange. The amount of cash in the portfolio on 31 March was £2,069,000 (1996 £3,056,000). The portfolio is regulated by the Trustee Investment Act 1961

	<u>1997</u> £'000	<u>1996</u> £'000
Wider range	24,330	19,926
Narrower range	7,492	6,225

13 INVESTMENT IN SUBSIDIARIES

	<u>1997</u> £'000	<u>1996</u> £'000
Company only		
Shares at cost	5,780	5,430
Long term loan	6,280	8,124
	<u>12,060</u>	<u>13,554</u>
Provision	(10,710)	(12,554)
	<u>1,350</u>	<u>1,000</u>
	£'000	
Balance 1st April 1996	1,000	
Investment in subsidiaries		
EMTA Cleveland Training Centre Limited	350	
Repayment of long term loan	1,844	
Release of provision against long term loan	(1,844)	
Balance 31 March 1997	<u>1,350</u>	

ENGINEERING AND MARINE TRAINING AUTHORITY

NOTES TO THE ACCOUNTS - 31 MARCH 1997 (continued)

13 INVESTMENT IN SUBSIDIARIES (continued)

The provision is to write down EMTA's investment in its subsidiary, Training Properties Limited.

The company owns 100% of the allotted ordinary share capital of the following subsidiaries :

Training Properties Limited.

A company registered in England and Wales which operates as property managers and investors within Great Britain.

Training Publications Limited.

A company registered in England and Wales which operates a publishing and printing operation within Great Britain.

EMTA Cleveland Training Centre Limited.

A company registered in England and Wales which provides training to its local engineering community.

14 STOCKS

This amount consists solely of stocks of resaleable publications.

15 DEBTORS

	Group		Company	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	£'000	£'000	£'000	£'000
Trade debtors	1,591	1,375	1,411	962
Amounts owed by subsidiary undertakings	-	-	-	207
Other debtors	2,021	324	838	53
Taxation recoverable on covenant	274	248	274	248
Prepayments and accrued income	623	178	570	107
	<u>4,509</u>	<u>2,125</u>	<u>3,093</u>	<u>1,577</u>

ENGINEERING AND MARINE TRAINING AUTHORITY

NOTES TO THE ACCOUNTS - 31 MARCH 1997 (continued)

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR.

	Group		Company	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	£'000	£'000	£'000	£'000
Trade creditors	538	279	456	199
Amounts owed to subsidiary undertakings	-	-	2,213	483
Taxation and social security	429	248	111	204
Other creditors	1,224	872	1,531	407
Obligations under Finance lease	55	19	55	19
Accruals	712	831	517	774
	<u>2,958</u>	<u>2,249</u>	<u>4,883</u>	<u>2,086</u>

CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR.

Deferred income	94	32	-	-
Obligations under Finance lease	109	37	109	37
	<u>203</u>	<u>69</u>	<u>109</u>	<u>37</u>

OBLIGATIONS UNDER FINANCE LEASES

	<u>1997</u>	<u>1996</u>
	£'000	£'000
Falling due within one year	55	19
Falling due after more than one year but within 5 years	109	37
	<u>164</u>	<u>56</u>

Represented by :

Gross obligations under finance leases	182	63
Less : interest not yet incurred	(18)	(7)
	<u>164</u>	<u>56</u>

17 PROVISIONS FOR LIABILITIES AND CHARGES

	Group		Company	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	£'000	£'000	£'000	£'000
Deferred grant	103	108	-	-
Other provisions	1,494	1,199	1,346	1,032
	<u>1,597</u>	<u>1,307</u>	<u>1,346</u>	<u>1,032</u>

Other provisions are in respect of future costs anticipated on vacant leasehold property.

ENGINEERING AND MARINE TRAINING AUTHORITY

NOTES TO THE ACCOUNTS - 31 MARCH 1997 (continued)

18 ACQUISITION OF BUSINESS

On 1st October 1996, the company acquired for no consideration, the assets and liabilities of the Marine and Engineering Training Association, a charity involved in the provision of training in the marine and engineering industry.

The assets and liabilities acquired were as follows :

	Book Value £'000	Fair value adjustment £'000	Fair value £'000
Fixed Assets	158	-	158
Trade Debtors	496	(50)	446
Cash	400	-	400
Other assets	27	-	27
Deferred income	(356)	-	(356)
Other liabilities	(117)	-	(117)
	<hr/>	<hr/>	<hr/>
	608	(50)	558
Costs of acquisition			30
			<hr/>
Negative goodwill			528
			<hr/>

The fair value adjustment results from trade debtors considered irrecoverable. For all the other assets and liabilities the provisional fair values ascribed are not materially different from the book values.

The resulting negative goodwill was credited to the capital reserve.

In the six months to 30 September 1996, The Marine and Engineering Training Association made a surplus of £49,000 (year to 31 March 1996 - surplus £49,000).

ENGINEERING AND MARINE TRAINING AUTHORITY

NOTES TO THE ACCOUNTS - 31 MARCH 1997 (continued)

19 RESERVES

Group	Capital Reserve	Profit & Loss account £'000	Revaluation reserve		
			Investments £'000	Property £'000	Total £'000
At 1 April 1996	36,504	(2,738)	2,128	(295)	1,833
Surplus on revaluation	-	-	1,928	9	1,937
Capital reserve arising on acquisition	528	-	-	-	-
Transfers	-	(1,622)	(108)	1,730	1,622
Profit for the year	-	171	-	-	-
At 31 March 1997	37,032	(4,189)	3,948	1,444	5,392
Company					
At 1 April 1996	36,504	(9,519)	2,128	350	2,478
Surplus/(deficit) on revaluation	-	-	1,928	-	1,928
Capital reserve arising on acquisition	528	-	-	-	-
Transfers	-	458	(108)	(350)	(458)
Profit for the year	-	(799)	-	-	-
At 31 March 1997	37,032	(9,860)	3,948	0	3,948

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company, whose result is shown above, is not presented as part of these accounts. The parent company's loss for the year, after writing back £1,844,000 in respect of the investment in its subsidiary Training Properties Limited, amounted to £ 799,000 (1996 - Profit £ 1,667,000).

The capital reserve at 1st April 1996 of £36,504,000 (1995 : £36,504,000) represented the net assets transferred to the Engineering Training Authority on 23 July 1991 in accordance with a Direction from the Secretary of State for Employment.

20 CAPITAL COMMITMENTS

There was no material expenditure contracted but not provided for, nor any expenditure approved by Council members but not yet contracted.
The capital amount of finance leases since the year end totals £100,000.

21 PENSION COMMITMENTS

The company contributes to a defined benefit final salary scheme managed by the ITB Pension Funds, along with other former Industry Training Boards. The scheme's fund is financed by contributions from the company and from employees and is managed by legally appointed trustees.

The cost to the group for the year was £207,000 (1996: £333,000). Included in this cost was an amount of £86,000 relating to the early retirement of members of staff (1996: £212,000).

Contributions by the company were determined on the advice of the Government Actuary using the prospective benefits method. The most recent valuation was at 31 March 1995. The major assumption used in the valuation was that investment returns would exceed earnings increases by 1 1/2 % per annum.

The valuation showed the market value of the schemes assets was £312 million. The actuarial value of these assets represented 110% of the benefits which had accrued to members.

The contributions payable by the company have been fixed at 5% of pensionable pay until 31 March 1999

22 POST BALANCE SHEET EVENTS

In April 1997, £1,346,000 was paid to release EMTA from future liabilities relating to 460 Church Lane Kingsbury. This amount was fully provided at 31 March 1997.