

**CAPITAL CAREERS LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 1999**

**Registered No: 3417277**

HLB Kidsons  
Chartered Accountants  
Spectrum House  
20-26 Cursitor Street  
London EC4A 1HY



# **CAPITAL CAREERS LIMITED**

## **FINANCIAL STATEMENTS**

**for the period ended 31 December 1999**

### **CONTENTS**

	Page
Company information	1
Chairman's report	2
Directors' report	3-4
Statement of directors' responsibilities	5
Auditors' report	6
Profit and loss account	7
Balance sheet	8
Cash flow statement	9
Notes to the financial statements	10 - 16

The following pages do not form part of the statutory financial statements

Detailed trading and profit and loss account	Appendix 1
Schedule to the detailed trading and profit and loss account	Appendix 2

# **CAPITAL CAREERS LIMITED**

## **COMPANY INFORMATION**

**31 December 1999**

<b>Incorporated</b>	:	England
<b>Number</b>	:	3417277
<b>Chairman</b>	:	Mr P A Chubb
<b>Secretary</b>	:	Mr N M Guilder
<b>Registered office</b>	:	3-4 Picton Place London W1M 5DD
<b>Bankers</b>	:	The Co-operative Bank plc Holborn Branch 62/64 Southampton Row Holborn London WC1B 4AR
<b>Solicitors</b>	:	Dibb Lupton, Alsop 125 London Wall London EC2Y 5AE
<b>Auditors</b>	:	HLB Kidsons Chartered Accountants Spectrum House 20-26 Cursitor Street London EC4A 1HY

# CAPITAL CAREERS LIMITED

## CHAIRMAN'S REPORT

31 December 1999

I am pleased to be able to report on Capital Careers' period of trading to 31 December 1999.

As suggested in my last report, 1999 was in many ways a difficult year for Capital Careers, its staff and its Directors. The Company began the year with a much-reduced non-statutory revenue order book and a high (and therefore) unsustainable cost base. In addition this had to be dealt with in the context of a main Careers Service contract from the DfEE which did not match inflation in its increased revenue for the year, and Directors had to note was also due to terminate in its current form as at 31st March 2001.

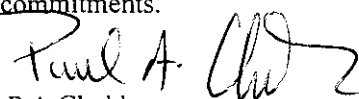
The Company had no option other than to reduce its cost base, and it is to the great credit of Capital Careers' management and staff that they have been able to implement changes to the cost base and yet emerge from this period so positively in terms of contractual achievements.

Following successful negotiations with other London-based Careers Service Companies, and with the reduced cost base of the Company, I believe that Capital Careers is now well positioned to secure its future within the emerging ConneXions strategy of the Government.

At the time of writing, I am pleased to be able to receive the very positive Government Office for London report on the Company's current performance against its contractual Careers Service milestones. It is gratifying to note that the Company has been able to exceed all four of its milestones for the year to 31st March 2000. My thanks go to the Management team and staff for these achievements.

I am confident that Capital Careers, within the developing context of central London's contracts with the DfEE, will continue to have a positive impact on the progression of individuals in their career paths in the local communities within the four London Boroughs that we currently serve.

I would like to thank all of my fellow Directors for the support they have given me as Chairman during 1999, and I wish to record my particular thanks to my long-serving Deputy Chairman (Jane Crosthwaite), who after a number of years of stirring service to Capital Careers, has had to resign from her position due to her growing external commitments.



P A Chubb  
Chairman

3 May 2000

# **CAPITAL CAREERS LIMITED**

## **DIRECTORS' REPORT**

**31 December 1999**

The directors present their report and the financial statements for the year ended 31 December 1999.

### **Principal activities**

The principal activity of the company during the period was the provision of careers guidance services.

### **Results**

The profit for the period after taxation amounts to £77,954.

### **Review of the company results and future developments**

The Chairman's report on page 2 contains a summary of the progress of the business during the period and its position at the end of the period and the plans for future development.

### **Directors**

The directors who served during the period were:

	<b>Date of appointment</b>	<b>Date of resignation</b>
Mr P A Chubb		
Mr N M Guilder	25 January 1999	
Mr K E Mungham		
Ms B J Crosthwaite		13 December 1999
Ms C A Whatford		22 March 1999
Ms D M McGrath		22 March 1999
Mr P B Holmes		
Mr R C Wood	22 March 1999	
Mr M H Wale		25 January 1999
Ms J Wilson		
Ms D Oldfield		6 February 1999
Mr B Litchfield	22 March 1999	

P A Chubb and N M Guilder are directors of Guidance Enterprises Group Ltd and P B Holmes is an employee of Focus (Central London Training and Enterprise Council). Each company owns 3,700 shares of 10p each. B Litchfield and R C Wood are employees of the London Borough of Camden and Royal Borough of Kensington and Chelsea. Each borough owns 475 shares of 10p each.

**CAPITAL CAREERS LIMITED**

**DIRECTORS' REPORT**

**31 December 1999**

(continued)

**Auditors**

HLB Kidsons have agreed to offer themselves for reappointment as auditors of the company.

By order of the board



N M Guilder

Secretary

3 May 2000

# CAPITAL CAREERS LIMITED

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

We are required under 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, and of the profit or loss of the company for that period.

In preparing these financial statements we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, and give details of any departures;
- prepare the financial statements on a going concern basis unless in our view the company will be unable to continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets;
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Going concern

At the balance sheet date, the company had minimal net current assets to finance its working capital requirements. The company's total borrowings amounted to £98,642, this amount representing 64% of shareholders' funds.

However, we have prepared the accounts on a going concern basis as we consider this to be appropriate for the following reasons:

- cash flow forecasts indicate that the company will have adequate financial resources to continue in business for the foreseeable future.
- trading projections, based on very conservative assumptions, show that the company is expecting to make a profit in the coming year, and to repay its bank overdraft.

On behalf of the board



P A Chubb

Director

3 May 2000

# CAPITAL CAREERS LIMITED

## AUDITORS' REPORT

### Auditors' report to the members of Capital Careers Limited

We have audited the financial statements on pages 7 to 16 which have been prepared under the accounting policies set out on page 10.

#### Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

#### Fundamental uncertainty

In forming our opinion, we have considered the adequacy of the disclosure made in the Statement of Directors' Responsibilities concerning the appropriateness of the use of the going concern basis in the preparation of the financial statements. The financial statements have been prepared on a going concern basis for the reasons set out in the Statement of Directors' Responsibilities. If the company's future trading activities fall materially below expectations, it is unlikely that financial support will continue to be made available to the company. The accounts do not include any adjustments that would be required should such support be discontinued.

Our opinion in this respect is unqualified.

#### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1999 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



HLB Kidsons

Registered Auditors

Chartered Accountants

London

17 May 2000



**CAPITAL CAREERS LIMITED****PROFIT AND LOSS ACCOUNT****for the period ended 31 December 1999**

	<b>Note</b>	<b>1999</b> £	<b>1998</b> £
<b>Turnover</b>	2	2,931,512	3,071,911
<b>Net operating expenses</b>			
Administrative expenses		(2,819,732)	(2,968,020)
Other operating income		<u>1,200</u>	<u>9,059</u>
<b>Operating profit</b>	3	112,980	112,950
Interest receivable	5	353	516
Interest payable	6	<u>(12,693)</u>	<u>(19,281)</u>
<b>Profit on ordinary activities before taxation</b>		100,640	94,185
Taxation	7	<u>(22,686)</u>	<u>(36,000)</u>
<b>Retained profit for the period</b>	14	<u><u>77,954</u></u>	<u><u>58,185</u></u>

Movements in reserves are shown in note 14.

There are no other recognised gains and losses in the period ended 31 December 1999 and 31 December 1998.

All operations are classed as continuing.

# CAPITAL CAREERS LIMITED

## BALANCE SHEET

at 31 December 1999

	Note	£	1999 £	£	1998 £
<b>Fixed assets</b>					
Tangible assets	8		216,148		213,916
<b>Current assets</b>					
Debtors	9	386,103		414,604	
Cash at bank		<u>2,000</u>		<u>2,000</u>	
		388,103		416,604	
<b>Creditors: amounts falling due within one year</b>	10	<u>(384,892)</u>		<u>(496,755)</u>	
<b>Net current assets/(liabilities)</b>			<u>3,211</u>		<u>(80,151)</u>
<b>Total assets less current liabilities</b>			219,359		133,765
<b>Creditors: amounts falling due after more than one year</b>	11		<u>(65,329)</u>		<u>(57,689)</u>
<b>Net assets</b>			<u>154,030</u>		<u>76,076</u>
<b>Capital and reserves</b>					
Share capital	12		1,000		1,000
Capital reserves	13		16,891		16,891
Profit and loss account	14		<u>136,139</u>		<u>58,185</u>
<b>Total shareholders' funds</b>	15		<u>154,030</u>		<u>76,076</u>

The financial statements on pages 7 to 16 were approved by the board of directors on 3 May 2000 and signed on its behalf by:



P A Chubb

Chairman

# CAPITAL CAREERS LIMITED

## CASH FLOW STATEMENT

for the period ended 31 December 1999

	Note	1999		1998	
		£	£	£	£
<b>Net cash inflow from operating activities</b>	17		271,481		42,650
<b>Returns on investments and servicing of finance</b>					
Interest received		353		516	
Interest paid		(9,839)		(12,264)	
Interest element of finance lease rental payments		<u>(2,854)</u>		<u>(4,157)</u>	
<b>Net cash outflow from returns on investments and servicing of finance</b>			(12,340)		(15,905)
<b>Taxation</b>					
Corporation tax paid			(32,000)		-
<b>Capital expenditure and financial investment</b>					
Proceeds on disposal of fixed assets		11,373		-	
Purchase of tangible fixed assets		<u>(86,297)</u>		<u>(66,386)</u>	
			<u>(74,924)</u>		<u>(66,386)</u>
			152,217		(39,641)
<b>Financing</b>					
New loans			-		40,000
Issue of ordinary share capital			-		7,600
Company formation expenses			-		(6,600)
Capital element of finance lease rentals			<u>(5,141)</u>		<u>(9,557)</u>
<b>Increase/(decrease) in cash</b>			<u>147,076</u>		<u>(8,198)</u>

# CAPITAL CAREERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 1999

### 1 Accounting policies

#### Basis of accounting

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

#### Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

#### Depreciation

Depreciation of fixed assets is calculated to write off their cost less any residual value over their estimated useful lives as follows:

Office equipment	33 1/3% reducing balance
Fixtures and fittings	20% reducing balance

Land and buildings comprises improvements to leasehold property, which are written off over the terms of their respective leases as follows:

Picton Place	(5 year lease)
Hammersmith	(3 year lease)
Camden	(10 year lease)
Wigmore Street	(10 year lease)

#### Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

#### Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that liabilities are likely to crystallise in the foreseeable future.

#### Pensions

##### Defined benefit scheme

Contributions are charged to the profit and loss account so as to spread the cost of pensions over the employees' working life with the company.

# CAPITAL CAREERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 1999

(continued)

### 2 Turnover

The turnover for the period was derived from the company's principal activity. The whole of the turnover is attributable to the UK market.

### 3 Operating profit

1999

1998

£

£

Operating profit is stated after charging:

Auditors' remuneration

6,200

6,000

Operating leases

- other

5,377

10,044

- land and buildings

167,967

147,662

Depreciation of tangible fixed assets

- owned assets

80,596

97,003

- leased assets

5,388

6,736

85,984

103,739

### 4 Directors and employees

Staff costs including directors' emoluments

Wages and salaries

1,834,290

1,916,843

Social security costs

126,500

151,908

Pension costs

88,740

108,052

2,049,530

2,176,803

Number

Number

Average number employed including executive directors:

Management

8

11

Delivery of guidance services

61

59

Administration

10

27

79

97

£

£

Directors Emoluments

53,661

56,850

# CAPITAL CAREERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**31 December 1999**

(continued)

5	<b>Interest receivable</b>				<b>1999</b>	<b>1998</b>
					£	£
	Interest receivable				<u>353</u>	<u>516</u>
6	<b>Interest payable</b>					
	Loan interest				2,400	2,400
	Bank interest				7,439	12,724
	Finance lease interest				<u>2,854</u>	<u>4,157</u>
					<u>12,693</u>	<u>19,281</u>
7	<b>Taxation</b>					
	UK corporation tax on profit on ordinary activities at 21% (1998: 21%)				27,300	36,000
	Adjustments in respect of prior years				<u>(4,614)</u>	<u>-</u>
					<u>22,686</u>	<u>36,000</u>
8	<b>Tangible fixed assets</b>	<b>Land and buildings</b>	<b>Plant and machinery</b>	<b>Fixtures and fittings</b>		<b>Total</b>
		£	£	£		£
	<b>Cost</b>					
	1 January 1999	110,760	131,952	162,698		405,410
	Additions	5,813	78,173	15,596		99,582
	Disposals	<u>(36,141)</u>	<u>(200)</u>	<u>(25,892)</u>		<u>(62,233)</u>
	31 December 1999	<u>80,432</u>	<u>209,925</u>	<u>152,402</u>		<u>442,759</u>
	<b>Depreciation</b>					
	1 January 1999	63,545	65,446	62,503		191,494
	Charge for the period	17,375	48,170	20,439		85,984
	Eliminated on disposal	<u>(36,141)</u>	<u>(141)</u>	<u>(14,585)</u>		<u>(50,867)</u>
	31 December 1999	<u>44,779</u>	<u>113,475</u>	<u>68,357</u>		<u>226,611</u>
	<b>Net book amount</b>					
	31 December 1999	<u>35,653</u>	<u>96,450</u>	<u>84,045</u>		<u>216,148</u>
	1 January 1999	47,215	66,506	100,195		213,916

The net book amount of fixed assets includes £23,820 in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

Land and buildings represents expenditure on short leasehold properties.

# CAPITAL CAREERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 1999

(continued)

9	Debtors	1999 £	1998 £
	Amounts falling due within one year		
	Trade debtors	61,580	46,623
	Other debtors	25,111	42,014
	Corporation tax	10,297	9,683
	Prepayments and accrued income	289,115	316,284
		<u>386,103</u>	<u>414,604</u>

10	Creditors: amounts falling due within one year	1999 £	1998 £
	Bank overdraft (secured)	21,863	168,939
	Trade creditors	76,450	33,984
	Corporation tax	27,300	36,000
	Other taxation and social security	135,136	151,968
	Other creditors	11,447	28,001
	Accruals and deferred income	101,246	66,917
	Obligations under finance leases and hire purchase contracts - note 12	11,450	10,946
		<u>384,892</u>	<u>496,755</u>

The company's bank overdraft is secured by a legal mortgage over the leasehold property and a fixed and floating charge over all the company's undertaking, property and assets.

11	Creditors: amounts falling due after more than one year		
	Long term loans	40,000	40,000
	Obligations under finance leases	25,329	17,689
		<u>65,329</u>	<u>57,689</u>

There are no fixed repayment periods for the long term loans.

Obligations under finance leases and hire purchase contracts

These are repayable over varying periods by monthly instalments as follows:

In the next year - see note 10	11,450	10,946
In the second to fifth years	25,329	17,689
	<u>36,779</u>	<u>28,635</u>

# CAPITAL CAREERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 1999

(continued)

12	Called up share capital	1999 and 1998			
		Authorised		Allotted, called up And fully paid	
		Number	£	Number	£
	Ordinary shares of 10 pence each	<u>10,000</u>	<u>1,000</u>	<u>10,000</u>	<u>1,000</u>
13	Capital reserve				£
	On acquisitions of the trading activity of the company				
	As at 31 December 1998 and 31 December 1999				<u>16,891</u>
	The capital reserve represents the accumulated reserves of the Old Capital Careers Ltd.				
14	Profit and loss account				
	As at 31 December 1998				58,185
	Retained profit for the period				<u>77,954</u>
	As at 31 December 1999				<u>136,139</u>
15	Reconciliation of movements in equity shareholders' funds				
	Opening shareholders' funds				76,076
	Profit for the financial period				<u>77,954</u>
	Closing shareholders' funds				<u>154,030</u>



# CAPITAL CAREERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 1999

(continued)

### 16 Guarantees and other financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31 December 2000.

	1999		1998	
Expiring	Land and buildings £	Other £	Land and buildings £	Other £
Within one year	-	-	11,000	-
Within two to five years	75,000	3,793	75,000	3,192
After five years	24,000	-	24,000	-
	<u>99,000</u>	<u>3,793</u>	<u>110,000</u>	<u>3,192</u>

### 17 Notes to the cash flow statement

	1999		1998	
	£		£	
(a) Reconciliation of operating profit to operating cash flows				
Operating profit		112,980		112,950
Depreciation charges		85,984		103,739
Profit on disposal of asset		(7)		-
Decrease/(increase) in debtors		29,115		(61,330)
Increase/(decrease) in creditors		43,409		(112,709)
Net cash inflow from operating activities		<u>271,481</u>		<u>42,650</u>
(b) Analysis of changes in net debt				
	At January 1999 £	Cash Flows £	Other changes £	At 31 December 1999 £
Cash in hand, at bank	2,000	-	-	2,000
Overdrafts	(168,939)	147,076	-	(21,863)
	(166,939)	147,076	-	(19,863)
Finance leases	(28,635)	5,141	(13,285)	(36,779)
Loans	(40,000)	-	-	(40,000)
Total	<u>(235,574)</u>	<u>152,217</u>	<u>(13,285)</u>	<u>(96,642)</u>
(c) Reconciliation of net cash flow to movement in net debt				
		1999 £		1998 £
Increase/(decrease) in cash in the period		147,076		(8,198)
Cash outflow from decrease in debt and lease financing		5141		9,557
Change in net debt resulting from cash flows		152,217		1,359
New finance leases		(13,285)		-
New loans		-		(40,000)
Movement in net debt in the period		138,932		(38,641)
Net debt at 1 January 1999		<u>(235,574)</u>		<u>(196,933)</u>
Net debt at 31 December 1999		<u>(96,642)</u>		<u>(235,574)</u>

# CAPITAL CAREERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 1999  
(continued)

### 18 Related parties

During the period to 31 December 1999 the company had transactions with the following related parties

Organisation	Goods and services		Debtor	Loan
	Sold	Purchased	at 31 December 1999	at 31 December 1999
	£	£	£	£
Guidance Enterprises Group Ltd	-	84,284	-	20,000
Focus (Central London Training and Enterprise Council)	<u>87,359</u>	<u>-</u>	<u>7,948</u>	<u>20,000</u>

The above companies each hold over 20% of the issued share capital of the company.

### 19 Defined benefit pension scheme

The company's employees are members of the Guidance Enterprises Group Limited Pension Scheme from 1 January 1998. Benefits are based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with M & G Investment Limited, in UK and Overseas Equity Funds. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the accrued rights method. The most recent valuation was at 6 April 1999. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions.

It was assumed that the investment returns would be 7.75% per annum and the increase in pensionable salaries would be 5.5% per annum and that the increases in pension in payment would be 3.25% on non - GMPs.

The actuarial valuation showed that the scheme's assets existing on the date of valuation cover 74% of its liabilities as at that date, including liabilities arising in respect of the service of pensions prior to the effective date and on the basis that the service of active members terminates on that date. In order to correct the shortfall, the joint future service contribution rate increased to 14.50%, with employee contributions at 6% and the employers contribution increasing from 7.5% to 8.5% from 6 April 2000. On the Minimum Funding requirement basis the funding level was 103%.

The pension charge for the period was £88,740, (£10,604 was payable at the year end and is included in creditors).