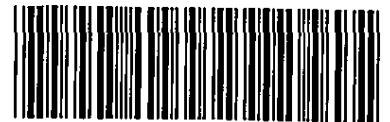


**North-West Wales Management
Development Centre Limited**

Directors' report and financial statements
Registered number 5473157
31 July 2007

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Contents

Directors and advisers for the year ended 31 July 2007	1
Directors' report	2
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	3
Independent auditors' report to the members of North-West Wales Management Development Centre Limited	4
Profit and loss account	6
Balance sheet	7
Notes	8

Directors and advisers for the year ended 31 July 2007

Directors

Prof Pete N Barrar (resigned 9th July 2007)
Prof Edward PM Gardener
Prof Sian Hope
Mr Dafydd W Wigley (Chair)
Mr David W Williams
Dr Trevor J Fielding

Secretary

Ms Clare E Mostert (resigned 25th January 2007)
Mrs Caroline L Roberts (appointed 25th January 2007)

Registered Office

The Management Centre
Hen Goleg
University of Wales, Bangor
College Road
Bangor
LL57 2DG

Auditors

KPMG LLP
St James' Square
Manchester
M2 6DS

Bankers

Barclays Bank plc
PO Box 1275
Bangor Business Centre
273 High Street
Bangor
Gwynedd
LL57 1ZF

Directors' report

The directors present their report and the audited financial statements of the company for the year ended 31 July 2007

Principal activities

It is intended that the principal activity of the company will be to design, develop and deliver certificated courses for management professionals leading to vocational degrees including MBA, post experience executive courses for public and private sector clients, open access management programmes, professional courses leading to Chartered status in management, finance and accounting, personnel management, marketing and others, Continuous Professional Development, and courses in leadership and management for the SME sector. In addition, the Management Centre will provide close-to-market research and consultancy through its Centre for Business Research and residential conferencing facilities both for practitioner and academic purposes, which has been the principal activity during this financial year.

Results and dividends

The loss for the year, after taxation, amounted to (£323,325) (2006 (£560,135))

The directors do not recommend the payment of a dividend for the year

Directors and their interests

The directors who held office during the year are listed below

Prof Pete N Barrar (resigned 9th July 2007)
Prof Edward PM Gardener
Prof Sian Hope
Mr Dafydd W Wigley (Chair)
Mr David W Williams
Dr Trevor J Fielding

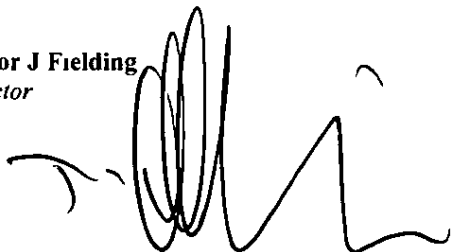
None of the directors had any interests in the shares of the company at any time during the year

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

By order of the board

Trevor J Fielding
Director



The Management Centre
Hen Goleg
Bangor University
College Road
Bangor
Gwynedd
LL57 2DG

29 November 2007

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK 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 directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditors' report to the members of North-West Wales Management Development Centre Limited

We have audited the financial statements of North-West Wales Management Development Centre Limited for the year ended 31 July 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 auditor's 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

As described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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.

**Independent auditors' report to the members of North-West Wales
Management Development Centre Limited *(continued)***

Opinion

In our opinion the

- financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 July 2007 and of its loss for the year then ended, and
- financial statements have been properly prepared in accordance with the Companies Act 1985, and
- information given in the Director's Report is consistent with the financial statements


KPMG LLP
Chartered Accountants
Registered Auditor

29 November 2007

Profit and loss account
for the year ended 31 July 2007

	<i>Notes</i>	2007 £	2006 £
Turnover		63,094	2,500
Grant Allocations		147,492	55,718
Gross profit		210,586	58,218
Administration Expenses		533,911	318,230
Pre-incorporation expenses		-	300,123
Operating Loss	<i>2-4</i>	(323,325)	(560,135)
Loss on ordinary activities before taxation		(323,325)	(560,135)
Taxation	<i>5</i>	-	-
Loss for the financial year after taxation	<i>13</i>	(323,325)	(560,135)

All operations are continuing

The company has no recognised gains or losses other than those presented above and therefore no separate statement of total recognised gains and losses has been presented


There is no difference between the loss on ordinary activities before taxation and its historical cost equivalents

Balance sheet

At 31 July 2007

	Note	2007 £	2006 £
Fixed Assets			
Intangible Assets	6	20,176	
Tangible Assets	7	8,285,121	2,757,744
Current assets			
Debtors	12	2,662,498	-
Creditors: amounts falling due within one year	8	(1,429,857)	(327,142)
Net current assets		<u>1,232,641</u>	<u>(327,142)</u>
Total assets and current assets		<u>9,537,938</u>	<u>2,430,602</u>
Creditors: amounts falling due after more than one year	9	(3,250,000)	-
Deferred capital grants	11	<u>(7,171,397)</u>	<u>(2,990,736)</u>
Net liabilities		<u>(883,459)</u>	<u>(560,134)</u>
Capital and reserves			
Called up share capital	13	1	1
Profit and loss account	14	<u>(883,460)</u>	<u>(560,135)</u>
Equity shareholders' deficit	15	<u>(883,459)</u>	<u>(560,134)</u>

These financial statements were approved by the board of directors on 29 November 2007 and were signed on its behalf by


Dafydd Wigley
Chair


Trevor Fielding
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Accounting convention

The financial statements have been prepared under the historical cost convention.

Basis of preparation

As at 31 July 2007 the Company had a deficiency of shareholders' funds of £883,459 (2006 £560,134). The parent company has agreed that it will continue to provide adequate financial support to the company to enable it to continue trading for a period of at least 12 months from the signing of these financial statements. The Directors therefore consider that it is appropriate to prepare the accounts on the going concern basis.

Turnover

Turnover represents the invoiced amount of goods sold and services provided (stated net of value added tax) during the year.

Intangible assets

Costs incurred on product development relating to design and development of new or enhanced products are capitalised as intangible assets when it is probable that the development will result in a product which is commercially viable. The expenditure capitalised is direct and external labour costs with all other development costs recognised as an expense as incurred. Capitalised product development expenditure is subject to regular impairment review and is stated at cost less any accumulated impairment losses.

Capitalised product expenditure – straight line basis over 3 years.

Capitalised product development expenditure is not amortised in the year of capitalisation.

Tangible fixed assets

Tangible fixed assets are stated at cost, less depreciation.

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost of each asset over its expected useful life as follows:

Leasehold Improvements - straight line basis over 50 years.

Pensions

The company's employees are members of the University of Wales, Bangor Pension and Assurance Scheme, which is a defined benefit pension scheme. As the company is unable to identify its share of the assets and liabilities of the scheme, contributions are accounted for as if made to a defined contribution scheme. Contributions are therefore charged to the profit and loss account in the period to which they relate. Further details of these schemes are given in the financial statements of the parent company.

Cash flow statement

The company has taken advantage of the exemption permitted by Financial Reporting Standard Number 1 (Revised), whereby a cash flow statement need not be prepared by a small company as defined in the Companies Act 1985, nor where the company is consolidated into a group where financial statements are publicly available.

Grants

Grants received in respect of the leasehold improvements are treated as deferred capital grants and amortised in line with the depreciation life of the assets.

Notes (continued)

2 Operating loss

	2007 £	2006 £
Operating loss is stated after charging		
Depreciation charge for the year	177,706	56,280
Auditors' remuneration for audit services	2,600	4,000
	<u>177,706</u>	<u>56,280</u>

3 Directors' emoluments

	2007 £	2006 £
The directors' aggregate emoluments, including pension contributions, in respect of qualifying services were		
Aggregate emoluments	49,979	51,610
	<u>49,979</u>	<u>51,610</u>

4 Employee information

The average weekly number of persons (including executive directors) employed by the company during the year was

	2007 Number	2006 Number
Administration	5	3
	<u>5</u>	<u>3</u>
Staff costs (for the above persons)		
Wages and salaries	151,465	95,365
Social security costs	13,417	9,026
Other pension costs	15,483	6,086
	<u>180,365</u>	<u>110,477</u>

Notes (continued)

5 Taxation

Factors affecting the tax charge for the current period

	2007 £	2006 £
Loss on ordinary activities before tax	(323,325)	(560,135)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	(96,998)	(168,041)
<i>Effects of</i>		
Expenses not deductible for tax purposes	53,250	16,884
Non-taxable income	(44,248)	(16,715)
Other timing differences	87,995	167,872
Current tax charge for period	-	-

The potential deferred tax asset of £200,510 (2006 £167,872) has not been recognised on the grounds that there is insufficient evidence that the asset will be recoverable

6 Intangible fixed assets

	Product development
	2007 £
Cost	
At 1 August 2006	0
Additions	20,176
At 31 July 2007	20,176
Amortisation	
At 1 August 2006	0
Charge for the year	0
At 31 July 2007	0
Net book value	
At 31 July 2007	20,176
At 31 July 2006	0

Notes (continued)

7 Tangible fixed assets

	Leasehold Improvements
	2007 £
Cost	
At 1 August 2006	2,814,024
Additions	5,705,083
At 31 July 2007	8,519,107
Depreciation	
At 1 August 2006	56,280
Charge for year	177,706
At 31 July 2007	233,986
Net book value	
At 31 July 2007	8,285,121
At 31 July 2006	2,757,744

8 Creditors: amounts falling due within one year

	2007 £	2006 £
Bank overdraft	697,096	-
Accruals	52,242	2,400
Amounts due to parent undertaking	35,212	324,742
Trade Creditors	645,307	-
	<u>1,429,857</u>	<u>327,142</u>

9 Creditors: amounts falling due after more than one year

	2007 £	2006 £
Bank loans	3,250,000	-
	<u>3,250,000</u>	<u>-</u>

Notes (continued)

10 Loans and other borrowings

	2007 £	2006 £
Bank loans and overdraft	3,947,096	-
	<u>3,947,096</u>	<u>-</u>
Maturity of debt		
Due in one year or less	697,096	-
Due between one and two years	-	-
Due between three and five years	-	-
Due after five years	3,250,000	-
	<u>3,947,096</u>	<u>-</u>

11 Deferred capital grants

	2007 £	2006 £
At 1 August 2006	2,990,736	-
Cash received	4,328,153	3,046,454
Released to profit and loss account	147,492	55,718
	<u>7,171,397</u>	<u>3,090,736</u>
At 31 July 2007	7,171,397	2,990,736

12 Debtors

	2007 £	2006 £
Debtors	1,228,798	-
VAT	1,378,341	-
Amounts due from parent undertaking	23,669	-
Prepayment	10,278	-
Accrued Income	21,412	-
	<u>2,662,498</u>	<u>-</u>

Notes (continued)

13 Called up share capital

	2007 £	2006 £
Authorised		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
Allotted, called up and fully paid		
1 ordinary share of £1 each	1	1
	<hr/>	<hr/>

14 Profit and loss account

	2007 £	2006 £
At 1 August 2006	(560,135)	-
Loss for the financial year	(323,325)	(560,135)
	<hr/>	<hr/>
At 31 July 2007	(883,460)	(560,135)
	<hr/>	<hr/>

15 Reconciliation of movement in shareholders' funds

	2007 £	2006 £
Opening shareholders' funds	(560,135)	-
Share capital	1	1
Loss for the financial year	(323,325)	(560,135)
	<hr/>	<hr/>
Closing shareholders' deficit	(883,459)	(560,134)
	<hr/>	<hr/>

16 Capital commitments

Leasehold improvements – authorised and contracted at 31 July 2007 £1,926,098 (2006 £6,621,945)

17 Ultimate holding company

The company is wholly owned by the University of Wales, Bangor, a corporation incorporated by Royal Charter. Copies of the parent's consolidated financial statements may be obtained from the Registrar's Office, University of Wales, Bangor, College Road, Bangor, Gwynedd, LL57 2DG. As a wholly owned subsidiary, and as permitted by Financial Reporting Standard 8, the company has taken an exemption not to provide further disclosure about transactions with its parent.

There were no related party transactions during the year.